

**BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI**

In the matter of the Joint Application of)
AquaSource/RU Incorporated and)
Lakewood Manor, Limited for Authority for) Case No. _____
AquaSource/RU Incorporated to Acquire)
Certain Assets of Lakewood Manor, Limited) .

JOINT APPLICATION

COME NOW AquaSource/RU Incorporated ("AquaSource/RU) and Lakewood Manor, Limited (collectively referred to as "Joint Applicants") by and through their counsel, and for their Joint Application pursuant to Section 393.190, RSMo 2000,¹ and 4 CSR 240-3.605, state the following to the Missouri Public Service Commission ("Commission") as their Joint Application:

1. AquaSource/RU, duly organized and existing under the laws of the State of Missouri, is a subsidiary of AquaSource, Inc., which, in turn, is a subsidiary of Philadelphia Suburban Water Company, a Pennsylvania based water company. AquaSource/RU furnishes regulated water service to approximately 960 customers in various locations in Missouri. AquaSource/RU's Certificate of Good Standing from the Office of the Missouri Secretary of State is attached as Appendix 1 and is hereby incorporated by reference. AquaSource/RU's present corporate headquarters are located at 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania 19010-3489, and its local business office is located at 5400 Bus. 50 West, Suite 3, Apache Flats, Jefferson City, Missouri 65109.

¹All statutory references are to Revised Statutes of Missouri 2000, unless otherwise indicated.

2. Lakewood Manor, Limited, a Missouri corporation, furnishes regulated water services to approximately 31 customers in portions of Shell Knob in Barry County, Missouri. Lakewood Manor's Certificate of Good Standing from the Office of the Missouri Secretary of State is attached as Appendix 2 and is hereby incorporated by reference. Lakewood Manor's local business office is located at Highway 39, Shell Knob, Missouri. The Commission granted Lakewood Manor a Certificate of Convenience and Necessity to serve this area in Case No. WA-90-7 (November 29, 1989).

3. All correspondence, pleadings, orders, and documents in this proceeding should be addressed to:

James M. Fischer
Fischer & Dority, P.C.
101 Madison Street
Suite 400
Jefferson City, Missouri 65101
Telephone: (573) 636-6758
Email: jfischerpc@aol.com

Kathy L. Pape
Rate Counsel
Philadelphia Suburban Corporation
762 West Lancaster Ave.
Bryn Mawr, PA 19070

Tena Hale-Rush
AquaSource/RU
5400 Bus. 50 West, Suite 3
Apache Flats, Jefferson City, Missouri 65109

Frank C. Norton
Lakewood Manor, Limited
P.O. Box 2388
Salina, Kansas 67402-2388

4. Pursuant to an Assets Purchase Agreement, dated August 25, 2003 (the "Agreement")(attached as Appendix 3 and filed under seal since it contains proprietary information), AquaSource/RU proposes to obtain and acquire certain assets of Lakewood Manor as specifically described in the Agreement under the terms and provisions further described in the Agreement.

5. Because Lakewood Manor is a water corporation doing business in the State of Missouri, it is subject to the provisions of Section 393.190.1, RSMo 2000, which states, in pertinent part, that "no . . . water corporation . . . shall hereafter sell, assign, lease, transfer, mortgage or otherwise dispose of or encumber the whole or any part of its franchise, works or system, necessary or useful in the performance of its duties to the public . . . without having first secured from the Commission an order authorizing it so to do."

ADDITIONAL INFORMATION

6. A certified copy of the resolutions of the Board of Directors of AquaSource/RU and Lakewood Manor authorizing the consummation of the transactions contemplated by this Application is attached hereto as Appendix 4 and incorporated herein by reference.

7. A balance sheet and income statement with adjustments showing the results of the acquisition of the property for AquaSource/RU will be marked as Appendix 5, (to be late-filed), and made a part hereof for all purposes.

8. The proposed transaction will not impact any of the tax revenues of the Missouri political subdivisions in which any structures, facilities, or equipment of Lakewood Manor are located.

9. The Joint Applicants have no pending action or final unsatisfied judgments or decisions against them from any state or federal agency or court which involve customer service or rates which has occurred within three (3) years of the date of the Application

10. No annual report or assessment fees for Lakewood Manor and AquaSource/RU are overdue in Missouri.

PUBLIC INTEREST

11. The proposed purchase of the assets of Lakewood Manor by AquaSource/RU is not detrimental to the public interest because the sale will not result in any reduced level of service or reliability or a change in the rates for those customers being served by Lakewood Manor. In fact, the customers of Lakewood Manor should over time experience an improvement in the quality of their day-to-day utility service.

12. The Joint Applicants also respectfully request a review of the Joint Application by the Commission Staff to enable the Joint Applicants to receive an Order authorizing the purchase of the Lakewood Manor assets, effective by March 1, 2004, if possible.

WHEREFORE, Joint Applicants respectfully request that the Commission issue its Order approving the transactions described herein, including:

(a) Authorizing AquaSource/RU to acquire the assets identified herein of Lakewood Manor;

(b) Authorizing the transfer of the certificate of convenience and necessity granted to Lakewood Manor in Case No. WA-90-7 (November 29, 1989) to AquaSource/RU, or in the alternative, granting a certificate of convenience and necessity for the area presently served by Lakewood Manor;

(c) Authorizing Lakewood Manor to discontinue providing water services to its existing customers as of the date of transfer of the assets, and allow AquaSource/RU to commence providing water services to these customers as of the date of transfer of the assets;

(d) Authorizing AquaSource/RU and Lakewood Manor to enter into, execute and perform in accordance with the terms of the Agreement attached to this Joint Agreement and to take any and all other actions which may be reasonably necessary and incidental to the performance of the acquisition; and

(e) Granting such other relief as may be deemed necessary to accomplish the purpose of the Agreement and the Joint Application and to consummate related transactions in accordance with the Agreement.

Respectfully submitted,

/s/ James M. Fischer

James M. Fischer Mo. Bar No. 27543
Fischer & Dority, P.C.
101 Madison Street, Suite 400
Jefferson City, Missouri 65101
Telephone: (573) 636-6758
Fax: (573) 636-0383
Email: jfischerpc@aol.com

ATTORNEYS FOR
JOINT APPLICANTS

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been hand-delivered, emailed or mailed, postage prepaid, by U.S. Mail, First Class, this 15th day of December, 2003, to:

Office of the Public Counsel
P.O. Box 2230
Jefferson City, MO 65102

General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

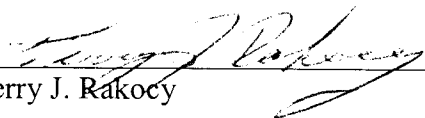
/s/ James M. Fischer

James M. Fischer

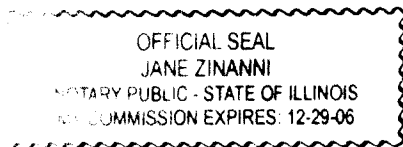
VERIFICATION

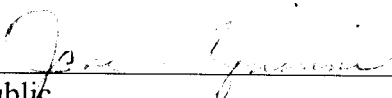
STATE OF ILLINOIS)
)
COUNTY OF) ss.

Terry J. Rakocy, being first duly sworn, on his oath and in his capacity as President, of AquaSource/RU Incorporated states that he is authorized to execute this Application on behalf of AquaSource/RU Incorporated. and has knowledge of the matters stated herein, and that said matters are true and correct to the best of his knowledge and belief.


Terry J. Rakocy

Subscribed and sworn to before me this 16th day of November, 2003.




Notary Public

My Commission Expires: 12-29-06

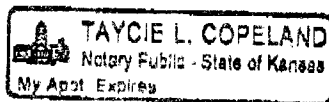
VERIFICATION


STATE OF KANSAS)
)
COUNTY OF SALINE) ss.

Frank C. Norton, being first duly sworn, on his oath and in his capacity as President, of Lakewood Manor, Limited states that he is authorized to execute this Application on behalf of Lakewood Manor, Limited, and has knowledge of the matters stated herein, and that said matters are true and correct to the best of his knowledge and belief.


Frank C. Norton

Subscribed and sworn to before me this 4th day of November, 2003.




Notary Public

My Commission Expires: December 29, 2005

AQUASOURCE/RU
CERTIFICATE OF GOOD STANDING

APPENDIX 1

STATE OF MISSOURI



Matt Blunt
Secretary of State


**CORPORATION DIVISION
CERTIFICATE OF GOOD STANDING**

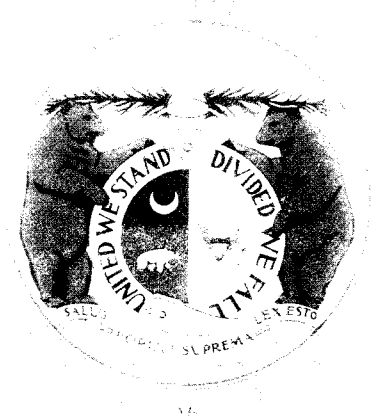
I, MATT BLUNT, Secretary of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

**AQUASOURCE/RU, INC.
00227858**

was created under the laws of this State on the 3rd day of February, 1981, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and an imprinted the GREAT SEAL of the State of Missouri, on this, the 12th day of September, 2003


Secretary of State



Certification Number: 6088680-1 Page 1 of 1 Reference:
Verify this certificate online at <http://www.sos.state.mo.us/businessentity/verification>

LAKEWOOD MANOR, LIMITED
CERTIFICATE OF GOOD STANDING

APPENDIX 2

STATE OF MISSOURI



Matt Blunt
Secretary of State

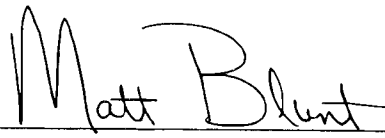
**CORPORATION DIVISION
CERTIFICATE OF GOOD STANDING**

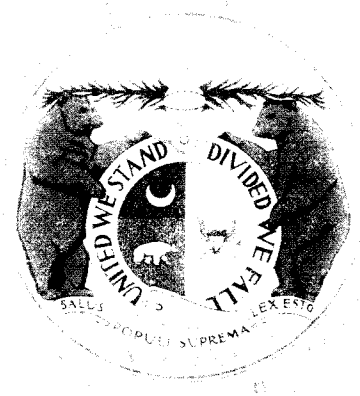
I, MATT BLUNT, Secretary of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

**LAKEWOOD MANOR, LIMITED
00140710**

was created under the laws of this State on the 4th day of March, 1970, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 12th day of September, 2003


Secretary of State



Certification Number: 6088679-1 Page 1 of 1 Reference:
Verify this certificate online at <http://www.sos.state.mo.us/businessentity/verification>

ASSET PURCHASE AGREEMENT
BY AND BETWEEN
LAKEWOOD MANOR, LIMITED
AND
AQUASOURCE/RU INCORPORATED
AUGUST 25, 2003
(PROPRIETARY)
(FILED UNDER SEAL)

PROPRIETARY

APPENDIX 3

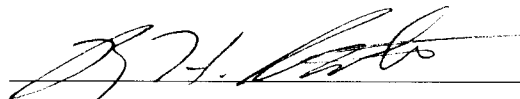
**RESOLUTIONS OF BOARD OF DIRECTORS
OF
AQUASOURCE/RU, INC.
AND
LAKEWOOD MANOR, LIMITED**

APPENDIX 4

**AQUASOURCE R/U, INC.
SECRETARY'S CERTIFICATE**

The undersigned, the duly elected, qualified and acting Secretary of AquaSource R/U, Inc. a Missouri Corporation (the "Company"), does hereby certify that the attached resolution approving the Company's acquisition of the Lakewood Manor water system assets from Lakewood Manor, Limited, is a true and correct copy of the resolution duly adopted by the Board of Directors of the Company on November 12, 2003, and that such resolution remains in full force and effect.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and affixed the seal of the Company this 3rd day of December, 2003.



Secretary

AQUASOURCE R/U, INC.

**Resolutions of the Board of Directors
authorizing the acquisition of
the water system assets
of Lakewood Manor, Limited
by AquaSource R/U, Inc.**

WHEREAS, AquaSource R/U, Inc. ("ARU") has negotiated an Assets Purchase Agreement dated August 25, 2003 (the "Agreement") with Lakewood Manor, Limited ("Sellers"), pursuant to which ARU will purchase the water system assets of Lakewood Manor in Barry County, Missouri. The Assets Purchase Agreement contains the terms and conditions of this transaction and is attached to the Secretary's copy of these Resolutions.

NOW, THEREFORE BE IT HEREBY

RESOLVED, that ARU is authorized to acquire the water system assets of the Sellers in accordance with the terms and conditions of the Agreement described above; and it is further

RESOLVED, that the Chairman, President and any Vice President of ARU (an "Officer"), whether acting singly or in combination, be and hereby is authorized, in the name and on behalf of ARU, to execute the Agreement in its current form or as such Agreement may be amended as any such Officer may deem necessary or desirable, and to complete the closing of the acquisition and to negotiate and approve all instruments and documents to be delivered thereunder or in connection therewith and to execute and deliver the same on behalf of ARU, the execution and delivery thereof by any such Officer to be conclusive evidence of such approval; and it is further

RESOLVED, that any such Officer of ARU be and hereby is authorized to file with any federal, state or local governmental agency or authority, on behalf of ARU, any such application or request for consent or approval as such Officer may deem necessary or desirable for the consummation of the transactions contemplated by the Agreement; and it is further

RESOLVED, that any such Officer of ARU be and hereby is authorized and directed to take any and all actions and to execute and deliver on behalf of ARU such other documents as such Officer may deem necessary or desirable in order to carry out the purpose and intent of the foregoing resolutions; and it is further

RESOLVED, that all of the acts of any such Officer of ARU, whether heretofore or hereafter taken or done, which are in conformity with the purpose and intent of these resolutions, shall be hereby in all respects ratified, approved and confirmed.

LAKEWOOD MANOR, LIMITED
MINUTES OF A SPECIAL MEETING OF
THE BOARD OF DIRECTORS

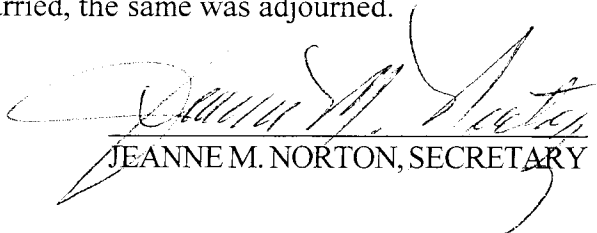
A Special Meeting of the Board of Directors of LAKEWOOD MANOR, LIMITED was held at 9:00 o'clock a.m. on the 25th day of August, 2003, at the registered office of the Corporation, with all the Directors present.

Thereupon, the Assets Purchase Agreement by and between LAKEWOOD MANOR, LIMITED and AQUASOURCE/RU INCORPORATED was presented.

After discussion, the following resolution was unanimously adopted:

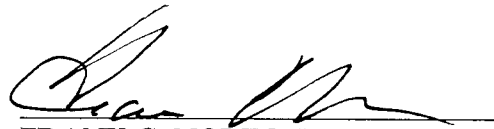
“BE IT RESOLVED, that it would be in the best interests of LAKEWOOD MANOR, LIMITED, to enter into an Assets Purchase Agreement dated August 25, 2003, between LAKEWOOD MANOR, LIMITED and AQUASOURCE/RU INCORPORATED, a copy of which is attached to these minutes. The Officers of this corporation are hereby authorized and directed to enter into such Agreement and to provide all of the necessary or appropriate documents to implement and perform the Agreement in the time and manner therein specified.”

There being no further business to come before the meeting, upon motion duly made, seconded and unanimously carried, the same was adjourned.


JEANNE M. NORTON, SECRETARY

Notice of the time, place and purpose of the above and foregoing Special Meeting of the Board of Directors of LAKEWOOD MANOR, LIMITED is hereby waived by the undersigned, being all the Directors of LAKEWOOD MANOR, LIMITED and the minutes set forth are hereby approved.

DATED this 25th day of August, 2003.


FRANK C. NORTON
JEANNE M. NORTON
DIRECTORS

**BALANCE SHEET AND INCOME STATEMENTS OF AQUASOURCE/RU
WITH ADJUSTMENTS FOR ACQUISITION
OF LAKEWOOD MANOR
(TO BE LATE-FILED)**

APPENDIX 5