

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application For Approval) DOCKET NO. 951330-WS
of Transfer of Majority) ORDER NO. PSC-96-0666-FOF-WS
Organizational Control of) ISSUED: May 14, 1996
Certificates Nos. 507-W and)
441-S Held by Sumter Water)
Company, Inc. in Sumter County)
From T. O. Sullivan to John H.)
Hotaling.)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER APPROVING TRANSFER OF MAJORITY ORGANIZATIONAL
CONTROL AND CLOSING DOCKET

BY THE COMMISSION:

BACKGROUND

On November 8, 1995, Sumter Water Company, Inc. (Sumter) filed an application for transfer of majority organizational control of the utility from T. O. Sullivan to John H. Hotaling, pursuant to Section 367.071, Florida Statutes. Sumter, which is located in Sumter County, has been operating under Certificates Nos. 507-W and 441-S since August 22, 1988. Sumter provides service to 60 water customers and 56 wastewater customers in The Woods Subdivision.

By Stock Purchase and Trade Agreement (Agreement) executed on June 29, 1995, majority organization control of Certificates 507-W and 441-S, held by Sumter, was transferred from T. O. Sullivan to Mr. John H. Hotaling. Prior to the transfer, control of the utility was held equally between Mr. Sullivan and Mr. Hotaling. Subsequent to the transfer, Mr. Hotaling owns 100% of the stock.

Pursuant to Section 367.071(1), Florida Statutes, a utility must obtain the approval of the Commission prior to a transfer. As stated previously, the transfer occurred on June 29, 1995; the

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application for approval of the transfer was filed on November 8, 1995. Although the Agreement did not contain a provision that the transfer is contingent upon Commission approval, a supplemental statement was provided that the transfer of majority organizational control is subject to Commission approval.

APPLICATION

The application was filed in compliance with Section 367.071, Florida Statutes, and Rule 25-30.037, Florida Administrative Code, and other pertinent Statutes and provisions of the Florida Administrative Code. In particular, the application contains a filing fee in the amount of \$1,500.00, pursuant to Rule 25-30.020 (2)(c), Florida Administrative Code. Sumter also provided a warranty deed as evidence that it owns the land upon which its facilities are located.

Sumter provided proof of compliance with the noticing requirements of Rule 25-30.030, Florida Administrative Code. No objections to the application have been received and the time for filing such has expired.

According to the application, the purchase is being financed through an exchange of stock. No entities other than Mr. Hotaling have provided or will provide funding for the transfer.

According to information provided, Mr. Hotaling has adequate financial resources to continue to operate the utility. As proof of Mr. Hotaling's technical ability to operate the utility, the application states that he is a registered professional engineer. He has specialized in water and wastewater studies and design since 1963 and has owned and/or managed a number of water and wastewater utilities. In addition to Sumter, Mr. Hotaling owns Seven Rivers Utilities, Inc. and U.S.A. Utilities Unit 2, Inc. (USA). USA owns a small water system in Hillsborough County.

Sumter's annual report and regulatory assessment fees are current, and there are no outstanding fees, penalties or fines. There are no changes in the provision of water service or in customer rates and charges as a result of the transfer.

Based on the foregoing, we find that the transfer of majority organizational control of Sumter from Mr. Sullivan to Mr. Hotaling is in the public interest and it is approved.

RATE BASE

Traditionally, rate base is established at the time a utility is transferred because the purchase price is part of determining whether the transfer is in the public interest. However, the establishment of rate base is not normally conducted when the transfer involves the sale of stock.

Rate base for Sumter was updated as of January 31, 1992. The updated rate base is \$8,697 for the water system and \$29,256 for the wastewater system. Since rate base has recently been updated for Sumter, we do not find it necessary to establish rate base in this docket.

RATES AND CHARGES

The utility's current rates and charges became effective on December 15, 1995, pursuant to a reduction of rates for amortized rate case expense. Sumter exercised the statutory provision for increasing rates through a price index and pass-through rate adjustment in 1994.

Rule 25-9.044(1), Florida Administrative Code, requires the new owner of a utility to adopt and use the rates, classification and regulations of the former owner unless authorized to change by the Commission. Sumter has not requested a change in the rates and charges, and we see no reason to change them at this time. Sumter shall continue to charge the rates and charges approved in its tariff until authorized to change by this Commission in a subsequent proceeding. Since there is no change in the issuing officer as a result of the transfer, it is not necessary for the utility to file revised tariff sheets.

It is, therefore,

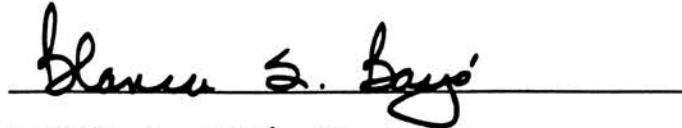
ORDERED by the Florida Public Service Commission that the transfer of majority organizational control of Sumter Water Company, Inc., from Terence O. Sullivan to John H. Hotaling is hereby approved. It is further

ORDERED that Sumter Water Company, Inc. shall continue to charge the rates and charges approved in its tariff until authorized to change by this Commission in a subsequent proceeding. It is further

ORDERED that docket 951330-WS is hereby closed.

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By ORDER of the Florida Public Service Commission, this 14th
day of May, 1996.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.