

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of)	DOCKET NO. 910662-WS
restructuring of SOUTHERN STATES)	
UTILITIES, INC.; DELTONA UTILITIES,)	ORDER NO. 25575
INC.; and UNITED FLORIDA UTILITIES)	
CORPORATION and acknowledgement of)	ISSUED: 1/7/92
name change of CITRUS SPRINGS)	
UTILITIES (United Florida) and PINE)	
RIDGE UTILITIES (United Florida) in)	
Citrus County, SPRING HILL UTILITIES,)	
INC. (Deltona) in Hernando County,)	
DELTONA LAKES UTILITIES (Deltona) in)	
Hernando County, DELTONA LAKES)	
UTILITIES (Deltona) in Volusia)	
County, MARCO ISLAND UTILITIES)	
(Deltona) and MARCO SHORES UTILITIES)	
(Deltona) in Collier County, MARION)	
OAKS UTILITIES (United Florida) in)	
Marion County, and SUNNY HILLS)	
UTILITIES (United Florida) in)	
Washington County to SOUTHERN STATES)	
UTILITIES, INC.)	
)	

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY

ORDER ACKNOWLEDGING CORPORATE REORGANIZATION

BY THE COMMISSION:

Background

Southern States Utilities, Inc., (SSU), Deltona Utilities, Inc., (DUI), and United Florida Utilities Corporation (United) are utility corporations which are wholly-owned subsidiaries of Topeka Group Incorporated (Topeka). Topeka is a wholly-owned subsidiary of Minnesota Power & Light Company. On a combined basis, SSU, DUI, and United own and operate more than 150 water and wastewater systems. On June 6, 1991, SSU, DUI, and United (collectively, the petitioners) filed a petition requesting

DOCUMENT NUMBER-DATE

00182 JAN-7 1992

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Commission approval of the restructuring of their utility operations. The petitioners propose to merge themselves, with SSU as the surviving corporation, and to change the Commission-recognized names of DUI and United to SSU.

Reorganization

As explained in the petition, Topeka acquired ownership of SSU in 1984. Topeka acquired DUI and United in 1989. The directors and officers of each of the petitioners are identical. After the acquisitions of DUI and United, Topeka determined that SSU, DUI, and United should be consolidated into one utility operation. Initially, Southern States Utility Services, Inc. (SSUS) was formed to manage and operate the petitioners' utility systems on a consolidated basis and to perform such services as budgeting, accounting, engineering, customer service, and billing and collection. To a degree, then, it would seem that the petitioners currently operate as one utility.

According to the petition, the merger of the petitioners will result in efficiencies with regard to regulatory requirements. The petitioners will have a consolidated annual report, a uniform tariff, combined rate case applications with one set of minimum filing requirements, and a consolidated capital structure. The petitioners also state that the reorganization will not affect the rates and charges, management, operation, or customer service provided by the utilities. The utilities will continue to use SSUS as their management company.

One potential problem the petitioners have encountered has come to our attention. Even though DUI's existing bond indenture permits DUI to merge with SSU and United without the bondholders' consent, said indenture provides that the bondholders' security interests would be extended to all assets of the consolidated entity. SSU is currently negotiating with the DUI bondholders so as to limit the extent of the bondholders security interest to (what will be former) DUI properties. The petitioners have advised us that, notwithstanding these negotiations, they intend to complete their reorganization upon receipt of our Order in this matter so that the merger will be legally completed by the first quarter of 1992.

Since all three petitioners are wholly-owned subsidiaries of Topeka and since the merger will not result in a change in

ORDER NO. 25575
DOCKET NO. 910662-WS
PAGE 3

ownership or majority organizational control, we believe the reorganization does not rise to the level of a Section 367.071, Florida Statutes, transfer and, therefore, our approval is not required. This Commission has, nonetheless, acknowledged similar corporate reorganizations in the past. See Order No. 24139, issued February 2, 1991, (consolidation of two wholly-owned subsidiaries of Utilities, Inc.) and Order No. 24398, issued April 22, 1991, (reorganization of Sunray Utilities, Inc., into two separate entities).

In consideration of the foregoing, we hereby acknowledge the reorganization of the petitioners. However, in so doing, we in no way address the efficaciousness or prudence of the petitioners' action.

As it will be the surviving entity, SSU shall advise the Commission within twenty days of the completion of the merger. Furthermore, SSU shall, within thirty days of the merger, file a consolidated tariff and shall return the certificates of the DUI and United utility systems. The DUI systems affected are as follows: Spring Hill Utilities, Inc., Deltona Lakes Utilities, Marco Island Utilities, and Marco Shores Utilities. The United systems affected by this petition are as follows: Citrus Springs Utilities, Marion Oaks Utilities, Pine Ridge Utilities, and Sunny Hills Utilities. The certificates for these utilities will be reissued in the name of SSU. If there is no rate impact to the consolidated tariff, said tariff will be processed administratively and will become effective upon approval. If, however, there is a rate impact to the consolidated tariff, said tariff shall be treated the same as any other filed with the Commission and will be brought to us for further action.

The petitioners have requested six months after the merger within which to provide evidence that the land upon which the utility facilities are located have been transferred from DUI and United to SSU. We believe this request is reasonable and hereby approve it. In addition, SSU shall notify all customers of the merger and name change in order to avoid customer confusion regarding the proper name of their water and wastewater service provider. This notification will be accomplished along with the first billing after the merger takes place.

It is, therefore

ORDER NO. 25575
DOCKET NO. 910662-WS
PAGE 4

ORDERED by the Florida Public Service Commission that the corporate reorganization proposed by Southern States Utilities, Inc., Deltona Utilities, Inc., and United Florida Utilities Corporation is hereby acknowledged. It is further

ORDERED that, within twenty days of the completion of the merger, Southern States Utilities, Inc., the surviving corporation, shall advise the Commission that the merger has taken place. It is further

ORDERED that, within thirty days of the merger, Southern States Utilities, Inc., shall file a consolidated tariff and shall return the certificates of the DUI and United systems. If there is no rate impact to the consolidated tariff, said tariff will be approved administratively. The certificates returned shall be reissued in the name of Southern States Utilities, Inc. It is further

ORDERED that, within six months of the merger, Southern States Utilities, Inc., shall provide evidence that the land upon which utility facilities are located have been transferred from Deltona Utilities, Inc., and United Florida Utilities Corporation to Southern States Utilities, Inc. It is further

ORDERED that, with the first bills sent after the merger, Southern States Utilities, Inc., shall notify all customers of the reorganization and name change. It is further

ORDERED that, since the filing of the items required above will be monitored administratively, this docket is hereby closed.

By ORDER of the Florida Public Service Commission, this
7th day of JANUARY, 1992.



STEVE TRIBBLE, Director
Division of Records and Reporting

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ORDER NO. 25575
DOCKET NO. 910662-WS
PAGE 5

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 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 or sewer 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.