

ORIGINAL

STATE OF FLORIDA

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.



DIVISION OF LEGAL SERVICES
NOREEN S. DAVIS
DIRECTOR
(850) 413-6199

Public Service Commission

November 30, 1998

Ms. Tricia A. Madden, Esquire
Washington Mutual Bank Bldg., Ste. 200
500 E. Altamonte Drive
Altamonte Springs, Florida 32701

RE: Docket No. 980957-WS - Application for transfer of majority organizational control of Sanlando Utilities Corporation in Seminole County to Utilities, Inc.

Dear Ms. Madden:

We are in receipt of your correspondence relating to the above-referenced docket in which you voice your objection to the application for transfer of majority organizational control on the basis of insufficient information provided in the notice of the application.

We received a similar letter from Mr. Karl P. Willard, in which he requested answers to several questions relating to the application and to the notice of the application. Because I have been unsuccessful in my attempts to reach you by telephone, I am attaching the Commission staff's response to his questions for your information.

If you have further questions about the application, please feel free to contact me at (850) 413-

ACK _____ 6224 or Ms. Cheryl Johnson at (850) 413-6984.

- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____ RG/dr
- LEG _____ Enclosure
- LIN _____
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

cc: Division of Records and Reporting
Division of Water and Wastewater (Messer, Redemann, Johnson)
Martin S. Friedman, Esquire

Sincerely,
Rosanne Gervasi
Rosanne Gervasi
Senior Attorney

DOCUMENT NUMBER-DATE
* 13407 NOV 30 98
PSC-RECORDS/REPORTING

KG

STATE OF FLORIDA

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
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E. LEON JACOBS, JR.



DIVISION OF WATER & WASTEWATER
CHARLES H. HILL
DIRECTOR
(850) 413-6900

Public Service Commission

August 31, 1998

Mr. Karl P. Willard
325 Coble Drive
Longwood, Florida 32779

Re: Docket No. 980957-WS; Application for Transfer of Majority Organizational Control of Sanlando Utilities Corporation in Seminole County, Florida to Utilities, Inc.

Dear Mr. Willard:

I am responding to your letter dated August 11, 1998 regarding Sanlando Utilities Corporation. We are in receipt of your letter and acknowledge your objection to the transfer of ownership of the Sanlando Utilities Corporation to Utilities Inc. Apparently, the original owners want to sell the Sanlando Utilities Corporation. The original owners built the utility to serve the developing community area. Now that the utility is at build out and the area is fully developed, the original owners are no longer interested in continuing to own and operate the utility systems. Once an area is fully developed, it is typical for a developer to sell the utility. To eliminate the possibility of omitting an answer to your various questions, I have listed below your question and the corresponding answer directly after each question.

- 1. What does the mailing mean?

The mailing that you received is a notice that is sent to all customers to make them aware that a transfer of ownership of the utility is in the process. Rule 25-30.030 (6), Florida Administrative Code, requires Utilities, Inc. to notify the customers of the change in ownership. The purpose of the notice is to state that a transfer application has been filed and to list the description of the territory served by the utility. On July 29, 1998, Sanlando Utilities Corporation filed an application for Transfer of Majority Organizational Control of Sanlando Utilities Corporation with the Commission for approval. This type of transfer involves the sale of stock from the majority owner to a new owner.

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Mr. Karl P. Willard

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2. Are we to understand that part or all of Sanlando has been sold?

Yes, the entire Sanlando Utilities Corporation is being sold to Utilities Inc., through a stock purchase.

3. How will the transfer/sale impact customers now? Five years from now?

The transfer application proposes no changes in rates, utility name or service. Therefore, the customers will not be impacted by the transfer. The Commission Staff is not aware of any changes in the next five years for Sanlando Utilities as a result of the transfer. The buyers have stated that their intent is to continue to provide quality water and wastewater service to the customers of the Sanlando territory area that it serves.

4. Who is Utilities, Inc.?

Utilities, Inc. (UP or Corporation) is a corporation based in Northbrook, Illinois that was formed in 1965 with the objective of acquiring small water and wastewater companies. The companies typically purchased are troubled, undercapitalized, and developer owned. Utilities Inc. has approximately 31 years of experience in the water and wastewater utility industry. This corporation provides safe and reliable water and wastewater service to 165,000 customers in 15 different states. Utilities, Inc. has ten water and wastewater utility subsidiaries that it has operated under the Florida Public Service Commission's jurisdiction since 1976. These subsidiaries represent approximately 12,000 water and 23,000 wastewater customers. It also operates two subsidiaries in non-jurisdictional Hillsborough County.

5. What is Utilities, Inc. record of rate increases and service?

The enclosed attachment reflects the number of Commission approved rate increases for systems owned by Utilities, Inc. These include Miles Grant Water and Wastewater in Martin County, and Utilities, Inc. in Lake, Orange, Pasco, Pinellas and Seminole Counties. The fourth column titled "Nature of Case" will read **RATE CASE**, which is a Commission approved rate increase. (Staff has highlighted in orange the utility that received a rate increase.)

6. Where is Utilities, Inc. located (Illinois)? Does Utilities, Inc. have an office in the Longwood area?

The Corporate Office is located in Northbrook, Illinois. There is a district or Florida office located in Altamonte Springs.

7. How many customers does Utilities, Inc. have in the Orlando area ? Florida? United States?

Due to several pending purchases in the Orlando area, it is difficult to accurately calculate the number of customers in the Orlando area at this time. However, as mentioned above, the Corporation has approximately 12,000 water and 23,000 wastewater customers from its Florida subsidiaries. It has approximately 165,000 customers in various states where it owns utility companies. These numbers are subject to change without the Commission's immediate knowledge due to the Corporation's aggressive purchases within and outside of the state.

8. Why would the PSC allow this transfer/sale to occur, and notify customers after the fact?

The Florida Public Service Commission has not approved this transfer. An investigation into the application of transfer has been initiated. Once the investigation and review of the application is complete the Commission must vote to either approve or deny the transfer. This investigation will take place over the next several months. As mentioned above, Rule 25-30.030 (6), of the Florida Administrative Code, requires that all customers be notified of the change in ownership. This notification is a part of the preliminary process in a transfer application.

9. Why would the PSC allow this notice to go out without a basic FAQ type of response attached for customer understanding?

As mentioned earlier, the Corporation is required by Rule 25-30.030 (6) of the Florida Administrative Code, to notify its customers of a pending transfer/sale. The Commission is mailed a copy of the notice as a part of the Application package. The Corporation is required by Rule 25-30.030 (5), of the Florida Administrative Code, to mail each customer a notice within 7 days of the filing of the application with the Commission and no sooner than 21 days before filing

Mr. Karl P. Willard

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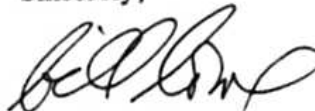
August 31, 1998

the application with the Commission. In this case the customers may have received the notice before the application was mailed to the Commission. However, based upon Commission's staff review of the notice, if any errors, or misleading information in the notice is detected, the notice will be corrected and the customers will be renoticed. In addition, the application is available at the utility's office for review.

The Commission needs to know your intent regarding your objection to this application for transfer of majority organizational control. If you choose to pursue the objection, a hearing will be scheduled in which you must provide testimony or other evidence in support of your protest. Although individuals may represent themselves at hearing, you may wish to hire an attorney to represent you.

Please advise our Legal Counsel, Ms. Rosanne Gervasi, at (850) 413-6224 by September 19, 1998, if you intend to pursue the objection, and therefore, a hearing. After September 19, 1998, if a response from you is not received, we will move forward in processing this application without a hearing. If you have any questions, please contact Cheryl Johnson at (904) 413-6984.

Sincerely,



bill lowe
Assistant Director

BL:caj

cc: Division of Water and Wastewater (Hill, Messer, Redemann, Williams)
~~Division of Legal Services (Gervasi)~~
Martin S. Friedman, Esquire
Steve Reilly, Office of Public Counsel

**UTILITY RATE INCREASES AND REDUCTIONS ORDERED BY
THE FLORIDA PUBLIC SERVICE COMMISSION
FOR
CLASS A AND B WATER AND WASTEWATER UTILITIES
FROM
JANUARY 1, 1986
TO
MARCH 31, 1998**

DATE COMPLETED: 20-April-98

DOCKET OR WS NO.	ORDER NO.	DATE OF ORDER	TYPE OF CASE	\$ INCREASE REQUEST	FINAL OR PET. FOR RECONS.	INCR./ (DECR.) GRANTED	ON EQUITY		OF RETURN		EFFECTIVE DATE
							RANGE	SET	RANGE	SET	

MILES GRANT WATER AND SEWER

870981-WS	20060	09/28/88	RATE CASE	W	44,238	Final	35,485	13.16 - 15.16%	14.16%	10.28% - 11.05%	10.06%	09/08/88
				S	102,601		84,051					
890978-SU	22079	10/23/89	LIMIT. PRO.	S	67,756		67,756					10/23/89
891017-WS	21933		INDEX	W	4,053		4,053					11/14/89
	22079			S	4,753		4,724					
N/A	---	---	INDEX	W	3,788		3,788					08/31/90
				S	4,532		4,532					
WS91-0225	---	---	INDEX/P-T	W	8,770		8,770					10/04/91
				S	11,314		11,314					
WS92-0151	---	---	INDEX/P-T	W	6,195		6,195					08/07/92
				S	9,574		9,574					
WS93-0148	---	---	INDEX/P-T	W	3,835		3,835					08/15/93
				S	4,130		4,130					
WS94-0104	---	---	INDEX	W	2,512		2,512					07/08/94
				S	3,592		3,592					
WS95-0110	---	---	INDEX/P-T	W	3,457		3,457					08/11/95
				S	2,124		2,124					
WS96-0129	---	---	INDEX	W	3,342		3,342					08/19/96
				S	2,854		2,854					
WS97-0149	---	---	INDEX	W	2,970		2,970					10/03/97
				S	2,582		2,582					

NORTH FORT MYERS UTILITIES, INC.

850301-SU	14718	08/13/85	INDEX	S	4,590		4,590					08/23/85
870165-SU	17272	03/11/87	INDEX	S	6,798		6,798					03/25/87
881097-SU	19063	09/08/88	INDEX	S	8,085		8,085					10/16/88
N/A	---	---	INDEX	S	14,692		14,692					02/28/90
N/A	---	---	INDEX/P-T	S	31,917		31,917					10/23/90
WS91-0273	---	---	INDEX	S	30,242		30,242					10/04/91
WS92-0241	---	---	INDEX	S	33,804		33,804					10/31/92
WS93-0102	---	---	INDEX	S	32,060		32,060					08/02/93
WS95-0103	---	---	INDEX	S	25,008		25,008					08/05/95
WS96-0124	---	---	INDEX	S	32,438		32,438					08/13/96
WS97-0113	---	---	INDEX	S	26,794		26,794					08/19/97

NORTH TRAIL UTILITY

N/A	---	---	INDEX/P-T	S	8,983		8,983					12/21/90
WS91-0369	---	---	INDEX	S	2,592		2,592					01/03/92
WS92-0238	---	---	INDEX	S	2,746		2,746					
WS93-0188	---	---	INDEX	S	3,939		3,939					09/24/93
WS94-0253	---	---	INDEX	S	3,283		3,283					12/31/94

**UTILITY RATE INCREASES AND REDUCTIONS ORDERED BY
THE FLORIDA PUBLIC SERVICE COMMISSION
FOR
CLASS A AND B WATER AND WASTEWATER UTILITIES
FROM
JANUARY 1, 1986
TO
MARCH 31, 1998**

DATE COMPLETED: 20-April-98

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							RANGE	SET	RANGE	SET	
870843-WS	17936	08/05/87	INDEX	W 9,002		9,002					08/15/87
				S 4,825		4,825					
870249-WS	18134	09/09/87	RATE CASE	W 77,644	Interim	77,644					10/01/87
				S 54,312		54,312					
870249-WS	20063	09/26/88	RATE CASE	W 188,644	Final	135,849	12.17 - 14.17%	13.17%	11.28 - 12.40%	11.84%	12/29/88
				S 165,810		19,557					
N/A	—	—	INDEX/P-T	W 16,525		16,525					01/29/90
				S 11,626		11,626					
N/A	—	—	INDEX/P-T	W 19,954		19,557					02/02/91
				S 7,083		7,019					
WS91-0376	—	—	INDEX/P-T	W 13,681		13,681					01/17/92
				S 5,064		5,064					

UTILITIES, INC. OF FLORIDA

861045-WS	16703	10/08/86	INDEX/P-T	W 9,583		9,583					11/17/86
				S 7,439		7,439					
870674-WS	17988	08/13/87	INDEX	W 9,328		9,328					08/23/87
				S 4,075		4,075					
880902-WS	19998	09/14/88	INDEX/P-T	W 10,650		10,650					09/20/88
				S 12,844		12,844					
890834-WS	21814	08/31/89	INDEX/P-T	W 13,822		13,822					09/19/89
				S 8,445		8,445					

UTILITIES, INC. OF FLORIDA - LAKE COUNTY

N/A	—	—	INDEX	W 615		615					10/29/90
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UTILITIES, INC. OF LONGWOOD

850913-SU	15478	12/23/85	INDEX	S 5,139		5,139					01/20/86
861489-SU	16960	12/16/86	INDEX	S 3,861		3,861					12/30/86
870751-SU	18055	08/27/87	INDEX	S 6,427		6,427					09/12/87
871059-SU	19903	08/30/89	RATE CASE	S 228,587	Interim	69,499					08/16/88
871059-SU	20779	02/20/89	RATE CASE	S 226,587	Final	181,387	N/A	13.34%	N/A	N/A	02/01/89
890395-SU	21167	05/04/89	INDEX	S 7,325		7,325					05/15/89
890850-SU	21771	08/22/89	INDEX	S 12,460		12,460					08/29/89
N/A	—	—	INDEX/P-T	S 23,835		23,835					01/26/91
WS91-0172	—	—	INDEX/P-T	S 14,420		14,420					07/22/91
WS92-0260	—	—	INDEX/P-T	S 21,979		21,979					12/01/92
WS93-0225	—	—	INDEX	S 13,008		13,008					11/27/93
WS94-0117	—	—	INDEX	S 8,991		8,991					07/11/94
WS95-0132	—	—	INDEX	S 8,157		8,157					08/20/95
WS97-0144	—	—	INDEX/P-T	S 7,593		7,593					10/03/97

DOCKET OR WS NO.	ORDER NO.	DATE OF ORDER	TYPE OF CASE	\$ INCREASE REQUEST	FINAL OR PET. FOR RECONS..	INCR./ (DECR.) GRANTED	ON EQUITY		OF RETURN		EFFECTIVE DATE
							RANGE	SET	RANGE	SET	
920834-WS	PSC-92-1217-FOF-WS	10/27/92	LIMIT. PROC.	W 53,453	Interim	0					11/30/92
920834-WS	PSC-93-0430-FOF-WS	03/22/93	LIMIT. PROC.	W 53,453	Final	40,764					05/21/93
WS93-0144	—	—	INDEX/P-T	W 4,728		4,728					08/15/93
				S 2,978		2,978					
WS94-0152	—	—	INDEX/P-T	W 6,710		6,710					08/13/94
				S 2,616		2,616					
940917-WS	PSC-95-0191-FOF-WS	02/09/95	RATE CASE	W 13,673	Interim	7,651					02/16/95
940917-WS	PSC-95-0574-FOF-WS	05/09/95	RATE CASE	W 21,518	Final	11,757	9.83 - 11.83%	10.83%	8.59 - 9.45%	9.01%	05/01/95
WS95-0138	—	—	INDEX/P-T	W 3,346		3,346					08/25/95
				S 1,781		1,781					
WS96-0100	—	—	INDEX	W 2,051		2,051					07/15/96
			PT-DECR.	S 1,012		1,012					

UTILITIES, INC. OF FLORIDA - PINELLAS COUNTY

WS91-0222	—	—	INDEX/P-T	W 3,022		3,022					10/08/91
WS92-0147	—	—	INDEX	W 2,222		2,222					08/07/92
WS93-0142	—	—	INDEX/P-T	W 1,931		1,931					08/15/93
930826-WS	PSC-94-0250-FOF-WS	03/07/94	RATE CASE	W 49,905	Interim	45,539					03/31/94
930826-WS	PSC-94-0739-FOF-WS	06/16/94	RATE CASE	W 51,960	Final	26,280	9.64 - 11.64%	10.64%	8.21 - 9.01%	8.61%	08/22/94
WS95-0134	—	—	INDEX/P-T	W 1,469		1,469					08/25/95
WS96-0112	—	—	INDEX	W 694		694					07/30/96

UTILITIES, INC. OF FLORIDA - SEMINOLE COUNTY

N/A	—	—	INDEX	W 12,036		12,036					10/29/90
WS91-0224	—	—	INDEX/P-T	W 23,999		23,999					09/30/91
				S 17,513		17,514					
WS92-0148	—	—	INDEX	W 10,559		10,558					08/07/92
				S 6,447		6,447					
WS92-0245	—	—	PASS THRU	S 3,639		3,639					10/23/92
WS93-0145	—	—	INDEX/P-T	W 10,325		10,325					08/15/93
				S 6,511		6,511					
WS93-0185	—	—	PASS THRU	S 3,969		3,969					08/30/93
WS94-0151	—	—	PASS THRU	W 9,667		9,667					08/13/94
				S 4,540		4,540					
940917-WS	PSC-95-0191-FOF-WS	02/09/95	RATE CASE	W 49,665	Interim	32,823					02/16/95
940917-WS	PSC-95-0574-FOF-WS	05/09/95	RATE CASE	W 92,953	Final	71,654	9.83 - 11.83%	10.83%	8.17 - 9.04%	8.61%	05/01/95
				S 47,795		27,323					
WS95-0153	—	—	INDEX/P-T	W 7,962		7,962					09/22/95
			INDEX	S 3,355		3,355					
WS96-0127	—	—	INDEX	W 9,814		9,814					06/14/96
				S 5,863		5,863					
WS97-0197	—	—	INDEX	S 3,276		3,276					12/19/97