



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: March 17, 2000

TO: Tyler VanLeuven, Division of Legal Services
Division of Records and Reporting

FROM: Patricia Brady, Division of Water and Wastewater *pb B3m*

RE: Docket No. 000142-WS, Request for acknowledgment of corporate reorganization of MHC Systems, Inc. d/b/a FFEC-Six, holder of Certificate Nos. 353-W and 309-S in Lee County, into a wholly owned subsidiary of LP Management Corp., a Delaware corporation.

On January 27, 2000, the Division of Water and Wastewater received a Petition for Acknowledgment of Corporate Reorganization (Petition) on behalf of MHC Systems, Inc. d/b/a FFEC-Six (utility). According to the Petition, the reorganization was effective as of the close of business on December 31, 1999. This docket was established by staff on February 24, 2000, to process the petition.

Prior to the reorganization, utility was a wholly owned subsidiary of MHC Management Limited Partnership (parent). The parent was in turn 99% owned by LP Management Corp. (grandparent) and 1% owned by MHC Operating Limited Partnership (MHC Operating). The grandparent was, and still remains, 95% owned by MHC Operating and 5% owned by Equity Group Investments, Inc.

In the reorganization on December 31, 1999, all stock in the utility was distributed to the grandparent making the utility a wholly owned subsidiary of the former grandparent. The 1% interest MHC Operating owned in the former parent is rolled into its 95% ownership of the grandparent but is too small to affect the ownership ratio. Since both before and after the reorganization, the utility is effectively 95% owned by MHC Operating and 5% owned by Equity Group Investments, Inc., there is no substantive change in ownership or majority control and the assets remain, as before, with the utility. The principal officers and the office and operations personnel of the utility remain unchanged, as well.

Section 20.7(C)(3) of the Administrative Procedures Manual grants the Director of the Division of Records and Reporting, in coordination with the appropriate industry division and the Division of Legal Services, the authority to approve corporate reorganizations where no change of ownership or control or transfer of assets is involved. All that has occurred in this reorganization is that the former direct parent has been eliminated. No change in overall ownership or control nor transfer of assets is involved. Staff, therefore, recommends that an administrative order be issued acknowledging the corporate reorganization of MHC Systems, Inc. d/b/a FFEC-Six. The docket should be closed upon the issuance of that order.

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FPSC-RECORDS/REPORTING

Kay Flynn

To: Pat Brady
Cc: Linda Williams
Subject: new docket 000142-WS

Pat, we are adding a bit to this docket title, also using the full company name. Here's how it will read:

Request for acknowledgment of corporate reorganization of MHC Systems, Inc. d/b/a FFEC-Six, holder of Certs 353-W and 309-S in Lee County, into a wholly owned subsidiary of LP Management Corp., a Delaware corporation.

Let me know if questions.

Kay