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July 11, 1997

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Ms. Blanca Bayo
Director, Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 970556-WS

Dear Ms. Bayo:

On July 10, 1997, I received a deficiency letter from Martha Golden. This letter is the response of Indiantown Company, Inc. to that letter. The response will track the captions and numbering of the deficiency letter.

1. Financial Ability. (Staff has requested a financial statement from Mr. Post or Postco, Inc., the transferee.) On July 7, 1997, Indiantown Company, Inc. filed a Notice of Intent to seek confidential treatment of the orally requested financial statement that would be requested in writing (the deficiency letter contains the written request). On July 10, 1997, under cover of a separate letter, the financial statement was filed with you in an envelope marked "Confidential," and a request for confidential treatment will be forthcoming within the 21 days allowed by Rule 25-22.006, Florida Administrative Code.

2. Warranty Deed. (Staff has requested evidence that the utility owns the land upon which the treatment facilities are located.) Under cover of a letter dated July 7, 1997, we supplied copies of draft warranty deeds that will be delivered to ICO Enterprises, Inc. at closing, during the asset transfer and after approval by the Commission of the application filed in this docket. The draft deeds were prepared by Attorney Michael Dale.

1. Steps of the Stock Purchase. Staff's analysis of this application is set forth in this paragraph of their letter, as

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follows: "Based upon the application, it is our understanding that the sale of the utility's stock will involve a name change, a corporate reorganization which involves a transfer of assets, the sale of the stock, and then another name change."

RESPONSE:

One thing is of paramount importance. Nothing can be done until the Commission grants approval for the application. There are, indeed, a number of separate steps or activities that must be taken or accomplished, but nothing will be done until after Commission approval is received. After approval, there will be a closing, and those things necessary to perfect the overall plan will be accomplished, one by one, in rational and proper order, until Postco, Inc. is the owner of the stock of the company which owns the water and wastewater assets, which will then be renamed Indiantown Company, Inc.

- 1.A. Please explain why the utility has chosen to include the additional steps of the name changes and corporate reorganization rather than only selling the stock.

RESPONSE:

The parties to this transaction have chosen name changes and corporate reorganization for clear and straightforward reasons. The old Indiantown Company, Inc. has become unwieldy. It owns many different kinds of assets besides water and wastewater assets. It owns two telephone companies through stock ownership; it owns development land not associated with any utility service; it owns non-regulated assets, such as garbage collection equipment. The challenge was to separate and segregate the water and wastewater assets, have them retain their same value, not create a tax problem and allow them to be owned by the current manager. The plan devised meets the challenge and accomplishes the goal, albeit that several different steps will have to be taken at closing, after approval of the plan by the Commission.

- 1.B. It is our understanding that all four of these steps will occur simultaneously. Please verify if this is correct. If it is not correct, please specify how long the utility anticipates it will take to complete each of these steps.

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RESPONSE:

All of the steps required to accomplish the goal of achieving a seamless transfer (as far as the customers are concerned) will occur at closing. Obviously, steps will have to be taken sequentially, rather than simultaneously, but the goal is to accomplish them all as soon as possible after approval is granted by the Commission. There will have to be filings at the Division of Corporations, deeds will have to be recorded, etc. This cannot be done simultaneously, but it can be accomplished in a matter of hours, or at the most a few days

2. Name change from Indiantown Company to CFC Parent, Inc.

RESPONSE TO 2, 2.A., 2.B, 2.C.

Once again, it is worth repeating that nothing will be done until after receipt of approval of the overall plan by the Commission, and after that it does not really matter when Indiantown Company, Inc. becomes CFC Parent, Inc., as long as the change occurs before ICO Enterprises, Inc. changes its name to Indiantown Company, Inc. and begins providing service.

Again, the reason for the changes are clear and straightforward. We do not want customers to experience any change of name (or anything else). We do not want to have to file a new tariff, change letterhead, business cards, directory listings or anything else. We want to continue ownership and control without making waves for our customers or even creating an unnecessary ripple they can see. The effective date of the name change will be the date of closing, or as soon thereafter as is possible, with our anticipation of the usual rapid turn around of filings by the Division of Corporations.

We herewith commit to providing copies to the Commission of amendments to the Articles of Incorporation that reflect changes of names, and we categorically state that it is the intention of the transferee to continue ownership and control of the water and wastewater utility, without change, under the proposed name (which will be identical with the previous name under which water and wastewater service was provided by the previous owner).

If, after closing, there are any other documents desired by

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the Commission, the new management (which will be identical to the old management) herewith commits to providing such documents upon request.

Perhaps this is an appropriate place to reiterate that when water and wastewater assets are transferred from the old Indiantown Company, Inc./CFC Parent, Inc. to ICO Enterprises, Inc., there will be no sale. There will be a §351 IRS transfer (which is a tax-free exchange). Before the transfer, Indiantown Company, Inc./CFC Parent, Inc. will directly own the water and wastewater assets. After the transfer, Indiantown Company, Inc./CFC Parent, Inc. will indirectly own the water and wastewater assets through ownership of all of the stock of ICO Enterprises, Inc. It is only after this step is taken that the new entity, Postco, Inc. will enter the picture by buying the stock of ICO Enterprises, Inc., and changing its name to effect the seamless transfer and provide continuity to the customers, who will at all times receive water and wastewater service from a company named Indiantown Company, Inc. at the same rates as always.

3. Creation of Subsidiaries by CFC Parent, Inc. and transfer of assets.

RESPONSE:

Two subsidiaries of Indiantown Company, Inc./CFC Parent, Inc. will be created, but only one is of concern to the Commission. The entity that is of concern is ICO Enterprises, Inc. It is of concern because it will have transferred into it through a §351 IRS transfer, regulated water and wastewater assets. The other subsidiary was mentioned to give a complete picture, but is of no concern to the Commission, since its only assets will be those involved in garbage collection and sanitation services, activities wholly unregulated by the Commission.

RESPONSE TO 3.A.

We have said so before, but ICO Enterprises, Inc. was created to permit the removal of regulated assets from a corporation with both regulated and non-regulated assets on its books. It was necessary to separate and segregate the regulated assets in a discreet corporate entity so that such entity's stock could be purchased without affecting the valuation of the assets, and so that the

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assets could be transferred to a new owner without adverse tax implications for the old owner, the new owner or customers.

RESPONSE TO 3.B.

The complete name and address of the transferror is
Indiantown Company, Inc. (to be renamed CFC Parent, Inc.
at closing, after approval of this application)
15851 S.W. Farms Road
Indiantown, Florida 34956

and the mailing address is:
P.O. Box 397
Indiantown, Florida 34956

Please note. There is no seller. The water and wastewater assets are not being sold; they will be transferred pursuant to a §351 IRS tax free exchange to ICO Enterprises, Inc. after approval by the Commission.

RESPONSE TO 3.C.

The complete name and address of the transferee is:
ICO Enterprises, Inc.
P. O. Box 277
Indiantown, FL 34956

Please note. There is no buyer. The water and wastewater assets are not being sold; they will be transferred pursuant to a §351 IRS tax free exchange to ICO Enterprises, Inc. after approval by the Commission.

RESPONSE TO 3.D.

The transferee's business organization is a newly formed corporation wholly owned by the transferor.

RESPONSE TO 3.E.

The names and addresses of the transferee's corporate officers and directors are as follows:

Robert M. Post, Jr.	16001 SW Market St. Indiantown, FL 34956	President and Director
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William C. Fowler	15925 SW Warfield Blvd. Indiantown, FL 34956	Vice President and Director
Elizabeth A. Gentry	15851 SW Farms Road Indiantown, FL 34956	Secretary
Linda M. Post	16001 SW Market St. Indiantown, FL 34956	Director

Please note: The officers and directors are not owners. The sole owner of the stock of ICO Enterprises, Inc. is Indiantown Company, Inc./CFC Parent, Inc.

RESPONSE TO 3.F.

The transferee was incorporated in Florida by Kenneth A. Norman on July 29, 1996; its number is P96000063605.

RESPONSE TO 3.G.

There are no other water or wastewater utilities owned by transferee.

RESPONSE TO 3.H.

The assets of Indiantown Company, Inc./CFC Parent, Inc. are not being sold; they will be transferred pursuant to a \$351 IRS tax free exchange. Hence, there is no contract for sale. The assets involved have been recently valued by the Commission in Docket No. 960011-WS. Rate base was established in Order PSC-96-0657-POF-WS, issued May 10, 1996. This step along with others will be taken only if the Commission approves this application.

RESPONSE TO 3.I.

The assets of Indiantown Company, Inc./CFC Parent, Inc. are not being sold; they will be transferred pursuant to a \$351 IRS tax free exchange. Hence, there is no contract for sale. After the transfer, Indiantown Company, Inc./CFC Parent, Inc. will own the stock of ICO Enterprises, Inc., instead of directly owning the water and wastewater assets. It is contemplated that other steps will immediately follow on the heels of the tax free exchange, and the stock of ICO Enterprises will be purchased by Postco, Inc. (and the name of ICO Enterprises, Inc. changed to Indiantown Company, Inc.).

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Consequently, we submit that the items listed would be more appropriately answered by Postco, Inc. and its owner Mr. Post. Such responses were provided in the original application, in particular in paragraph 6g of Exhibit A.

RESPONSE TO 3.J.

Since there is no sale from Indiantown Company, Inc./CFC Parent, Inc. to ICO Enterprises, Inc., there is no financing. There is only a tax free exchange from the parent to its wholly owned subsidiary.

RESPONSE TO 3.K.

The transfer is in the public interest because it is one of the steps necessary to permit a seamless transfer, to insure no change in rate base, rates or name. Continuity will be provided. Water and wastewater assets will finally be in a corporation which does nothing else other than provide water and wastewater service, and this should make life easier for the utility and the regulators.

We submit that it is probably unnecessary to provide a statement that ICO Enterprises will fulfill the commitments and obligations of Indiantown Company, Inc./CFC Parent, Inc. after the transfer of assets in the \$351 transfer. There should be an immediate purchase of the stock of ICO Enterprises, Inc. by Postco, Inc. at the closing, and service should not be provided to customers by ICO Enterprises, Inc. while it is owned by Indiantown Company, Inc./CFC Parent, Inc., other than theoretically for a short duration during the closing.

RESPONSE TO 3.L.

There is no sale and no funding for the asset transfer from Indiantown Company, Inc./CFC Parent, Inc. to ICO Enterprises, Inc.

RESPONSE TO 3.M.

The whole scheme has been devised to perpetuate the identical rate base, the same rates, the same tariff, the same name, etc. Rate base was established in Docket No. 960011-WS, Order PSC-96-0657-POF-WS, issued May 10, 1996. No adjustments have been or will be sought prior to closing. There will obviously be some changes reflected on the annual report for 1996, as a

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result of depreciation and CIAC, and Mr. Post would have no objection to any modification based on appropriate changes to the books and records of the newly named Indiantown Company, Inc.

RESPONSE TO 3.N.

None requested.

RESPONSE TO 3.O.

There is no sale of any assets contemplated. The rate bases of the water and wastewater systems have been recently established by the Commission and could be readily updated. The books and records of the transferor are currently available to the proposed asset transferee (ICO Enterprises, Inc.) and even to the proposed stock transferee (Postco, Inc.), since the management of all corporate utilities is the same.

Please note. After ICO Enterprises, Inc. is renamed Indiantown Company, Inc. and begins to provide service after its stock is owned by Postco, Inc., Indiantown Company, Inc. will have its own set of books with assets recorded at the same valuation as before.

RESPONSE TO 3.P.

As stated before, there is no sale, just a tax free exchange from Indiantown Company, Inc./CFC Parent, Inc., to ICO Enterprises, Inc. Obtaining copies of the former's tax returns by the latter is no problem, since both companies have the same management. In fact, the real question would seem to be the accessibility by the new owners of ICO Enterprises, Inc., but again, this is no problem, since management is the same. The transferee (Postco, Inc., through its owner, Robert M. Post, Jr.) not only has access to the tax returns of Indiantown Company, Inc., he signed many of them as President.

RESPONSE TO 3.Q.

We do not know of and do not believe there are any outstanding regulatory assessment fees, fines or refunds owed by Indiantown Company, Inc. Due to the fact that other changes and transfers will occur in close time proximity at closing, there should be nothing that affects the intermediate owner of water and wastewater assets before acquisition of its stock by

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Postco, Inc. Should there be any such occurrence attributable to Indiantown Company, Inc./CFC Parent, Inc. or ICO Enterprises, Inc., either before or after its stock is acquired by Postco, Inc., Mr. Robert M. Post agrees to abide by any request or demand for payment by the Commission.

4. CFC Parent, Inc Following Stock Transfer. After closing, CFC Parent, Inc. will do no further business regulated by the Commission and no person owning any interest in or associated with the transferee (Postco, Inc.) or any other transferred entities will have any interest in or management responsibilities for CFC Parent, Inc.

5. Name Change from ICO Enterprises, Inc. to Indiantown Company, Inc.

RESPONSE TO 5.A.

The reasons for the name change have been thoroughly discussed above, but in summary, they are all designed to minimize confusion to customers and eliminate unnecessary expenses associated with reissuing a tariff, buying new letterhead, etc.

RESPONSE TO 5.B.

The name change will be effective after approval by the Commission of the concept and after closing and after acceptance of the name change by the Secretary of State, Division of Corporations.

RESPONSE TO 5.C.

Mr. Robert M. Post, Jr. hereby commits to providing a certificate from the Secretary of State which shows the name change from ICO Enterprises, Inc. to Indiantown Company, Inc. Mr. Post provides this statement that the ownership and control of the utility and its assets will not change under the proposed name.

Please note. Time is of the essence. We respectfully request the staff to work diligently and expeditiously to issue its recommendation to approve this application, and we thank you

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in advance for your cooperation. Let us know if you need any further explanation.

Sincerely,



David B. Erwin
Attorney for Joint Petitioners

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