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DAMON R. TALLEY

ATTORNEY AT LAW

March 21, 2006

Ms. Beth O'Donnell
Executive Director
Public Service Commission
PO Box 615
Frankfort, KY 40602

RE: Case No. 2005-00433
Transfer Application
Proposed Transfer of Stock from
Nuon Global Solutions USA BV
to Hydro Star, LLC

RECEIVED

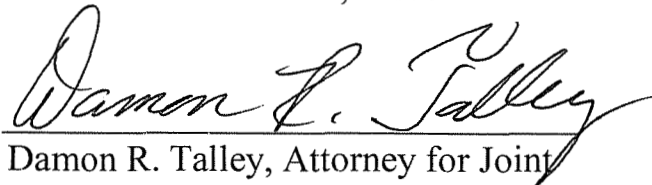
MAR 22 2006

PUBLIC SERVICE
COMMISSION

Dear Ms. O'Donnell:

Enclosed for filing are the original and ten (10) copies of the Joint Applicants' Supplemental Petition for Confidentiality.

Yours truly,
DAMON R. TALLEY, P.S.C.


Damon R. Talley, Attorney for Joint
Applicants

DRT:ms

Enclosures
cc: David Spenard, Attorney General's Office

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE JOINT APPLICATION OF)
NUON GLOBAL SOLUTIONS USA, BV,)
NUON GLOBAL SOLUTIONS USA, INC.,)
AIG HIGHSTAR CAPITAL II, LP,)
HYDRO STAR, LLC, UTILITIES, INC.)
AND WATER SERVICE CORPORATION)
OF KENTUCKY FOR APPROVAL OF AN)
INDIRECT CHANGE IN CONTROL OF A)
CERTAIN KENTUCKY UTILITY PURSUANT)
TO THE PROVISIONS OF KRS 278.020 (5))
AND (6) AND 807 KAR 5:001 (8))

CASE No. 2005-00433

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SUPPLEMENTAL PETITION FOR CONFIDENTIALITY

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Come the Joint Applicants, Nuon Global Solutions USA, B.V. (“Nuon BV”), Nuon Global Solutions USA, Inc. (“Nuon USA”), AIG Highstar Capital II LP (“Highstar”), Hydro Star, LLC (“Hydro Star”), Utilities, Inc. (“Utilities”) and Water Service Corporation Of Kentucky (“Water Service”), (the “Joint Applicants”), by Counsel, and supplement their petition for confidential treatment of certain information, material and documents previously filed in this proceeding and in Case No. 2005-00323. For cause, the Joint Applicants state as follows:

1. The purpose of this Supplemental Petition for Confidentiality is to further demonstrate to the Commission that public disclosure of the Confidential Material¹ is likely to cause substantial, competitive injury to the Joint Applicants and will provide an unfair, commercial advantage to the competitors of the Joint Applicants.

2. The Joint Applicants hereby incorporate by reference their Petition for Confidentiality which was filed with the Commission on March 14, 2006.

3. The Joint Applicants have many competitors. There are hundreds of private equity firms seeking investment opportunities in water and wastewater utilities and in other sectors in which Highstar invests. There are also numerous competitors in the water and wastewater industry itself seeking to acquire other water and wastewater companies such as Utilities. In the case at hand, for example, the proposed Hydro Star acquisition of all the issued and outstanding common stock of Nuon USA, the direct parent of Utilities, was the culmination of a highly competitive process. Bids were submitted by other private equity firms and by competitors in the water and wastewater business. Thus, real competition exists.

4. Public disclosure of Highstar's Financial Statements will give its competitors an unfair business advantage. Highstar is a private, limited

¹ "Confidential Material" is defined as the information, material and documents set forth in paragraph one (1) of the Petition for Confidentiality filed by the Joint Applicants in Case No. 2005-00433 on March 14, 2006.

partnership. It is not a publicly owned or traded company. As such, its Financial Statements are not publicly disclosed. The amount of its investment in a particular business is never publicly disclosed. If Highstar's Financial Statements are publicly disclosed, some of its investors may choose not to invest in future Highstar funds out of concerns for confidentiality. This will have a chilling effect on Highstar's business activities and its ability to attract investors. This will shrink the pool of potential investors and the amount of available capital. Highstar will be forced to change its business plan and investment strategy. This constitutes a real competitive injury to Highstar and results in an unfair business advantage to its competitors.

5. Public disclosure of the amount of the purchase price will also provide an unfair commercial advantage to the competitors of the Joint Applicants. One of the Joint Applicants' goals is to improve the existing water and wastewater systems owned by Utilities. This will be accomplished by making improvements to its existing infrastructure facilities and through growth and expansion. If prospective sellers of small systems know what Hydro Star paid for Utilities, they can compute the per customer cost. This will set a price floor parameter that may force Utilities to pay a higher price for future acquisitions or avoid future acquisitions altogether. Likewise, the competitors of Utilities will learn what Hydro Star paid and this will give the competitors an unfair business

advantage when the next water or wastewater system comes on the market. Higher acquisition costs per customer or no future acquisitions will preclude Utilities from spreading fixed costs across a wider customer base. Again, this constitutes a competitive injury.

6. Public disclosure of the Stock Purchase Agreement (“the Agreement”) will also result in a competitive disadvantage to the Joint Applicants. The Agreement contains both confidential and proprietary information including the purchase price, the payment terms, conditions precedent to the closing, employee benefit arrangements, termination fee and many other sensitive provisions. Business competitors can glean negotiating strategy, areas of concern to Hydro Star, the levels of risk Hydro Star is willing to assume, and other valuable information from the Agreement. This insight and information will be very beneficial to their competitors when Highstar, Hydro Star, and Utilities compete with other entities for the next acquisition. Once again, this provides an unfair competitive advantage to the competitors of the Joint Applicants.

7. The Joint Applicants appreciated the Commission’s need to review Highstar’s Financial Statements, the Agreement, and the other Confidential Material that was requested by the Commission. Without this information, the Commission would not have been fully informed and could not have adequately performed its statutory duty in this matter. The Joint Applicants furnished the

confidential and proprietary information to the Commission in good faith. The Joint Applicants never intended for the Confidential Material to become public and placed on the Commission's website. There will be no public harm and no harm to the customers of Water Service if the Commission grants the relief sought by the Joint Applicants and accords confidential treatment to the Confidential Material.

WHEREFORE, the Joint Applicants respectfully petition the Commission to treat and protect as confidential all of the Confidential Material identified in the Petition for Confidentiality filed on March 14, 2006; to remove the Confidential Material from the public record; to withdraw from its website the electronic version of the Confidential Material identified in the Petition and filed in Case No. 2005-00323 or in Case No. 2005-00433; and to grant all other appropriate relief.

Respectfully submitted this 21st day of March, 2006.

DAMON R. TALLEY, P.S.C.

BY: 
DAMON R. TALLEY

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COUNSEL FOR NUON BV, NUON USA,

HIGHSTAR, HYDRO STAR,

UTILITIES, INC. AND WATER

SERVICE

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CERTIFICATE OF SERVICE

This is to certify that a true copy of the foregoing pleading was served by first class U.S. Mail, postage prepaid, this 21st day of March, 2006 to the following:

Honorable David E. Spenard
Assistant Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204


DAMON R. TALLEY