

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Joint Application of Penn Estates Utilities, Inc., Utilities, Inc. of Pennsylvania, Utilities, Inc. - Westgate, Utilities, Inc. Highstar Capital Fund II, L.P. and Corix Utilities (Illinois) LLC for Approval for a Transfer of Membership Interests Resulting In A Change of Control of Utilities, Inc.'s Pennsylvania Subsidiaries	:	Docket Nos. A - _____
	:	A - _____
	:	A - _____

VERIFICATION

I, Lisa Sparrow, hereby state that the information above set forth in the foregoing document is true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at any hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: 4/11/12

*Lisa Sparrow*

Sworn to and subscribed before me this 11th day of April, 2012

*Nancy Paule*  
Notary Public



**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Penn Estates Utilities, :  
Inc., Utilities, Inc. of Pennsylvania, : Docket Nos. A - \_\_\_\_\_  
Utilities, Inc. - Westgate, Utilities, Inc. :  
Highstar Capital Fund II, L.P. and Corix : A - \_\_\_\_\_  
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Pennsylvania Subsidiaries :

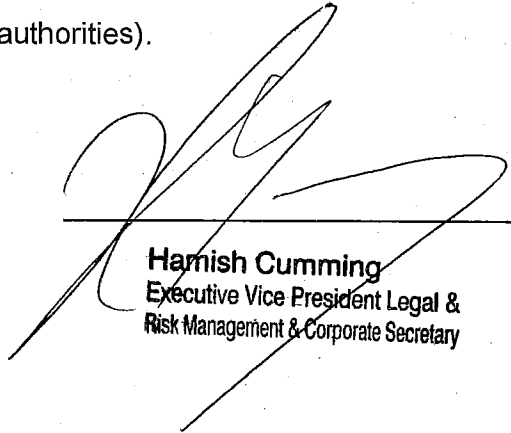
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VERIFICATION

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I, Hamish Cumming, hereby state that the information above set forth in the foregoing document is true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at any hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

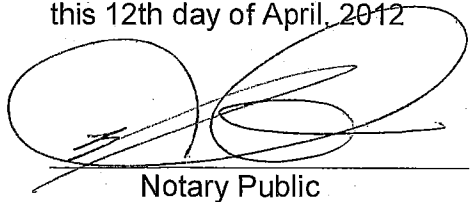
Date: April 12, 2012



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**Hamish Cumming**  
Executive Vice President Legal &  
Risk Management & Corporate Secretary

Sworn to and subscribed before me  
this 12th day of April, 2012



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Notary Public

(SEAL)

**MELANIE CHEESMAN**  
**BARRISTER & SOLICITOR**  
1160 - 1188 West Georgia Street  
Vancouver, BC V6E 4A2

**RECEIVED**  
**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Penn Estates Utilities, Inc., Utilities, Inc. of Pennsylvania, Utilities, Inc. - Westgate, Utilities, Inc., Highstar Capital Fund II, L.P. and Corix Utilities (Illinois) LLC for Approval for a Transfer of Membership Interests Resulting In A Change of Control of Utilities, Inc.'s Pennsylvania Subsidiaries

Docket No. P - \_\_\_\_\_

PA PUC  
SECRETARY'S BUREAU

2012 APR 13 PM 1:19

**PETITION FOR PROTECTIVE ORDER**

Pursuant to Section 5.423(b) of the Public Utility Commission's ("Commission's") regulations, 52 Pa. Code § 5.423 (b), Penn Estates Utilities, Inc. ("PEUI"), Utilities, Inc. of Pennsylvania ("UIP"), Utilities, Inc. – Westgate ("Westgate"), Utilities, Inc., Highstar Capital Fund II, L.P. ("Highstar") and Corix Utilities (Illinois) LLC ("Corix") ( collectively the "Joint Applicants") request the Commission to grant this Petition for a Protective Order restricting the disclosure of proprietary and highly confidential information provided as exhibits to the above captioned Application. In support of the issuance of a Protective Order, the Joint Applicants respectfully represent the following:

**BACKGROUND**

1. On April 13, 2012, PEUI, UIP, Westgate, Utilities, Inc., Highstar and Corix filed a Joint Application with the Commission requesting approval of a transfer of membership interests resulting in a change of control of Utilities, Inc and its Pennsylvania subsidiaries. The information concerning the proposed transaction contained in the Joint Application is incorporated herein by reference.

2. PEUI, UIP and Westgate are certificated public utilities directly owned by Utilities, Inc. The transaction proposed in the Joint Application will result in a change of the controlling interest in these utilities as defined by the Commission's Policy Statement at Section 69.901 of the Commission's regulations, 52 Pa. Code § 69.901.

3. Corix is a limited liability company organized under the laws of Delaware engaged in the business of water, wastewater and energy utilities and utility related products and services. Corix is part of Corix Infrastructure, Inc., which is a privately held corporation principally owned by British Columbia Investment Management Corporation, CAI Capital Partners and Corix employees. Upon the consummation of the transactions identified in the Joint Application, Corix will acquire 100% of the ownership interest in Utilities, Inc., and as a result will indirectly hold 100% of the equity interest in PEUI, UIP and Westgate.

4. Attached as exhibits to the Joint Application are several documents that contain information that Corix considers Proprietary and Highly Confidential. The Joint Applicants have requested in the Joint Application that the Commission Secretary treat these documents as confidential and not place them in a public file or otherwise make them available for public inspection. The Proprietary and Highly Confidential documents are a Purchase and Sale Agreement, dated as of February 17, 2012 with Attached Disclosure Schedule (Exhibit A), Utilities, Inc. and Subsidiaries Consolidated Financial Statements as of December 31, 2010 and 2011 (Exhibit B), and Consolidated Financial Statements of the Corix Group for year ended December 31, 2011 (Exhibit C).

5. The Joint Applicants request a Commission Order granting protective status with respect to the Proprietary and Highly Confidential Information. The

information subject to the requested Protective Order is information contained in Application Exhibits A, B and C which discloses competitively sensitive financial data concerning Utilities, Inc., Corix Utilities and Corix Group and their business practices and activities. Disclosure of this information to the public and/or competitors could interfere with the development of a competitive market for the services provided by the Companies. Competitors could use this information to price services or develop business plans to unfairly compete with the Companies. Utilities, Inc., Corix Utilities and Corix Group are privately held corporations and the information contained in Exhibits A, B and C is not public. Since Utilities, Inc., Corix and the Corix Group do not have similar information regarding their potential competitors, it is unfair and inequitable to require public disclosure by the Companies of this information. As such, the potential harm to Utilities, Inc., Corix and the Corix Group is substantial, and the need for protection of this Proprietary and Highly Confidential Information outweighs the public's interest in this information. 52 Pa. Code 5.423(a). The public disclosure of the information contained in these documents could cause competitive damage to Utilities, Inc., Corix and the Corix group and result in unfair economic injury to the Companies.

#### **REASONS FOR GRANTING PROTECTIVE ORDER**

6. The Joint Applicants request that the Commission issue the Protective Order which is attached to this petition. The proposed Protective Order is consistent with the requirements of Section 5.423 of the Commission's regulations, 52 Pa. Code § 5.423, and is designed to avoid potential harm to the Joint Applicants from the disclosure of Proprietary and Highly Confidential Information while at the same time

applying the least restrictive limitation on the public to review information concerning the Application.

7. The potential harm to the Joint Applicants of providing the information publicly would be substantial, and the harm to the Companies if the Proprietary and Highly Confidential Information is disclosed without restriction outweighs the public's interest in free and open access to the documents and information deemed Proprietary and Highly Confidential by the Joint Applicants.

8. As explained above, good cause exists for the issuance of a Protective Order in the form attached to this Petition. The attached Protective Order is substantially identical to protective Orders entered in other, similar Application proceedings. The entry of a Protective Order is necessary to protect the confidential business information of the Joint Applicants.

Respectfully submitted,



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Daniel P. Delaney  
PA Attorney I.D. 23955

George A. Bibikos  
PA Attorney I.D. 91249

Counsel for Joint Applicants

K&L Gates LLP  
17 North Second Street, 18th Floor  
Harrisburg, PA 17101-1507  
(717) 231-4500  
(717) 231-4501 (Fax)  
dan.delaney@klgates.com  
george.bibikos@klgates.com

Dated: April 13, 2012

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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Transfer of Membership Interests Resulting :  
In A Change of Control of Utilities, Inc.'s :  
Pennsylvania Subsidiaries :

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**PROTECTIVE ORDER**

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1. This Protective Order is granted with respect to all materials identified at Ordering Paragraph No. 2 herein, which are filed with the Public Utility Commission ("Commission"), produced in discovery, or otherwise presented during this proceeding. All persons now, and hereafter, granted access to the information identified in Ordering Paragraph No. 2 shall use and disclose such information only in accordance with this Order.

2. The Proprietary Information subject to this Order includes all correspondence, documents, data, information, studies, methodologies, and other materials, which a Joint Applicant or an affiliate of a Joint Applicant furnishes in this proceeding pursuant to the Commission's rules and regulations, discovery procedures, or cross-examination or provides as a courtesy to the active parties in this proceeding, which identify information the Joint Applicants consider confidential or proprietary, including (but not limited to) financial information, tax returns, audited financial statements, information identifying the Joint Applicants' employees or customers, customer identification numbers, and customer addresses; or those materials which are

customarily treated by the Joint Applicants as sensitive or proprietary, which are not available to the public and which, if disclosed freely would subject the Joint Applicants or their clients or customers to risk of competitive disadvantage or other business injury and which is claimed to be of a proprietary or confidential nature, and which are marked and designated "Proprietary or Highly Confidential Information."

In addition, the parties may designate extremely sensitive Proprietary Information as "HIGHLY CONFIDENTIAL" (hereinafter referred to as "Highly Confidential Information") and thus secure the additional protections set forth in this Order pertaining to such material. Such "HIGHLY CONFIDENTIAL" information shall be only such Proprietary Information that constitutes or describes the producing party's competitively sensitive documents or information, including, but not limited to, documents or information relating to investors or documents or information relating to communications, negotiations, or resulting contracts or agreements with customers or companies concerning acquisitions or mergers, or materials related to the administration of such contracts. Exhibits A, B and C to the Application contain Highly Confidential information and are subject to the terms of this Protective Order.

3. Proprietary Information and Highly Confidential Information shall be made available to the Commission and its Staff and experts, and to the Office of Consumer Advocate and its Staff and experts, for use in this proceeding subject to Paragraph 5 below. For purposes of filing, to the extent that Highly Confidential Information or Proprietary Information is placed in the Commission's report folders, such information shall be handled in accordance with routine Commission procedures inasmuch as the report folders are not subject to public disclosure. To the extent that Proprietary



Information or Highly Confidential Information is placed in the Commission's testimony or document folders, such information shall be separately bound, conspicuously marked, and accompanied by a copy of this Order. Public inspection of Proprietary Information or Highly Confidential Information shall be permitted only in accordance with this Protective Order.

4. Proprietary Information and Highly Confidential Information shall be made available to counsel of record for active parties in this proceeding, pursuant to the following procedures:

a. Proprietary Information. To the extent required for participation in this proceeding, a party's counsel may afford access to Proprietary Information made available by another party ("the producing party") to the party's expert(s), subject to the following restrictions:

i. Such expert(s) may not hold any of the following positions with any competitor of the producing party: (a) an officer, board member, significant stockholder, partner, owner (other than owner of stock) or an employee of any competitor of the producing party who is primarily involved in the pricing, development, and/or marketing of products or services that are offered in competition with those of the producing party; or (b) an officer, board member, significant stockholder, partner, owner (other than owner of stock) of any affiliate of a competitor of the producing party; provided, however, that any expert shall not be disqualified on account of being a stockholder, partner, or owner unless his/her interest in the business constitutes a significant potential for violation of the

limitations of permissible use of the Proprietary Information. For purposes of this Order, stocks, partnership, or other ownership interest valued at less than \$10,000 and/or constituting less than a 1% interest in a business does not, in itself, establish a significant potential for violation.

ii. If a party's independent expert, another member of the independent expert's firm or the independent expert's firm generally also serves as an expert for, or as a consultant or advisor to a competitor or any affiliate of a competitor of the producing party, said independent expert must: (1) advise the producing party of the competitor's or affiliate's name(s); (2) make reasonable attempts to segregate those personnel assisting in the expert's participation in this proceeding from those personnel working on behalf of a competitor or any affiliate of a competitor of the producing party; and (3) if segregation of such personnel is impractical, the independent expert shall give to the producing party written assurances that the lack of segregation will in no way jeopardize the interests of the producing party. The producing party retains the right to challenge the adequacy of the written assurances that its interests will not be jeopardized.

b. Highly Confidential Information. Proprietary Information or other material designated as "Highly Confidential" shall be distributed to a party's counsel of record only. If the counsel of record desires to disclose material designated as "Highly Confidential" to other persons, she or he shall submit a written request to the producing party's counsel which shall state that person's

reasons for requesting access to the highly confidential information, accompanied by an acknowledgment of this order in the form of Appendix A signed by that person. If the requesting and producing parties agree, access shall be granted to that person, subject to the restrictions in Paragraphs 4 and 5. If requesting and producing parties are unable to reach agreement with respect to such a request, they may submit the issue to the presiding Administrative Law Judge or the Commission.

c. No other persons may have access to the Proprietary or Highly Confidential Information except as authorized by order of the Commission or of the presiding Administrative Law Judge. No person who may be entitled to receive, or who is afforded access to any Proprietary or Highly Confidential Information shall use or disclose such information for the purposes of business or competition, or any purpose other than the preparation for and conduct of this proceeding or any administrative or judicial review thereof.

d. To the extent possible, the parties shall endeavor to limit their designation of information as Highly Confidential Information.

5. Prior to making Proprietary or Highly Confidential Information available to any person as provided in paragraph 4 of this Protective Order, counsel shall deliver a copy of this Order to such person and shall receive a written acknowledgment from that person in the form attached to this Order and designated as Appendix A. Counsel shall promptly deliver to the producing party a copy of the executed acknowledgment form.

6. A producing party shall designate data or documents as constituting or containing Proprietary or Highly Confidential Information by affixing an appropriate

proprietary stamp or typewritten designation on such data or documents. Where only part of data compilations or multi-page documents constitutes or contains Proprietary or Highly Confidential Information, the producing party shall designate only the specific data or pages of documents which constitute or contain Proprietary or Highly Confidential Information.

7. Any public reference to Proprietary or Highly Confidential Information by counsel or persons afforded access thereto shall be to the title or exhibit reference in sufficient detail to permit persons with access to the Proprietary or Highly Confidential Information to fully understand the reference and not more. The Proprietary or Highly Confidential Information shall remain a part of the record, to the extent admitted, for all purposes of administrative or judicial review.

8. Parts of any record in this proceeding containing Proprietary or Highly Confidential Information, including but not limited to all exhibits, writings, testimony, cross examination, argument and responses to discovery, and including reference thereto as mentioned in ordering paragraph 7 above, shall be sealed for all purposes, including administrative and judicial review, unless such Proprietary or Highly Confidential Information is released from the restrictions of this Order, either through the agreement of the parties or pursuant to order of the Administrative Law Judge or the Commission. Testimony and/or exhibits containing Highly Confidential or Proprietary Information will be labeled "HIGHLY CONFIDENTIAL" or "PROPRIETARY" as the case may be and will not be included in the publicly available record of this proceeding. Unresolved challenges arising under paragraph 9 shall be raised by motion or petition and decided by the presiding officer or the Commission as provided by 52 Pa. Code

§5.423(a). All such challenges will be resolved in conformity with existing rules, regulations, orders, statutes, precedent, etc., to the extent that such guidance is available.

9. The parties affected by the terms of this Order shall retain the right to question or challenge the confidential or proprietary nature of Proprietary or Highly Confidential information; to question or challenge the admissibility of Proprietary or Highly Confidential Information; to refuse or object to the production of Proprietary or Highly Confidential Information on any proper ground, including but not limited to irrelevance, immateriality or undue burden; to seek an order permitting disclosure of Proprietary or Highly Confidential Information beyond that allowed in this Order; and to seek additional measures of protection of Proprietary or Highly Confidential Information beyond those provided in this Order. If a challenge is made to the designation of a document or information as Proprietary or Highly Confidential, the party claiming that the information is Proprietary or Highly Confidential retains the burden of demonstrating that the designation is necessary and appropriate.

10. Upon completion of this proceeding, including any administrative or judicial review, all copies of all documents and other materials, including notes, which contain any Proprietary or Highly Confidential information shall be immediately returned upon request to the party furnishing such Proprietary or Highly Confidential Information. In the alternative, parties may provide an affidavit of counsel affirming that the materials containing or reflecting Proprietary or Highly Confidential Information have been destroyed.

11. The Commission and any state agency which has access to and/or receives copies of the Proprietary or Highly Confidential Information will consider and treat the Proprietary or Highly Confidential Information as within the exceptions from disclosure provided in the Pennsylvania Right-to-Know Law as set forth at 65 P.S. Section 67.708(b).

Dated: \_\_\_\_\_

APPENDIX A

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Penn Estates Utilities, :  
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Utilities (Illinois) LLC for Approval for a :  
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In A Change of Control of Utilities, Inc.'s :  
Pennsylvania Subsidiaries :

**TO WHOM IT MAY CONCERN:**

The undersigned has read and understands the Protective Order that deals with the treatment of Proprietary or Highly Confidential Information in this case. The undersigned agrees to be bound by, and comply with, the terms and conditions of said Order. An executed copy of this acknowledgement will be returned to the producing party prior to the delivery of any Proprietary or Highly Confidential Information.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address

Date: \_\_\_\_\_

\_\_\_\_\_  
Employer

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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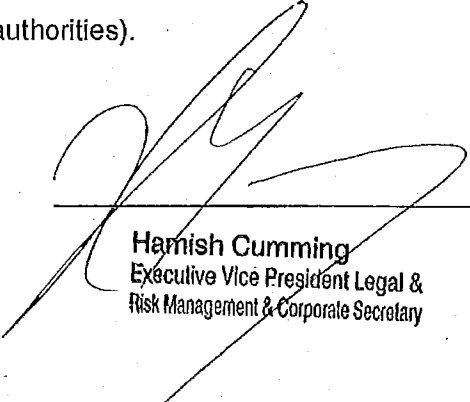
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**VERIFICATION**

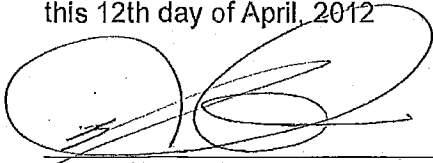
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I, Hamish Cumming, hereby state that the information above set forth in the foregoing document is true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at any hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: April 12, 2012

  
\_\_\_\_\_  
**Hamish Cumming**  
Executive Vice President Legal &  
Risk Management & Corporate Secretary

Sworn to and subscribed before me  
this 12th day of April, 2012

  
\_\_\_\_\_  
Notary Public

(SEAL)

**MELANIE CHEESMAN**  
**BARRISTER & SOLICITOR**  
1160 - 1188 West Georgia Street  
Vancouver, BC V6E 4A2



BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

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VERIFICATION

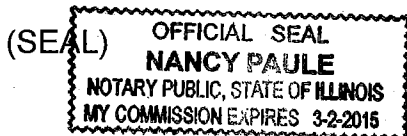
I, Lisa Sparrow, hereby state that the information above set forth in the foregoing document is true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at any hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: 4/11/12

*Lisa Sparrow*

Sworn to and subscribed before me this 11th day of April, 2012

*Nancy Paule*  
Notary Public



April 13, 2012

Christopher J. Ayers  
Partner  
D: 919.783.1152  
F: 919.783.1075  
cayers@poynerspruill.com

**VIA FEDERAL EXPRESS**

Chairman, Tennessee Regulatory Authority  
**Attn: Sharla Dillon, Dockets and Records Manager**  
460 James Robertson Parkway  
Nashville, TN 37243

**RE: Petition for Authority to Transfer Control of Utilities, Inc. to Corix Utilities (Illinois) LLC**  
**TRA Docket No. 12-00033**

Dear Ms. Dillon:

Following electronic filing of the referenced petition (and non-confidential exhibits) with the Tennessee Regulatory Authority on April 13, 2012, enclosed herewith are the following documents submitted on behalf of our clients, Utilities, Inc. ("UI") and Corix Utilities (Illinois) LLC ("Corix"):

1. Original plus four (4) copies of the ***Petition for Authority to Transfer Control*** of Utilities, Inc. to Corix Utilities (Illinois) LLC.; and
2. Original plus four (4) copies of the ***Application of Christopher J. Ayers to Appear Pro Hac Vice*** in this matter on behalf of UI and Corix, along with a letter of recommendation by Nashville attorney J. Keith Coates, Jr.

**PLEASE NOTE THAT EXHIBITS A, C, AND E TO THE PETITION ARE DEEMED CONFIDENTIAL. FIVE (5) SETS OF THESE CONFIDENTIAL EXHIBITS ARE SUBMITTED UNDER SEAL IN A SEPARATE ENVELOPE.**

Also included in this package is our check in the amount of \$25.00, payable to the Tennessee Regulatory Authority, to cover the cost of the filing fee.

Please file-stamp the ADDITIONAL set of the enclosed documents and return to me in the envelope provided. If you have any questions regarding the above, please contact me.

Thank you for your assistance.

Sincerely,



**Christopher J. Ayers**  
*Attorney for Utilities, Inc. and  
Corix Utilities (Illinois) LLC*

/mkl  
Enclosures

**BEFORE THE  
STATE OF TENNESSEE REGULATORY AUTHORITY**

Petition for Authority to Transfer Control )  
of Utilities, Inc. to Corix Utilities (Illinois) )  
LLC )  
)

**Docket No.** \_\_\_\_\_

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**PETITION FOR AUTHORITY TO TRANSFER CONTROL**

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NOW COMES Corix Utilities (Illinois) LLC, (“Petitioner” or “Corix”), pursuant to Tenn. Code Ann. § 65-4-113, and respectfully requests that the Tennessee Regulatory Authority (“TRA”) approve its acquisition of 100% of the membership interests in Hydro Star, LLC (“Hydro Star”) from Highstar Capital Fund II, L.P. and certain of its affiliates and co-investors (“Highstar”). Hydro Star, through its wholly owned subsidiary Hydro Star Holdings Corporation, owns 100% of the issued and outstanding common stock of Utilities, Inc. The Petitioner requests expedited treatment of this Petition in order to permit the consummation of the proposed transaction without undue delay.

Utilities, Inc. provides water service to the Chalet Village Subdivision in Sevier County, Tennessee through its wholly-owned subsidiary, Tennessee Water Service, Inc. (“TWS”) pursuant to a Certificate of Public Convenience and Necessity granted in January 1984, in Docket No. U-83-7240. Because TWS will continue to provide service in Tennessee as a wholly-owned subsidiary of Utilities, Inc., no transfer of operating authority is sought in connection with the proposed transaction. Time is of the essence and Petitioner respectfully requests that the TRA expedite the consideration of this matter.

**THE PARTIES**

1. The name, address, and telephone number of the transferor is:

Highstar Capital II Prism Fund, L.P.  
Highstar Capital Fund II, L.P.  
Hydro Star Interco LLC  
American General Life Insurance Company  
c/o Highstar Capital Fund II, L.P.  
277 Park Avenue  
45th Floor  
New York, New York 10172  
(646) 857-8700

2. The name, address, and telephone number of the proposed transferee is:

Corix Utilities (Illinois) LLC  
c/o Corix Infrastructure Inc.  
11020 West Plank Court #100  
Wauwatosa, WI 53226  
(604) 697-6700

3. Questions about this Petition should be directed to Christopher J. Ayers:

Christopher J. Ayers  
Poyner Spruill, LLP  
301 Fayetteville Street  
Suite 1900  
Raleigh, NC 27601  
(919) 783-1152

**TRANSFER OF CONTROL**

4. On February 17, 2012, Corix and Highstar entered into a Purchase and Sale Agreement pursuant to which Corix will acquire 100% of the membership interests in Hydro Star from Highstar (“Agreement”). The Agreement is attached as Exhibit A and is confidentially filed with the TRA under seal. Corix and Highstar request that the TRA treat the Agreement as confidential.

5. After the transfer of control of Hydro Star, TWS will continue to operate as it has in the past, using the same name, tariff and operating authority. TWS will remain a wholly-owned subsidiary of Utilities, Inc. The management and operational staff of TWS will remain unchanged. Thus the transfer of control of Hydro Star will be transparent to, and will have no adverse impact upon, TWS' customers.

#### **QUALIFICATIONS OF TRANSFEREE**

6. Corix is a limited liability company organized under the laws of Delaware. Corix is a wholly owned, indirect subsidiary of Corix Infrastructure Inc., which, together with certain of its affiliates (collectively the "Corix Group"), is engaged in the business of water, wastewater and energy utilities and utility related products and services.

7. The Corix Group is currently engaged in water, wastewater and energy utility and utility service operations in 14 states including Alaska, California, Colorado, Illinois, Michigan, Missouri, New Hampshire, New Jersey, New York, Oklahoma, Texas, Virginia, Washington and Wisconsin. A description of the operations of the Corix Group is included as Exhibit B.

8. Utilities, Inc. is a holding company for approximately seventy-six subsidiary operating companies that provide water and/or wastewater services to approximately 290,000 customer equivalents in fifteen states. TWS currently serves approximately 500 water customers in Tennessee.

9. After the transfer, TWS will continue to be led by the same team of well-qualified water service professionals. Information concerning TWS' legal, technical, managerial and financial qualifications to provide water services was submitted with its application for certification filed with the TRA and is, therefore, a matter of record with the TRA. In addition,

these personnel will be able to draw upon the expertise and financial resources of Utilities, Inc., and the Corix Group.

### **PUBLIC INTEREST**

10. The Corix Group is well financed with stable long term funding and solid access to debt financing, capital markets and geographic diversity. Ensuring ready access to capital funds to support growth and the continued maintenance of critical infrastructure is vitally important and increasingly so in today's turbulent financial markets.

11. The Corix Group collectively manages over \$750,000,000 in assets and generated cumulative revenue of approximately \$540,000,000 in 2011. The Corix Group employs over 2,200 employees across North America. The consolidated financial statements of Corix Infrastructure Inc for the year ended December 31, 2011 are attached as Exhibit C and confidentially filed under seal. The consolidated financial statements of Utilities, Inc. are attached as Exhibit E and confidentially filed under seal. Corix and Utilities, Inc. request that the TRA treat this information as confidential.

12. As part of the Corix Group, TWS will have access to a wide spectrum of technical and industry expertise in all facets of sustainable water, wastewater and energy systems, including innovative technologies, operating tools and regulatory resources required to develop sustainable multi-utility services. The acquisition will provide Utilities, Inc. and TWS with additional financial resources that will enhance the ability of TWS to grow and meet its service obligations

13. The Corix Group is an experienced utility owner and operator and is fit, willing and able to finance, own, and operate Utilities, Inc. and its operating subsidiaries, including TWS.

14. The Corix Group believes in maintaining a strong local community presence and being a long term committed partner in the communities in which it operates. Corix plans to maintain its local presence in those communities in which Utilities, Inc. and TWS currently have operations.

15. The proposed acquisition will not adversely affect the ability of TWS to provide water service to its customers.

16. The effect of Corix's proposed acquisition of Hydro Star on Utilities, Inc.'s financial condition and its ability to thrive in a rapidly changing and increasingly competitive water utility environment will be positive and will benefit TWS' customers.

17. The proposed acquisition of Hydro Star by Corix is justified by the public convenience and necessity.

18. The consummation of the transaction contemplated by the Agreement is conditioned upon (i) the expiration or early termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), (ii) receipt of any other required permits or consents or regulatory approvals, including those of the state public utility (or service) commission or other required governmental and/or regulatory authority in certain states where Utilities, Inc. has operating subsidiaries, (iii) Corix's receipt of clearance from the Committee on Foreign Investment in the United States ("CFIUS"), and (iv) the satisfaction or waiver of all other requisite conditions precedent to closing, as set forth in

Article VII of the Agreement. The parties intend to consummate the transaction as soon as practicable after expiration or termination of the HSR Act waiting period, receipt of all other required governmental and/or regulatory permits and approvals, receipt of CFIUS clearance, and the satisfaction or waiver of all other requisite conditions precedent.<sup>1</sup>

19. Exhibits in support of this Petition include:

- Exhibit A – Purchase and Sale Agreement (Confidential)
- Exhibit B – Description of the operations of the Corix Group
- Exhibit C – Corix Infrastructure Inc. financial statements (Confidential)
- Exhibit D – Organizational charts for Corix Infrastructure Inc., Utilities, Inc. and the operating subsidiaries before and after the acquisition
- Exhibit E – Utilities, Inc. financial statements (Confidential)

WHEREFORE, Petitioner respectfully requests that the acquisition in the manner herein set forth be authorized and approved by the TRA.

Respectfully submitted this 13<sup>th</sup> day of April, 2012.

**POYNER SPRUILL LLP**



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Christopher J. Ayers  
N.C. Bar No. 28412  
P.O. Box 1801  
Raleigh, North Carolina 27602-1801  
Phone: (919) 783-1152  
Fax: (919) 783-1075  
cayers@poynerspruill.com  
*Attorney for Utilities, Inc. and Corix Utilities  
(Illinois), LLC*

---

<sup>1</sup> It is possible that following the consummation of the transaction contemplated by the Agreement, Corix will be merged with and into Hydro Star, thereby eliminating one of the intermediate holding companies through which Corix will hold its interest in Utilities, Inc. and its indirect interest in TWS.



BEFORE THE  
STATE OF TENNESSEE REGULATORY AUTHORITY

Petition for Authority to )  
Transfer Control of Utilities, Inc. )  
to Corix Utilities (Illinois) LLC )

Docket No. 12\_\_\_\_\_

**EXHIBIT B**  
**Description of the**  
**Operations of the**  
**Corix Group**



## The Corix Group

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March, 2012

Building a World of  
Sustainable Communities

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## 1. CORIX OVERVIEW

Corix is a recognized leader in the implementation of sustainable water, wastewater and energy infrastructure solutions for small to medium-sized communities across North America. Corix designs, supplies, builds, installs, finances and manages utility infrastructure on behalf of municipal, institutional, military and private-sector customers. Corix currently has over 2,200 employees dedicated to providing high quality utilities, services and products.

### CORPORATE GOVERNANCE

Corix is a privately held corporation and is principally owned by British Columbia Investment Management Corporation, CAI Capital Partners and Corix employees. Corix is governed by a public-style Board of Directors, currently with seven members representing shareholders and management.

Corix is committed to excellence and effectiveness in financial and risk management through its comprehensive corporate governance framework. Key components include:

- Board of Directors
- Audit Committee
- Human Resources Committee
- Operating Committee
- Health, Safety and Environment Committee
- Enterprise Risk Management Framework
- Internal Audit Department
- Disaster Recovery and Emergency Response Testing and Simulations
- Corporate Scorecard
- Whistleblower Program
- Regular Legislative Review of Regulations Within Jurisdictions of Operations

### FINANCIAL CAPACITY

Corix has over \$750 million of assets under management and a strong track record of generating stable revenues and operating cash flows. As an institutionally-owned private utility company, Corix is able to finance its equity needs without accessing the capital markets, significantly reducing the time required and the associated financing risk usually associated with lengthy transaction timelines.

Over the past three years, under challenging market conditions, Corix and its lenders have completed five syndicated bank financings totaling almost \$450 million in support of multi-utility asset acquisitions. Corix carries sufficient debt capacity under its general credit facilities to fund ongoing capital plans for all of its operations and ensures that sufficient credit capacity is maintained to accommodate unexpected capital expenditure needs in its utility operations.

Given the solid support from its owners and lenders, Corix has the financial capacity required to for all future capital expenditures of Utilities, Inc.

### HUMAN RESOURCES

Corix has extensive direct and relevant experience in successfully transitioning operating utilities into the Corix Group. Since 2008, Corix has purchased and integrated several unique utility systems valued at over \$500 million in which we welcomed over 230 new employees to Corix. The Utilities, Inc. acquisition will add over 400 additional employees in 15 states.

Our experience consistently proves that retention of the incumbent staff is critical for the effective transfer of all institutional knowledge required to truly understand the technical and operational history of a given utility system. In a recent University of Oklahoma acquisition we offered employment to all 32 existing

employees. In our purchase of U.S. military assets at three military bases in Alaska, we also hired the existing staff, and with growth of the system and creation of new positions we currently have 130 employees serving the three military bases.

**REGULATORY EXPERIENCE**

As an experienced owner of regulated assets, Corix understands the importance of maintaining strong regulatory relationships as well as the need to structure transactions that provide appropriate assurances to regulators and customers. Corix has significant in-house experience in developing successful applications before local and state regulatory authorities in a variety of jurisdictions and augments this expertise with local experts who are well-acquainted with local legislation, regulations and practices.

Corix has demonstrated its ability to successfully acquire, manage and operate utility businesses throughout North America based on its track record of operational expertise, health and safety, customer service and community involvement.

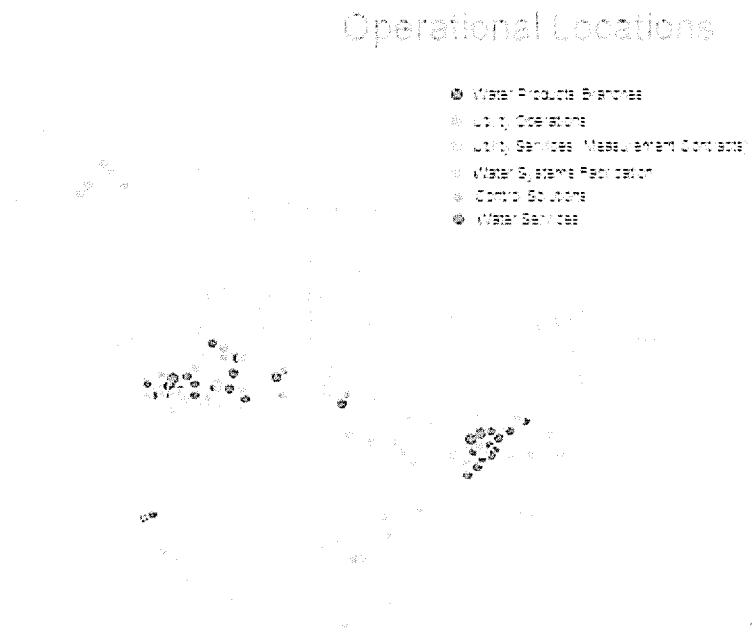
**COMMUNITY INVOLVEMENT**

We believe a strong community will support a strong and reliable utility. Corix and its employees support local charities and community groups in every region in which we operate. We also believe in supporting environmental and sustainability initiatives that align well with our core businesses.

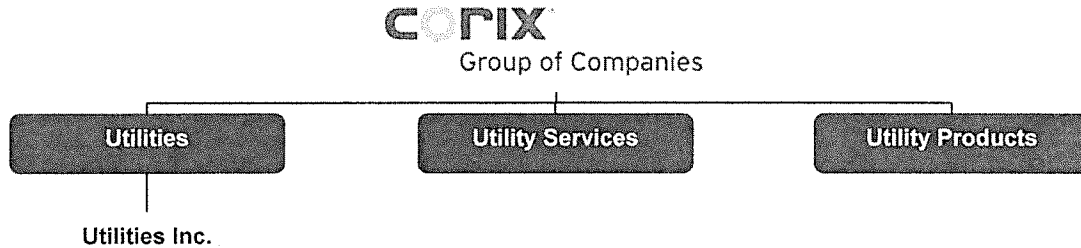
**OPERATION LOCATIONS**

Corix has achieved rapid growth in recent years through both internal business development and acquisitions. Today, Corix has over \$750 of assets under management and over 2,200 employees operating in 85 locations across North America. The Corix senior management team averages in excess of 20 years of utility industry experience with a successful track record of operations and growth across the Corix platform.

The following map illustrates Corix's current operating locations.



Corix has a unique “economies of scope” business model that integrates three distinct but highly complementary lines of business: Utilities, Utility Services and Utility Products.



**CORIX UTILITIES**

Unlike traditional single service utilities, Corix is focused on providing utility ownership and management across multiple utilities at the local level. Utilities under management by Corix include water treatment and distribution, wastewater collection and treatment, thermal generation and combined heat & power (CHP) plants, natural gas and electricity distribution, and chilled water plants and distribution systems. Corix facilitates seamless integration of the systems through its extensive technical and operating expertise and common corporate governance standards with respect to overall utility management, capital planning, health and safety, customer care, information technology, legal services and rate regulation.

**UTILITY SERVICES**

Corix provides measurement and metering services to municipalities, utilities, and cooperatives throughout North America, with its main operational centre located in Wauwatosa, Wisconsin. The services provided include automated meter reading deployment, maintenance and support, meter changes and retrofits, contract meter reading, code compliance, utility field installation services, and other special field services. Corix also provides turnkey design-build water systems and fire hydrant leak detection, maintenance, and repair.

**UTILITY PRODUCTS**

Corix operates 38 utility products branches across North America, distributing a full line of pipes, valves, meters, pumps, irrigation equipment, service, and repair products and other components that are used to transport clean water and wastewater. Corix also serves the oil, gas, and industrial products sector by providing measurement and control equipment.

**2. CORIX UTILITY SYSTEMS**

Corix, as a multi-utility service provider, owns and operates a variety of water and sewer systems in addition to thermal energy and electric power assets. A summary of several of the notable utility operations is provided below.

**FAIRBANKS SEWER & WATER INC.**

Corix owns 100% of Fairbanks Sewer and Water Inc. (“FSW”). With assets of approximately \$115 million, FSW provides water treatment and distribution, wastewater collection and treatment, and customer care services to the 80,000 residents of the Greater Fairbanks area. FSW was created through the

privatization of the utility systems previously owned by the City of Fairbanks, Alaska. FSW then successfully transitioned these systems from under-funded and deteriorated municipal assets to a private utility with rates subject to regulation by the Regulatory Commission of Alaska. The quality, sustainability and service levels have shown consistent improvement since that time and FSW continues to ensure that the systems meet all regulatory requirements, are upgraded to meet new requirements where necessary, and have the capacity to address the population growth in Fairbanks.

#### DOYON UTILITIES LLC

Corix owns 50% of Doyon Utilities LLC, which in turn owns 12 utilities serving a total population of approximately 50,000 on three U.S. military bases in Alaska. The assets were transferred to private ownership by the U.S. government under a military privatization transaction.

The water and sewer infrastructure includes three potable water treatment plants, 31 wells, a dam and surface water reservoir, 85 miles of associated water distribution systems, 57 miles of associated sewer collection systems and lift stations, and a sewer treatment plant. The full scope of the operation also includes two district energy systems, electric distribution and natural gas distribution. The operation currently has 130 employees managing these mission critical utilities, including 20 engineering and construction project managers engaged to plan, engineer and manage approximately 500 construction projects scheduled for completion over the initial five years.

Doyon was selected for the transaction under a competitive bid process as the proponent with the best pricing, which was also significantly lower than the military's status quo "Should-Cost" forecast. The original transaction included approximately \$200 million of legacy assets and we have invested an additional \$150 million to date in planned upgrades and renewals and replacements. It is expected that total capital upgrades and R&R investments will be as high as \$1 billion over the term of the 50-year contract.

This transaction is the largest and most complex utility privatization action ever undertaken by the U.S. Military to date, both in terms of size and scope. Some of the unique features of this operation include:

- Multi-utility operations at each of the three military bases.
- Locations in both the interior and coastal areas of Alaska.
- On-site power generation at two of the installations and construction of a base-load landfill gas-fired renewable energy power plant.
- Ownership and operation of the Ship Creek Dam and reservoir and associated 8 MGD water treatment plant.
- Direct ownership of the sewer plant, which was previously a federally owned treatment works. Upon conversion to private ownership we were able to maintain the exemption related to hazardous waste treatment standards imposed on privately owned treatment works.
- Transition over a 10 month period including construction of certain key facilities, acquisition of fleet vehicles and transition of staff.
- The 12 utilities are regulated by the Regulatory Commission of Alaska and monthly charges to the federal government are based on a cost of service utility model.

#### CORIX UTILITIES (OKLAHOMA) INC.

Through a nation-wide solicitation process, Corix was selected by the University of Oklahoma to purchase a 50 year concession to invest in and design, build, operate and maintain six utility systems serving a student population of approximately 30,000 at its campus in Norman, Oklahoma. This multi-utility operation includes water and sewer systems, a central heat and power plant, district energy system, chilled water production and distribution system, and electrical and natural gas distribution systems. The initial acquisition price was \$118 million and the total 50-year capital investment is estimated at over \$600

million. The University's incumbent employees were hired by Corix as part of the transition. The concession agreement is structured to mirror regulated utilities in Oklahoma using typical cost of service rate-setting principles. The benefits to the University included monetization of non-core utility assets and reallocation of the funds to the core education and research missions.

#### OTHER MULTI-UTILITY BUSINESSES

In Canada, Corix owns and/or operates 164 utility systems serving approximately 200,000 residents in over 100 small to medium sized communities and resort areas. The system registry for Canada includes 40 water treatment plants, 59 water distribution systems, 28 wastewater treatment facilities, and 37 wastewater collection systems. Corix also provides energy and other services to a number of these communities.

Throughout its history, Corix has designed, constructed and operated utility systems as part of complex water and sewer projects as well as stand-alone systems, working closely with communities to develop the solutions that best address their needs. The utilities are either regulated by provincial authorities or operate under contracts structured according to cost of service principles.



## SUMMARY OF CORIX WATER AND SEWER PROJECTS

Corix currently provides water and/or sewer service an estimated population of over 350,000 people. The following table summarizes the water and sewer projects currently operated by Corix across North America.

Location / System Name	Scope of Services	Pop. (Approx)	Water Treatment	Water Distribution	Wastewater Collection	Wastewater Treatment
<b>Alaska</b>						
City of Fairbanks	Own / Operate	80,000	X	X	X	X
U.S. Army - Fort Wainwright	Own / Operate (50%)	25,000	X	X	X	
U.S. Air Force - Joint Base Elmendorf Richardson	Own / Operate (50%)	20,000	X	X	X	
U.S. Army - Fort Greely	Own / Operate (50%)	2,000		X	X	X
<b>Oklahoma</b>						
Oklahoma University	Own / Operate	30,000		X		X
<b>Total U.S.</b>		<b>157,000</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>3</b>
<b>British Columbia</b>						
City of Langford	Own / Operate	30,000			X	
Sun Rivers Community	Own / Operate	6,000		X	X	
Riverport Residential & Entertainment	Own / Operate	2,500			X	X
Panorama Mountain Village	Own / Operate	1,500		X	X	X
Cultus Country	Own / Operate	250		X	X	X
Lindal Beach	Own / Operate	250		X		
Sage Meadows	Own / Operate	100		X	X	X
Kicking Horse Ski Resort	Operate	1,000		X	X	X
Fairmont Hot Springs	Operate	800		X	X	X
Furry Creek & Oliver's Landing	Operate	750		X	X	X
Fort Steele	Operate	500		X		
Dockside Green Residential Community	Operate	500		X	X	X
Britannia Beach Community	Operate	500	X	X	X	X
Gateway Lakeview Estates	Operate	250	X	X	X	X
La Casa	Operate	200		X	X	X
Highlands	Operate	100		X	X	X
Terravista	Operate	100		X	X	X
Cottages at Copper Point	Operate	100		X	X	
Crooked Tree	Operate	100	X	X		
Aspens	Operate	100			X	X
Beaches	Operate	100			X	X
Rockcliffe	Operate	50		X		
Quayside Village Co-housing, NV	Operate	50		X	X	X
Kamloops Indian Band	Supervise / Startup / Train	500			X	
City of Tofino	Supervise	1,500	X	X		
Kent Prison	Supervise	1,000			X	X
Caravans West, Scotch Cr.	Supervise	500			X	X
Spirites Reach	Supervise	100			X	X

Location / System Name	Scope of Services	Pop. (Approx)	Water Treatment	Water Distribution	Wastewater Collection	Wastewater Treatment
<b>Alberta</b>						
Corix Utilities (Foothills Water)	Own / Operate	5,000	X	X	X	X
Rocky View County - Langdon	Operate	3,500			X	X
Nexen, Ft. McMurray	Operate	3,000	X	X	X	X
Rocky View County - Elbow Valley Sewer Line	Operate	2,000			X	
Rocky View County - East Balzac	Operate	1,200	X	X		
Alberta Tourism Parks & Recreation - Bow Valley Admin	Operate	1,600	X	X		
Alberta Tourism Parks & Recreation - Bow Valley South	Operate	100	X	X	X	
Alberta Tourism Parks & Recreation - Elbow Ranger Station	Operate	100			X	X
Alberta Tourism Parks & Recreation - Fire Base	Operate	100	X	X		
Alberta Tourism Parks & Recreation - McLean Creek	Operate	100	X	X	X	
Alberta Tourism Parks & Recreation - Ghost Reservoir	Operate	50	X	X		
Alberta Tourism Parks & Recreation - Highwood House	Operate	25	X	X		
Alberta Tourism Parks & Recreation - Little Elbow	Operate	25	X	X		
Alberta Tourism Parks & Recreation - Sheep Ranger & Sandy	Operate	25	X	X		
Elkana Residents	Operate	1,000	X	X		
Emerald Bay	Operate	1,000	X	X	X	X
Poplar View Water Co-op	Operate	1,000	X	X		
Twelve Mile Coulee	Operate	1,000	X	X		
Glencoe Golf & Country	Operate	700	X	X	X	
Wintergreen Woods	Operate	500	X	X		
Bearspaw Ridge	Operate	400		X		
Lynx Ridge	Operate	400			X	
Tsui T'ina Nation	Operate	400	X		X	
The Slopes	Operate	300		X		
Jumping Pound	Operate	300	X	X		X
Elbow Springs Golf Club	Operate	200	X	X		
Our Lady Queen of Peace	Operate	200	X	X		
Muirfield	Operate	150	X	X	X	
Windmill Water Co-Op	Operate	150	X	X		
Elbow Valley Utilities Corp	Operate	100		X		
Georgian Del Rich	Operate	100	X	X		
Square Butte Ranches	Operate	100	X	X		
Springate	Operate	100	X	X		
Deerhaven	Operate	50	X	X		
Tower Ridge Utility	Operate	50	X	X		
Cullen Creek	Operate	50	X	X		
Poplar View Utility Corp	Operate	50		X		
Serenity Estates	Operate	50	X	X		
Springshire	Operate	50	X	X		
Wheatland Water	Operate	50	X	X		
Mountain View	Operate	25	X	X		

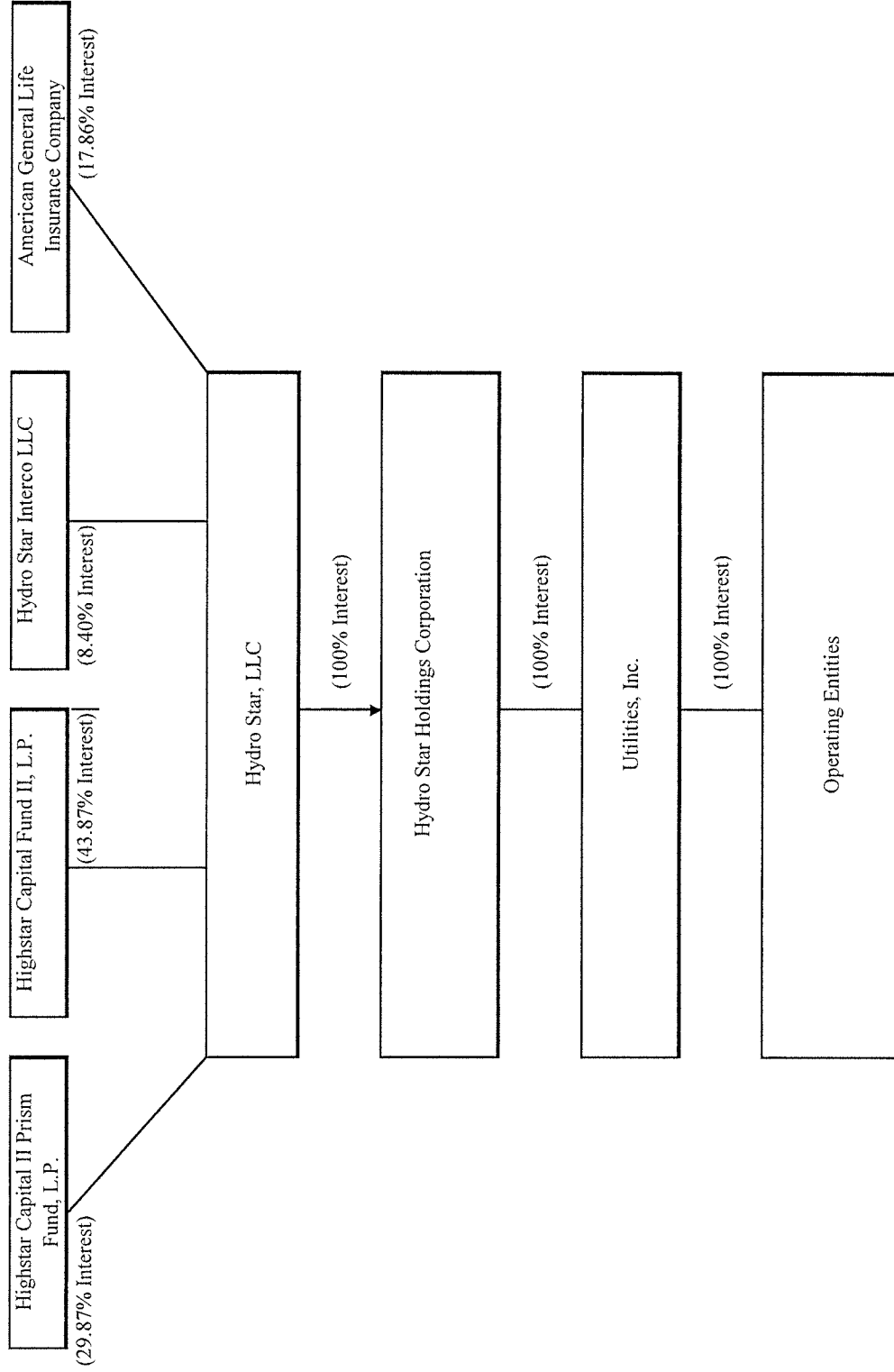
Location / System Name	Scope of Services	Pop. (Approx)	Water Treatment	Water Distribution	Wastewater Collection	Wastewater Treatment
<b>Ontario</b>						
Chatham-Kent (32 systems)	Joint Venture	110,000			X	X
Picton	Operate	7,500	X	X		
Walpole	Joint venture	2,250	X	X		
Newbury WPCP	Joint venture	400			X	X
<b>Territories</b>						
Dawson City, Yukon Government	Build / Operate	3,500				X
Government of the Northwest Territories	Build / Startup / Train	2,700	X	X		
<b>Total Canada</b>		<b>201,050</b>	<b>40</b>	<b>59</b>	<b>37</b>	<b>28</b>
<b>Total North America</b>		<b>358,050</b>	<b>43</b>	<b>64</b>	<b>41</b>	<b>31</b>

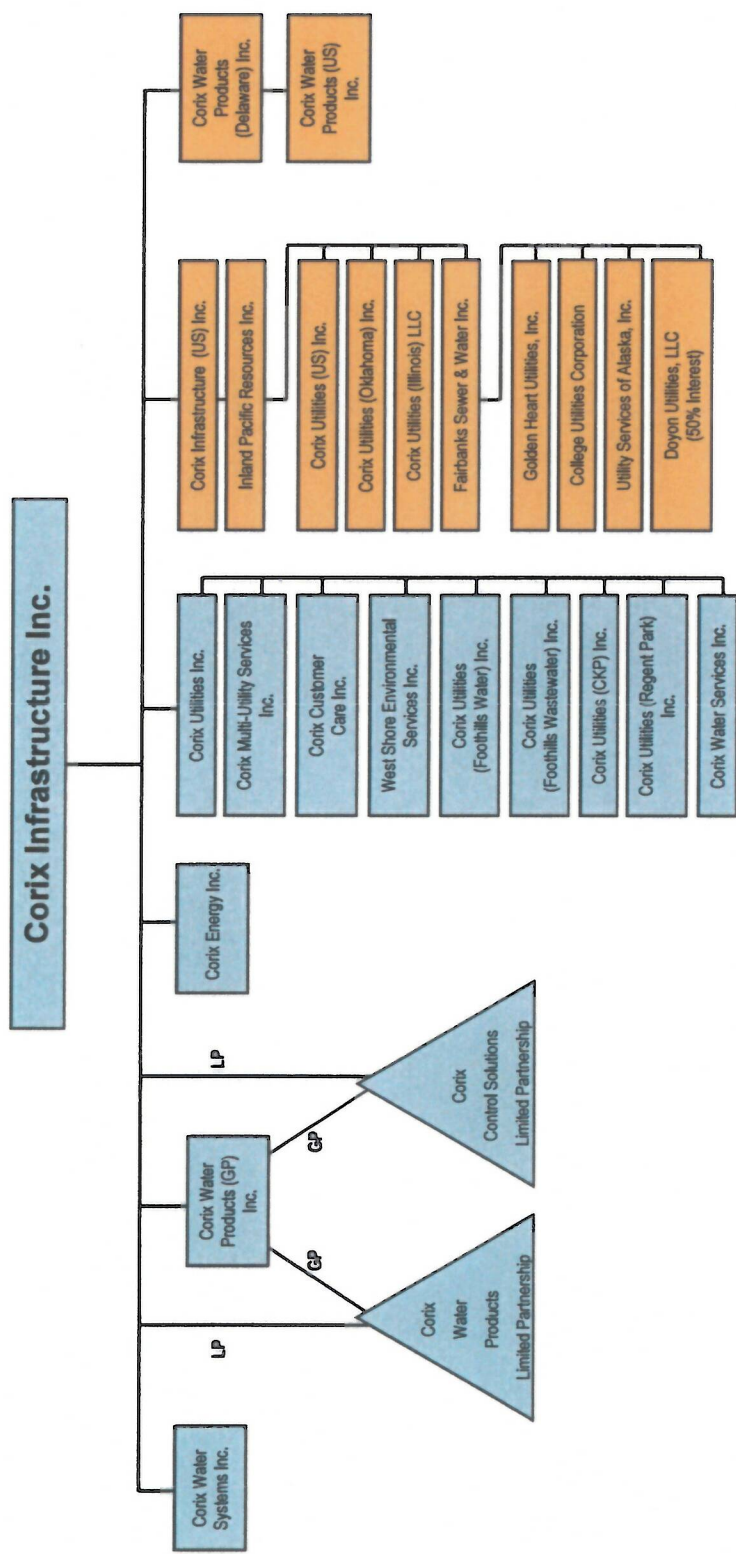
BEFORE THE  
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Petition for Authority to )  
Transfer Control of Utilities, Inc. )  
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Docket No. 12\_\_\_\_\_

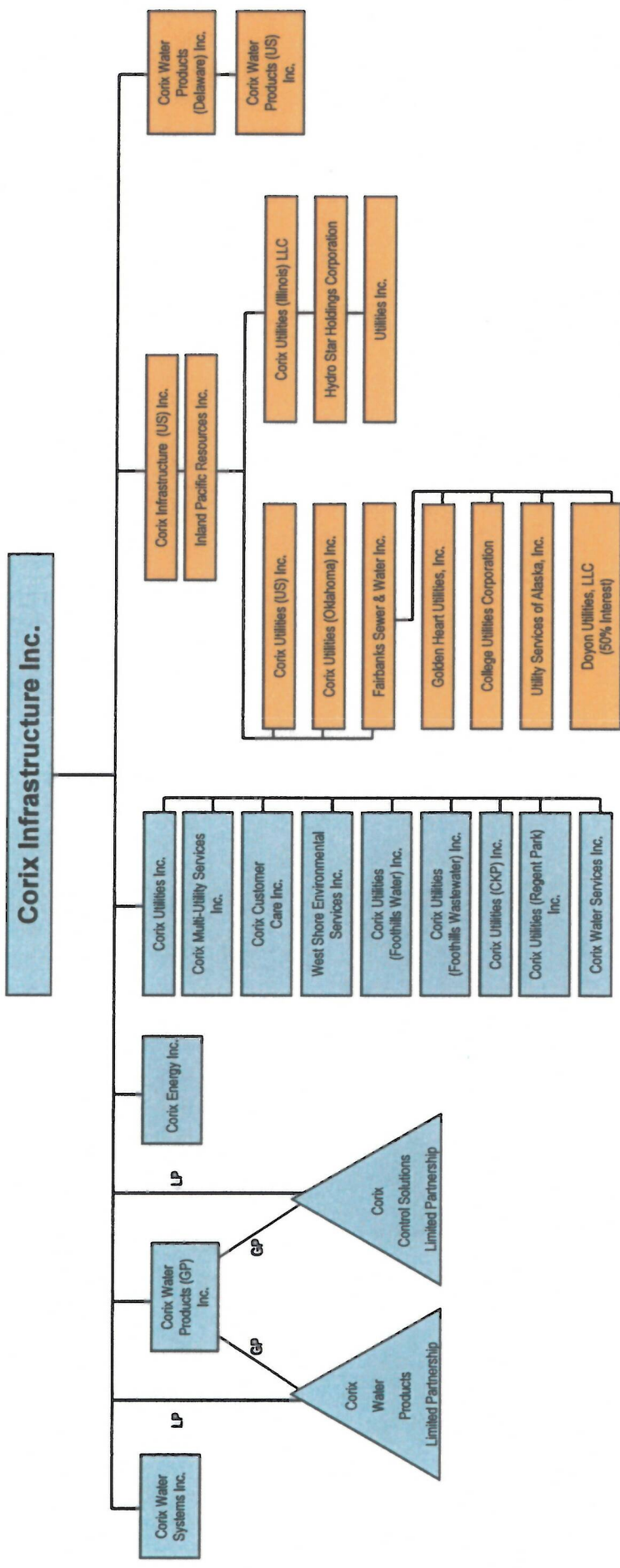
**EXHIBIT D**  
**Organizational Charts**





Colour Codes
US Companies
Canadian Companies

Includes only active operating companies and holding companies.



Colour Codes
US Companies
Canadian Companies

Includes only active operating companies and holding companies.

DONALD G. OWENS  
804.697.1217 telephone  
804.698.5111 facsimile  
donald.owens@troutmansanders.com

# TROUTMAN SANDERS

TROUTMAN SANDERS LLP  
Attorneys at Law  
Troutman Sanders Building  
1001 Haxall Point  
P.O. Box 1122 (23218-1122)  
Richmond, Virginia 23219  
804.697.1200 telephone  
804.697.1339 facsimile  
troutmansanders.com

April 17, 2012

**BY HAND**

Joel H. Peck, Clerk  
Document Control Center  
State Corporation Commission  
1300 East Main Street - 1st Floor  
Richmond, Virginia 23219

DOCUMENT CONTROL  
2012 APR 17 P 4:48  
CLERK'S OFFICE

Petition of Colchester Utilities, Inc. and Joint Petition of Highstar Capital II Prism Fund, L.P., Highstar Capital Fund II, L.P., Hydro Star Interco LLC, American General Life Insurance Company, Hydro Star LLC, and Corix Utilities (Illinois) LLC  
Case No. PUE-2012-\_\_\_\_\_

Dear Mr. Peck:

Enclosed is the original and one copy of the public version of the Petition of Colchester Utilities, Inc. and the Joint Petition of Highstar Capital II Prism Fund, L.P., Highstar Capital Fund II, L.P., Hydro Star Interco LLC, American General Life Insurance Company, Hydro Star LLC, and Corix Utilities (Illinois) LLC related to an indirect change of control of Colchester Utilities, Inc. that seeks a finding that approval under the Utility Transfers Act, Va. Code §§ 56-88 *et seq.* ("Transfers Act") is not required or, in the alternative, that the indirect change of control be approved by the Commission pursuant to the Transfers Act.

Under separate cover, we are filing with your office the non-public confidential version of this filing.

A copy of this document has been provided to the Commission's Office of General Counsel.

Your office's help in processing this filing is most appreciated.

Yours truly,

  
Donald G. Owens

Enclosures

Cc: William H. Chambliss, Esq. (via hand delivery)(w/encl.)



COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

PETITION OF  
COLCHESTER UTILITIES, INC.

For finding that Transfers Act approval  
is not required in connection with its indirect  
change of control

JOINT PETITION OF

HIGHSTAR CAPITAL II PRISM FUND, L.P.,  
HIGHSTAR CAPITAL FUND II, L.P.,  
HYDRO STAR INTERCO LLC,  
AMERICAN GENERAL LIFE INSURANCE COMPANY,  
and HYDRO STAR, LLC

Case No. PUE-2012-\_\_\_\_\_

and

CORIX UTILITIES (ILLINOIS) LLC

and

COLCHESTER UTILITIES, INC.

For approval under the Transfers Act

PETITIONS

An agreement has been entered into between Corix Utilities (Illinois) LLC (“Corix Utilities”) and the Sellers<sup>1</sup> of Hydro Star, LLC (“Hydro Star”) by which all of the interests of Hydro Star will be acquired by Corix Utilities (“Agreement”). Hydro Star is the second tier parent company of Utilities, Inc. which owns a number of operating utility subsidiaries, including Colchester Utilities, Inc. (“Colchester” or “Company”). Although the proposed transaction will result in an indirect change of Colchester, there will be no change in the direct ownership of Utilities, Inc., which will remain a second tier subsidiary of Hydro Star, or

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<sup>1</sup> The “Sellers” are Highstar Capital II Prism Fund, L.P., Highstar Capital Fund II, L.P., Hydro Star Interco LLC, and American General Life Insurance Company.

Colchester, which will remain a direct subsidiary of Utilities, Inc. and an indirect subsidiary of Hydro Star.<sup>2</sup>

Due to unique circumstances, Colchester believes approval by the Commission of this indirect change of control is not required under the Utility Transfers Act, Chapter 5 of Title 56, Va. Code §§ 56-88 *et seq.* (“Transfers Act”) and it respectfully requests that the Commission so find. In the event the Commission does not so find, the Company and the other Joint Petitioners request, in the alternative, that the indirect change of control be approved under the Transfers Act, along with certain other indirect changes of control of Colchester.<sup>3</sup>

### **I. The Parties and Related Entities**

Hydro Star is a limited liability company organized in the state of Delaware that is engaged in the acquisition and ownership of water and wastewater related infrastructure businesses. Hydro Star is currently owned by Sellers.

Hydro Star’s wholly-owned subsidiary, Hydro Star Holdings Corporation, is a Delaware corporation and the sole shareholder of Utilities, Inc.

Utilities, Inc., an Illinois corporation, is a holding company for approximately 75 operating subsidiaries that provide water and/or wastewater services to approximately 290,000 customer equivalents in fifteen states.

Colchester, a Virginia corporation, is a wholly-owned subsidiary of Utilities, Inc. and provides sewerage service in one subdivision in Fairfax County, Virginia

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<sup>2</sup> As discussed in Section V below, it is possible that, following the consummation of the proposed transaction, a subsequent transaction may take place to consolidate Hydro Star and Corix Utilities, thereby eliminating one of the intermediate holding companies through which Corix Utilities’ ultimate parent will hold its interest in Utilities, Inc. and its indirect interest in Colchester. If such a consolidation occurs, it will not change the immediate or ultimate ownership of Colchester.

<sup>3</sup> The Joint Petitioners seeking approval of the indirect change of control of Colchester are the Sellers, Hydro Star, Colchester, and Corix Utilities.

Corix Utilities is a limited liability company organized under the laws of Delaware for the purpose of entering into the proposed transaction. All of the outstanding membership interests of Corix Utilities are held by a second tier subsidiary of Corix Infrastructure Inc. ("Corix Infrastructure"), a Canadian company which, together with its subsidiaries, is referred to as the "Corix Group".

## **II. The Operations of Colchester**

The Company owns facilities by which sewerage services are furnished to a residential subdivision in Fairfax County ("County") known as Harborview. It does not bill the residences of the subdivision for sewerage service. Instead, it sends one bill to the County for all sewerage service provided to the Harborview subdivision and the County bills the residents of the subdivision for the sewerage service based upon the County's own rates. It is understood by the Company that the County charges the residents of Harborview the same rate as it charges other similarly situated residents of the County for sewerage service.

Colchester was formerly a regulated public utility named "Colchester Public Service Corporation." It was incorporated as a Virginia public service corporation and held a certificate of public convenience and necessity to provide sewerage service issued by the Commission. During its initial years of operation, Colchester billed the individual residents of Harborview directly for its services. In 1979, the County agreed to take over the responsibility of paying for the sewerage service provided to Harborview. The Company then started sending its bill to the County and the County began billing the Harborview residents at its own rate.

In Colchester's 1981 rate proceeding, the Commission found that Colchester had only one customer, Fairfax County, and it cancelled Colchester's certificate of public convenience and necessity, ordered the Company to amend its articles of incorporation to reflect that it was no

longer a public service corporation, and dismissed the Company's pending rate case.<sup>4</sup> As a result of the decision in that proceeding, Colchester ceased being a public service company and a public utility whose rates and services are regulated by the Commission.

Following the Colchester decision, it appeared that the Company was no longer subject to regulation by the Commission for any purpose as (i) the Company no longer had a public service obligation since it was no longer a public service company and (ii) the Company no longer served the public and only served one customer, which the Colchester decision pointed out was a governmental entity over which the Commission had no jurisdiction with respect to the service provided to it by the Company.<sup>5</sup> However, the 2008 decision in *Fillmore* may be read to create some uncertainty as to whether the Transfers Act applies to Colchester's operations and has prompted the Company to seek clarification from the Commission. The *Fillmore* decision suggests in one place that "*any* company that owns facilities within the Commonwealth ... for the furnishing of sewerage facilities or water" is subject to the Transfers Act. *Joint Petition and Applications of Fillmore CCA Holdings, Inc. and Homestead Water Company, L.C.*, Case No. PUE-2007-00110, 2008 S.C.C. Ann. Rept. 446, 447 (emphasis original). The Company does not believe all companies that own utility facilities necessarily fall under the Transfers Act.

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<sup>4</sup> *Application of Colchester Public Service Corporation*, Case No. PUE-1981-00035, 1984 S.C.C. Ann. Rept. 369 ("Colchester"). The finding as to Colchester having only one customer meant Colchester was no longer a public utility as that term is defined in the Utility Facilities Act (under which the Company's certificate of public convenience and necessity had been issued) and it was no longer required to be incorporated as a public service company (which form of incorporation is required for water or sewer companies proposing to serve more than fifty customers). Chapter 10 of Title 56, which establishes the regulation of rates and services of public utilities, also only applied to public service companies. The definition of public utilities in Chapter 10 provided that it did not include any corporation created under the provisions of Title 13.1 (the Virginia Stock Corporation Act) unless its articles of incorporation expressly stated that it was to conduct business as a public service company. Va. Code § 56-232 (1981 Repl. Vol.)

<sup>5</sup> *Colchester* at 371.

### III. The Transfers Act Should Not Apply to Colchester

The transactions covered by the Transfers Act include, among others, any direct or indirect change of control of a “public utility,” which term is defined as including any company that owns facilities in Virginia that furnish sewerage or water service.<sup>6</sup> Va. Code § 56-88 and § 56-88.1. The Transfers Act standard for approval of such a transaction is that the Commission “shall be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized” if it grants the petition seeking approval of the transaction (referred to hereafter as the “standard”). Va. Code § 56-90.

Colchester is unique. It is not the typical regulated Virginia public utility that sells water or sewer services to the public. It renders a bill to only one customer, a Virginia county, which establishes the rates the residents pay to the County for the sewerage service Colchester provides. Under its arrangement with the County, Colchester is essentially selling its services at wholesale and the County is reselling those services to its residents at its own rates. The Company does not believe that the Transfers Act applies in situations in which a county government is the entity that establishes the rates for a utility service that the public will pay.

While the Transfers Act’s broad definition of public utility appears to include Colchester, the Commission has found the definition is over-encompassing and, by itself, could make subject to its provision many types of entities for which it was not intended to apply. *Application of the Joline K. Gleaton Family Trust, the Marion A. Gleaton Family Trust, and Gleaton’s Mobile Home, L.L.C. and Bradley P. Dressler*, Case No. PUE-2004-00005, 2004 S.C.C. Ann. Rept. 420 (“*Gleaton*”). In *Gleaton*, the Commission established that more than just the ownership of

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<sup>6</sup> “‘Public utility’ means any company which owns or operates facilities within the Commonwealth for the generation, transmission, or distribution of electric energy for sale; for the production, transmission or distribution, otherwise than in enclosed portable containers, of natural or manufactured gas for sale for heat, light, or power, but excluding any company described in subdivision (b)(8) or (b)(10) of § 56-265.1; or for the furnishing of sewerage facilities or water.” Va. Code § 56-88 (emphasis added).

utility assets needs to be considered in determining what type of enterprises fall under the Transfers Act provisions. In that regard, Colchester respectfully submits that the definition of public utility must be read in light of the standard which establishes the purpose of the Transfers Act. The standard's focus is upon the "public" – the Commission must be satisfied that "adequate service to the public at just and reasonable rates" will not be impaired or jeopardized if it approves the transaction. Va. Code § 56-90 (emphasis added). As shown by the standard, the purpose of the Transfers Act is to protect "the public." Colchester makes no sales to the public. It only sells its services to the County, not the public, i.e., the residents of Harborview. The County is the entity that makes sales to the public and establishes the rates that the public must pay, not Colchester.<sup>7</sup> Under these circumstances, the Transfers Act should not apply to Colchester as it is not the entity that establishes the rates charged to the public.

In *Gleaton*, the Commission determined that there had to be a "mercantile relationship" between the public utility and the customers for the buying and selling of services in order for its regulatory oversight under the Transfers Act to be triggered.<sup>8</sup> The circumstances surrounding the entity under consideration in *Gleaton* are not the same as those involved in the relationship of Colchester, the County, and residents of Harborview. Yet *Gleaton* is instructive as there is no mercantile relationship between Colchester and the Harborview residents, who are the customers the Transfers Act is designed to protect. The buying and selling of sewerage services takes place between the County and the Harborview residents. In the absence of a mercantile relationship

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<sup>7</sup> The Transfers Act, however, does not apply to the County and the Commission has no jurisdiction over the County's rates or the authority to require that the County's rates be "just and reasonable" as intended by the standard. The definition of public utility in the Transfers Act includes any "company" that owns or operates utility facilities in Virginia. The definition of "company" expressly excludes, however, any municipal corporation or county. Va. Code § 56-88.

<sup>8</sup> *Gleaton* at 420.

between the Company and the subdivision's residents, the Transfers Act should not apply to Colchester.

In view of the unique circumstances related to Colchester's operations, the Commission should find that the Transfers Act does not apply. If the Commission does not so find, the Joint Petitioners request that the Commission approve the transaction by which Colchester will become part of the Corix Group, which is eminently qualified to own the water and wastewater companies that are the subject of the Agreement.

#### **IV. The Corix Group**

The primary owners of the Corix Group are certain affiliates of British Columbia Investment Management Corporation ("BC Investment") and CAI Capital Management Inc. ("CAI Capital"), two large and stable members of the North American investment community. BC Investment manages over \$90 billion in a globally diversified portfolio of investments on behalf of various pension funds and other investors. CAI Capital is a private equity fund with over \$1.3 billion in North American investments. The Corix Group collectively manages over \$750 million in assets and generated revenues of approximately \$540 million in 2011.

The Corix Group is engaged in water, wastewater, and energy utilities, and utility service operations that include (i) designing, building, owning, and operating utility assets, (ii) providing measurement, metering, and other specialized field services, and (iii) the sale of a diverse range of water, wastewater, and industrial utility related products. The Corix Group operates in Alaska, California, Colorado, Illinois, Michigan, Missouri, New Hampshire, New Jersey, New York, Oklahoma, Texas, Virginia, Washington, and Wisconsin.<sup>9</sup>

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<sup>9</sup> The operations in Virginia have principally involved metering projects for municipalities and investor-owned public utilities.

The Corix Group is a recognized leader in the implementation of sustainable water, wastewater, and energy infrastructure solutions for small to medium-sized communities across North America. It designs, builds, supplies, finances, and manages utility infrastructure on behalf of municipal, institutional, military, and private-sector customers. It owns 100% of Fairbanks Sewer and Water Inc. through which it provides water treatment and distribution, wastewater collection and treatment, and customer care services to the 80,000 residents of the greater Fairbanks, Alaska area. The Corix Group also owns 50% of Doyon Utilities LLC, through which its twelve utilities serve approximately 50,000 customers on three U.S. military bases in Alaska. Additionally, the Corix Group was selected through a nationwide solicitation process to purchase a 50 year concession to invest in and design, build, operate and maintain six utility systems serving a student population of approximately 30,000 at the University of Oklahoma. It owns and/or operates 164 utility systems serving approximately 200,000 residents in over 100 small to medium sized communities and resort areas in Canada, including 40 water treatment plants, 59 water distribution systems, 28 wastewater treatment facilities, and 37 wastewater collection systems.

A number of utility systems that the Corix Group operates are subject to regulation by state and provincial public utility commissions or are otherwise subject to cost of service regulation or have rates established on the basis of cost of service principles. With the approval of the proposed transaction, the Corix Group will serve nearly 650,000 customers in North America, including approximately 450,000 in the United States.

The Corix Group has over 70 years of experience in the industry. Its senior management team averages in excess of 20 years of utility industry experience and has a successful track record of operations and growth within the Corix Group platform. It currently has over 2,200



employees in 85 locations in North America. It is well financed with stable long term funding and solid access to debt financing and capital markets, and its operating entities have ready access to capital funds to support the growth and maintenance of critical infrastructure. During the last three years of challenging market conditions, the Corix Group and its lenders completed five syndicated bank financings totaling almost \$450 million.

The Corix Group has extensive experience in successfully transitioning operating utilities into the Corix Group. Since 2008, it has purchased and integrated several unique utility systems valued in excess of \$500 million and added over 230 employees.

Corix Utilities' acquisition of Hydro Star arises out of its desire to expand its utility infrastructure footprint in North America and, in particular, the United States. The acquisition of Hydro Star aligns with the strategy of the Corix Group and its owners to build and support a long-term investment portfolio of companies that provide essential infrastructure to local communities.

As shown above, the Corix Group has substantial experience and expertise in owning and operating water and wastewater systems and the financial, technical, and managerial qualifications to own and operate Utilities, Inc. and its operating subsidiaries, including Colchester.

**V. The Transaction Will Not Impair Adequate  
Service at Just and Reasonable Rates**

Corix Utilities' acquisition of Hydro Star and indirect acquisition of control of Utilities, Inc. and its subsidiaries will not jeopardize or impair the provision of adequate service to the public at just and reasonable rates and, therefore, satisfies the legal standard for approval of a change of control of a Virginia public utility. See, Va. Code § 56-90.

The transaction will not have adverse effects upon service. The proposed transaction does not involve any change in the direct ownership or control of Colchester, which will continue to be a subsidiary of Utilities, Inc. Utilities, Inc. has a seasoned management team with many years of experience in the water and wastewater industry. It is anticipated that Colchester will continue to be managed and operated by the same officers and personnel that currently run its operations. There are no current plans to change the management team, the customer service staff, or the local area staff of Colchester as a result of the proposed transaction. After the proposed transaction, Colchester will receive the same support from Utilities, Inc. it does today, supported by the resources of the Corix Group, which has the ability, as needed, to furnish financial, operational and administrative support to Utilities, Inc. that, in turn, will benefit Colchester.

The transaction will have no impact upon rates paid by the residents of Harborview. As explained above, those rates are set by the County, not Colchester.

It is possible that following the consummation of the transaction contemplated by the Agreement, Corix Utilities may merge with and into Hydro Star, thereby eliminating one of the intermediate holding companies between the ultimate parent company, Corix Infrastructure, and Utilities, Inc. and Colchester. However, the direct parent company of Colchester will remain Utilities, Inc. and its ultimate parent, Corix Infrastructure, Inc., will remain the same. Under these circumstances, the merger of Corix Utilities and Hydro Star would not require the prior approval of the Commission under the Transfers Act.<sup>10</sup>

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<sup>10</sup> See, *Application of MountaiNet Telephone Company and Scott County Telephone Cooperative, Inc.*, Case No. PUC-2004-00147, 2004 S.C.C. Ann. Rept. 282 (“The transaction as described in the Application does not require Commission approval pursuant to the Utility Transfers Act since neither the ultimate nor the direct ownership of MountaiNet Telephone will change as a result of the proposed transaction.”).

## VI. Prior Changes of Control

There have been two changes of control of Utilities, Inc. over the past decade, one in 2001 and the other in 2005.<sup>11</sup> In each instance, Transfers Act petitions were filed for Colchester's sister company – Massanutten Public Service Corporation – as has been done in this case. In view of the circumstances related to Colchester described herein, no approvals of these transactions were sought with respect to the Company. Given the subsequent *Fillmore* decision, out of an abundance of caution, to the extent approval is required, the Company asks the Commission to approve the two prior indirect changes of control of Colchester as it did with respect to Massanutten Public Service Corporation in connection with such transactions.

## VII. Conclusion

Colchester respectfully requests the Commission find its proposed indirect change of control is not subject to the Transfers Act. Alternatively, the Joint Petitioners respectfully ask that it be approved by the Commission and, to the extent required, that the prior indirect changes of control of Colchester that occurred in 2001 and 2005 also be approved. The Joint Petitioners also ask the Commission to issue an order as expeditiously as possible taking these actions.

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<sup>11</sup> See, *Joint Petition of Utilities, Inc. and NV Nuon*, Case No. PUA-2001-00031, 2001 S.C.C. Ann. Rept. 200; *Joint Petition of Massanutten Public Service Corporation, Nuon Global Solutions USA BV and Hydro Star, LLC*, Case No. PUE-2005-00069, 2005 S.C.C. Ann. Rept. 462.

Respectfully submitted,

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[President or Vice President]  
Highstar Capital II Prism Fund, L.P.

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[Secretary or Assistant Secretary]  
Highstar Capital II Prism Fund, L.P.

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[President or Vice President]  
Highstar Capital Fund II, L.P.

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[Secretary or Assistant Secretary]  
Highstar Capital Fund II, L.P.

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[President or Vice President]  
Hydro Star Interco LLC

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[Secretary or Assistant Secretary]  
Hydro Star Interco, LLC

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[President or Vice President]  
American General Life Insurance Company

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[Secretary or Assistant Secretary]  
American General Life Insurance Company

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[President or Vice President]  
Hydro Star, LLC

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[Secretary or Assistant Secretary]  
Hydro Star, LLC

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[President]  
Colchester Utilities, Inc.

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[Assistant Secretary]  
Colchester Utilities, Inc.

---

[President or Vice President]  
Corix Utilities (Illinois) LLC  
Dietz Kellmann

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[Secretary or Assistant Secretary]  
Corix Utilities (Illinois) LLC  
Hamish Cumming

Respectfully submitted,

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[President or Vice President]  
Highstar Capital II Prism Fund, L.P.

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[Secretary or Assistant Secretary]  
Highstar Capital II Prism Fund, L.P.

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[President or Vice President]  
Highstar Capital Fund II, L.P.

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[Secretary or Assistant Secretary]  
Highstar Capital Fund II, L.P.

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[President or Vice President]  
Hydro Star Interco LLC

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[Secretary or Assistant Secretary]  
Hydro Star Interco, LLC

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[President or Vice President]  
American General Life Insurance Company

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[Secretary or Assistant Secretary]  
American General Life Insurance Company

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[President or Vice President]  
Hydro Star, LLC

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[Secretary or Assistant Secretary]  
Hydro Star, LLC

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[President]  
Colchester Utilities, Inc.

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[Assistant Secretary]  
Colchester Utilities, Inc.

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[President or Vice President]  
Corix Utilities (Illinois) LLC

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[Secretary or Assistant Secretary]  
Corix Utilities (Illinois) LLC

Respectfully submitted,

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[President or Vice President]  
Highstar Capital II Prism Fund, L.P.

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[Secretary or Assistant Secretary]  
Highstar Capital II Prism Fund, L.P.

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[President or Vice President]  
Highstar Capital Fund II, L.P.

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[Secretary or Assistant Secretary]  
Highstar Capital Fund II, L.P.


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[President or Vice President]  
Hydro Star Interco LLC

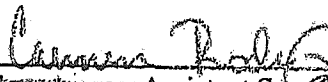
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[Secretary or Assistant Secretary]  
Hydro Star Interco, LLC

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[President or Vice President]  
American General Life Insurance Company

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[Secretary or Assistant Secretary]  
American General Life Insurance Company

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[President or Vice President]  
Hydro Star, LLC

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[Secretary or Assistant Secretary]  
Hydro Star, LLC

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[President]  
Colchester Utilities, Inc.

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[Assistant Secretary]  
Colchester Utilities, Inc.

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[President or Vice President]  
Corix Utilities (Illinois) LLC

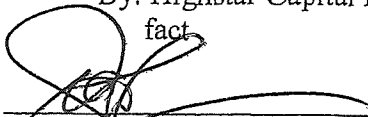
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[Secretary or Assistant Secretary]  
Corix Utilities (Illinois) LLC

Respectfully submitted,

Highstar Capital II Prism Fund, L.P.

By: Highstar Capital GP II, L.P., its general partner  
By: Highstar Capital LP, as attorney in fact

  
Executive Vice President

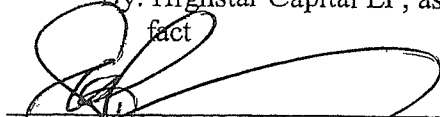
Highstar Capital II Prism Fund, L.P.

By: Highstar Capital GP II, L.P., its general partner  
By: Highstar Capital LP, as attorney in fact

  
Secretary

Highstar Capital Fund II, L.P.

By: Highstar Capital GP II, L.P., its general partner  
By: Highstar Capital LP, as attorney in fact

  
Executive Vice President

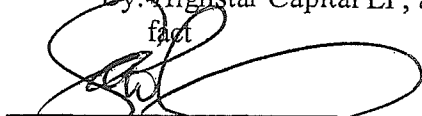
Highstar Capital Fund II, L.P.

By: Highstar Capital GP II, L.P., its general partner  
By: Highstar Capital LP, as attorney in fact

  
Secretary

Hydro Star Interco LLC

By: Highstar Capital GP II, L.P., its general partner  
By: Highstar Capital LP, as attorney in fact


  
Executive Vice President

Hydro Star Interco LLC

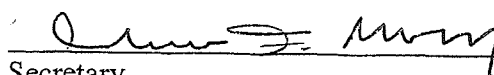
By: Highstar Capital GP II, L.P., its general partner  
By: Highstar Capital LP, as attorney in fact

  
Secretary

\_\_\_\_\_  
[President or Vice President]  
American General Life Insurance Company

  
Executive Vice President  
Hydro Star, LLC

\_\_\_\_\_  
[Secretary or Assistant Secretary]  
American General Life Insurance Company

  
Secretary  
Hydro Star, LLC

\_\_\_\_\_  
[President]  
Colchester Utilities, Inc.

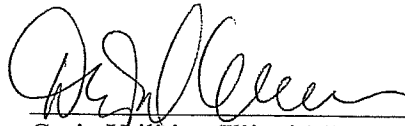
\_\_\_\_\_  
[President or Vice President]  
Corix Utilities (Illinois) LLC

\_\_\_\_\_  
[Assistant Secretary]  
Colchester Utilities, Inc.

\_\_\_\_\_  
[Secretary or Assistant Secretary]  
Corix Utilities (Illinois) LLC

VERIFICATION

I, DIETZ KELLMANN, being duly sworn, deposes and says that he is the President/Vice President of Corix Utilities (Illinois) LLC, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.



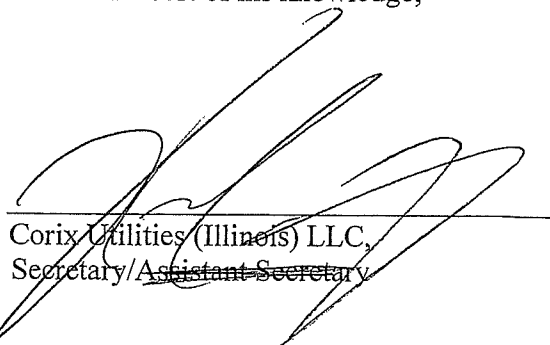
Corix Utilities (Illinois) LLC,  
~~President~~ Vice President

Dietz Kellmann



VERIFICATION

I, Hamish Cumming, being duly sworn, deposes and says that he is the Secretary/Assistant Secretary of Corix Utilities (Illinois) LLC, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

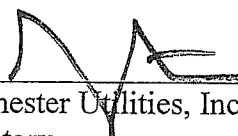


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Corix Utilities (Illinois) LLC,  
Secretary/Assistant Secretary


VERIFICATION

I, John Stover, am the Secretary of Colchester Utilities, Inc., being duly sworn, deposes and says that he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Colchester Utilities, Inc.,  
Secretary

VERIFICATION

I, Lisa Sparrow, am President of Colchester Utilities, Inc., being duly sworn, deposes and says that he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his or her knowledge, information and belief.

  
\_\_\_\_\_  
Colchester Utilities, Inc.  
President

VERIFICATION

Carmen Rodriguez being duly sworn, deposes and says that he is the Secretary/Assistant Secretary of American General Life Insurance Company, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

Carmen Rodriguez  
American General Life Insurance Company  
Secretary/Assistant Secretary

VERIFICATION

Manoj Kumar, being duly sworn, deposes and says that he is the President/Vice President of American General Life Insurance Company, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

Manoj Kumar  
American General Life Insurance Company  
~~President Vice President~~

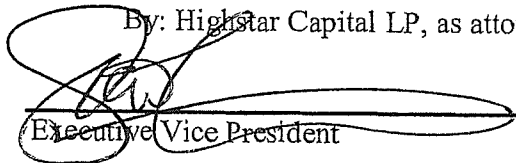
VERIFICATION

Scott D. Litman, being duly sworn, deposes and says that he is the Executive Vice President of Highstar Capital LP, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

Highstar Capital II Prism Fund, L.P.

By: Highstar Capital GP II, L.P., its general partner

By: Highstar Capital LP, as attorney in fact

  
Executive Vice President

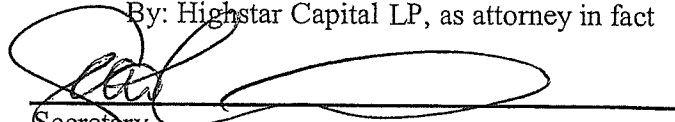
VERIFICATION

Scott D. Litman, being duly sworn, deposes and says that he is the Secretary of Highstar Capital LP, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

Highstar Capital II Prism Fund, L.P.

By: Highstar Capital GP II, L.P., its general partner

By: Highstar Capital LP, as attorney in fact

  
Secretary

VERIFICATION

Scott D. Litman, being duly sworn, deposes and says that he is the Executive Vice President of Highstar Capital LP, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

Highstar Capital Fund II, L.P.

By: Highstar Capital GP II, L.P., its general partner

By: Highstar Capital LP, as attorney in fact

  
\_\_\_\_\_  
Executive Vice President



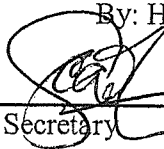
VERIFICATION

Scott D. Litman, being duly sworn, deposes and says that he is the Secretary of Highstar Capital LP, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

Highstar Capital Fund II, L.P.

By: Highstar Capital GP II, L.P., its general partner

By: Highstar Capital LP, as attorney in fact

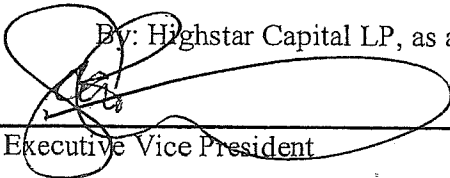
  
Secretary

VERIFICATION

Scott D. Litman, being duly sworn, deposes and says that he is the Executive Vice President of Highstar Capital LP, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

Hydro Star Interco LLC

By: Highstar Capital GP II, L.P., its general partner

By:  Highstar Capital LP, as attorney in fact

\_\_\_\_\_  
Executive Vice President

VERIFICATION

Scott D. Litman, being duly sworn, deposes and says that he is the Secretary of Highstar Capital LP, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

Hydro Star Interco LLC

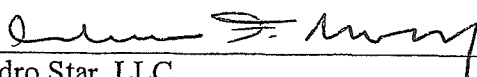
By: Highstar Capital GP II, L.P., its general partner

By: Highstar Capital LP, as attorney in fact

  
Secretary

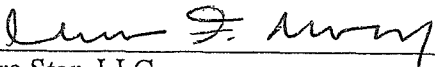
VERIFICATION

Andrew Nevin, being duly sworn, deposes and says that he is the Executive Vice President of Hydro Star, LLC, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Hydro Star, LLC  
Executive Vice-President

VERIFICATION

Andrew Nevin, being duly sworn, deposes and says that he is the Secretary of Hydro Star, LLC, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Hydro Star, LLC  
Secretary

## TRANSACTION SUMMARY-UTILITY TRANSFERS ACT

Please complete Section A, B, or C, as applicable:

### C. Applications for approval of acquisition or disposition of control filed pursuant to § 56-88.1 of the Code of Virginia:

1. **Provide a copy of the agreement.**

The Purchase and Sale Agreement ("Agreement") by and among Corix Utilities (Illinois) LLC ("Corix Utilities"), as purchaser, and Highstar Capital II Prism Fund, L.P., Highstar Capital Fund II, L.P., Hydro Star Interco LLC, and American General Life Insurance Company ("Sellers") has been provided to the Clerk of the Commission and the Commission Staff, under seal. A redacted version of the Agreement is attached.

2. **Explain how the sales price was determined. Provide the methodology for determining the sales price as well as calculations and assumptions used.**

As discussed in Item 4 below, the proposed transaction involves the sale of the membership interests of Hydro Star, LLC ("Hydro Star"), which is the "grandparent" of Utilities Inc. (Utilities Inc.'s direct parent being Hydro Star Holdings Corporation, which is a wholly-owned subsidiary of Hydro Star). The ownership of Colchester Utilities, Inc. ("Colchester") will not change. Colchester will remain a wholly-owned subsidiary of Utilities, Inc. Since this transaction will be a purchase of the membership interests of Hydro Star held by the "great grandparents" of Utilities, Inc., no consideration will be allocated to individual subsidiaries of Utilities, Inc., nor will any consideration paid in connection with the proposed transaction affect the book value of assets held by such subsidiaries.

The terms and conditions of the Agreement were determined through arms-length negotiations between the Sellers and Corix Utilities. The Joint Petitioners believe that the purchase price to be paid for the membership interests of Hydro Star is fair inasmuch as the purchase price was agreed to by a willing seller and a willing buyer in an arms-length transaction.

3. **Describe how the proposed transaction will be accounted for on the regulated utility's books of record.**

The proposed transaction that is the subject of the Joint Petition involves the acquisition of all of the membership interests of Hydro Star by Corix Utilities. None of the assets of Utilities, Inc. are involved in this transaction nor are any of the assets of its operating subsidiaries, including Colchester. Thus, the proposed transaction will have no effect upon the books of Colchester.

4. **Provide an explanation as to why the proposed transfer is to take place and address, in specific terms, the anticipated impact on the provision of adequate service to the public at just and reasonable rates. Indicate specifically how rates will be affected and how customers will obtain service after the proposed transfer. In terms of rate impact, provide specific comparisons before and after the proposed transfer.**

The proposed transaction is part of the business strategy of Corix Utilities to expand its utility infrastructure footprint in North America, particularly in the United States. Corix Utilities is a second-tier subsidiary of Corix Infrastructure Inc. ("Corix Infrastructure"), a Canadian company that, together with its subsidiaries is referred to as the "Corix Group." The proposed acquisition aligns with the strategy of the Corix Group and its owners to build and support a long-term investment portfolio of companies that provide essential infrastructure to local communities. The Corix Group is engaged in water, wastewater, and energy utility and utility service operations in Alaska, California, Colorado, Illinois, Michigan, Missouri, New Hampshire, New Jersey, New York, Oklahoma, Texas, Virginia, Washington, and Wisconsin.

As explained in the Joint Petition, the proposed transaction will take place several tiers above Colchester and will have no adverse impact upon its service. It is anticipated that there will be no change in the management, customer services staffing, and local operation personnel of Colchester. The number of employees and the day-to-day operations of Colchester will not be affected by the proposed transaction. There will be no change in the assets of Colchester or in its capitalization as a result of the proposed transaction. With respect to access to capital, Utilities, Inc. will continue to provide necessary financial support to Colchester. Additionally, Corix Utilities, as a member of the Corix Group, has access to substantial capital resources. The proposed transaction will have no effect upon the rates paid by the residents of Harborview. Fairfax County establishes those rates, not Colchester.

5. **Indicate whether customers have been notified of the proposed transfer of control. If so, provide a copy of the notice. If not, explain why notice was not given. Also provide the number of customers in Virginia and types of services provided.**

No notice has been given of the proposed transaction. The sale of the membership interests involved in the proposed transaction takes place at an ownership level several tiers above Colchester and will be transparent and seamless to Fairfax County and the residents of Harborview.

The Company has one customer, Fairfax County, and it provides sewerage service.

6. **Provide complete financial statements (audited, if available), to include a Balance Sheet, Income Statement, and Cash Flow Statement, of the entity**

acquiring control for the last three years, if available. If the entity acquiring control already has financial statements on file with the Commission, such as Form M, Form 1, Form 2, or other Annual Financial and Operating Report, it will not be necessary to duplicate those filings.

The most recent financial statements of Corix Infrastructure, the ultimate parent of Corix Utilities, have been submitted to the Clerk of the Commission and the Commission Staff, under seal.

7. **Provide the most current financial statements (audited, if available), to include a Balance Sheet, Income Statement, Cash Flow Statement, and Capital Structure Statement for the entity disposing of control if financial statements as referenced above are not on file with the Commission.**

The financial statements for the four entities that own Hydro Star do not need to be supplied because these companies do not provide direct financial support for any of Utilities, Inc.'s operating companies, including Colchester, and they will have no interest in Hydro Star or its subsidiaries (including Utilities, Inc. and Colchester) once the transaction is completed. A copy of the most recent financial statements for Hydro Star has been submitted to the Commission Clerk and Staff, under seal.

8. **Provide pro forma financial statements reflecting the proposed transaction for all entities involved. Include capitalization ratios.**

This item is not applicable in that the proposed transaction does not involve the consolidation of Colchester or its parent company, Utilities, Inc., with any other company.

9. **Provide copies of Virginia-specific cost/benefit analyses, merger savings analyses, market power studies, or similar reports related to the proposed transaction prepared for or on behalf of the companies in connection with the proposed transfer of control.**

This item is not applicable. The proposed transaction involves only an indirect change of control of Colchester. See Response to Item 4. There are no Virginia-specific analyses, studies, or reports.

10. **Provide as accurate as possible an estimate of any anticipated upgrades or improvements that will need to be made as a result of the proposed transfer and what impact the improvements will likely have on customers' rates.**

No upgrades or improvements involving Colchester are anticipated as a result of the proposed transaction.



11. **Provide any available information on additional investment that will be required to improve service quality as a result of the proposed transfer and what the likely impact will be on customers' rates.**

No additional investment in Colchester will be required as a result of the proposed transaction.

12. **Describe how the proposed transfer will be financed.**

Corix Utilities has access to sufficient capital to pay the purchase price required under the Agreement.

13. **List any other jurisdictions from which approval for the proposed transfer is necessary. Provide a summary of any approvals already granted and copies of any orders already issued. Provide bi-weekly updates until a Commission Order is issued.**

As explained in the Joint Petition, in addition to the approval of this Commission, approvals are being or will be requested from the public utility or service commissions in the states of Florida, Illinois, Kentucky, Louisiana, Maryland, Nevada, New Jersey, North Carolina, Pennsylvania, and Tennessee.

14. **Explain how and in what accounts any acquisition costs or premiums will be reflected in financial statements. Provide an estimate of the amount of such premium.**

This item is not applicable since the Joint Petition relates to the indirect change of control of Colchester and does not involve any acquisition costs or premiums that will be reflected on Colchester's financial statements.

15. **Provide copies of any equity analysts' reports, press releases, or bond ratings reports regarding the proposed transfer.**

Please see the attached press release.

16. **Indicate how the proposed transfer affects existing company stock plans for the regulated entity.**

This item is not applicable since the Joint Petition relates to the indirect change of control of Colchester, which is wholly-owned by Utilities, Inc., and which will continued to be wholly-owned by Utilities, Inc. after the proposed transaction.

17. **Indicate how the proposed transfer affects the outstanding debt of the regulated entity.**

This item is not applicable since the Joint Petition relates to the indirect change of control of Colchester and will have no effect upon its capitalization.

18. **Explain whether a different company or different individuals will be providing service to customers as a result of the proposed transfer. Be specific in your response.**

The proposed transfer will not result in a different company or individuals being involved in the provision of service by Colchester. See Response to Item 4.

19. **Provide charts or diagrams illustrating the corporate structure of the involved entity or entities before and after the proposed transaction. Be sure to include the Virginia regulated entity in such charts or diagrams.**

Please see the attached charts.

20. **Provide your best estimate as to the anticipated closing date for the proposed transaction.**

The closing will take place once all conditions precedent, including receipt of all necessary regulatory approvals, have been obtained. It is currently anticipated that this will occur as early as the fourth quarter of 2012.

21. **Identify and quantify any anticipated costs and savings as a result of the proposed transfer. Include costs and savings due to applicable service company charges resulting from new services agreements as well as tax obligations that will be incurred as a result of the proposed transfer. Identify and quantify the portion of such costs and savings attributed to the Virginia regulated utility. Explain how any such savings will benefit Virginia customers.**

It is not anticipated that there will be any costs or savings attributable to Colchester as a result of the proposed transaction. The proposed transaction involves the sale of the membership interests of Hydro Star by the Sellers to Corix Utilities and, therefore, will not result in changes at Colchester or at its immediate parent, Utilities, Inc.

22. **If control of a Virginia utility is being transferred to an entity outside of Virginia that has not previously done business in Virginia, or that is not certificated in Virginia, but has previously acquired other utilities in other states, provide information on experiences in other jurisdictions and a contact person at the regulatory agency in each of the jurisdictions. In addition, provide the acquiring company's senior management's related managerial and utility experience.**

Corix Group is engaged in utility operations that are subject to regulation in the jurisdictions of Alaska, British Columbia, and Alberta. A list of contact persons for each of the jurisdictions is attached.

The senior management of the Corix Group averages over 20 years of utility industry experience. Biographies for the Corix Group's senior management are attached.

23. For telecommunications companies only, include the following information.
- a) Provide a schedule of the states where the acquiring company(ies) hold(s) a certificate or registration under their names or through affiliates/subsidiaries to provide telecommunications services (local and interexchange).
  - b) Provide a brief description of the acquiring company's history of providing local and interexchange telecommunications services or other relevant services under its name or through affiliates/subsidiaries. Additionally, if the acquiring company has interexchange owned or leased facilities or points of presence, that information should be provided as well.
  - c) Provide a list of the acquiring company's officers and directors. If not a corporation, provide a list of its principals.
  - d) Include a statement that the acquired company's accepted tariffs on file with the Commission will be the tariffs used after the proposed transfer takes place.
  - e) Please provide or verify the name address, telephone number, fax number, and e-mail address for the in-house individual(s) that will be responsible for regulatory and reporting matters for the acquired certificated entity and for any Virginia certificated entities of the acquiring company.
  - f) Please provide or verify the name, address, telephone number, fax number, and e-mail address for the in-house individual that is responsible for contact with the Complaint Section of the Division of Communications for the acquired certificated entity and for any Virginia certificated entities of the acquiring company.
  - g) Please provide or verify the name, address, telephone number, fax number, and e-mail address for the in-house individual that is responsible for tariff matters for the acquired certificated entity and for any Virginia certificated entities of the acquiring company.

- h) Please provide or verify the 24/7 toll free customer contact telephone number for the acquired certificated entity and for any Virginia certificated entities of the acquiring company.
- i) Provide an attested statement that the Company has familiarized itself with and will abide by the rules and regulations of the Commission, including but not limited to, VAC 5-427-10 et seq., the rules regarding disconnection of customers for nonpayment (“DNP Rules”), 20 VAC 5-413-10 et seq., and the rules regarding the discontinuance of local exchange services provided by a competitive local exchange carrier (“Discontinuance Rules”), 20 VAC 5-423-10 et seq.

Not applicable.

24. Discuss any anticipated economic impacts related to jobs and facilities in Virginia as a result of the proposed transfer. Explain and discuss any anticipated elimination or increase in jobs in Virginia.

No economic impacts on jobs and facilities in Virginia are anticipated from the proposed transaction. There is no plan to either eliminate or increase the number of jobs in Virginia as a result of the proposed transaction.

25. Identify the source of debt and equity for the regulated company after the proposed transaction.

As it has in the past, Colchester will continue to receive its funding from Utilities, Inc.

26. Explain how the proposed transaction will impact the regulated company's cost of capital.

The proposed transaction will have no impact upon Colchester's cost of capital.

27. Explain how the proposed transaction will affect the regulated company's access to financial and capital markets.

See Responses to Items 4 and 25.

28. Discuss what impact the proposed transfer is likely to have on competition in Virginia and how that impact will affect the provision of adequate service to the public at just and reasonable rates. Include a list of companies considered to be competitors.

The proposed transaction will have no impact on competition in Virginia.

DONALD G. OWENS  
804.697.1217 telephone  
804.698.5111 facsimile  
donald.owens@troutmansanders.com

# TROUTMAN SANDERS

TROUTMAN SANDERS LLP  
Attorneys at Law  
Troutman Sanders Building  
1001 Haxall Point  
P.O. Box 1122 (23218-1122)  
Richmond, Virginia 23219  
804.697.1200 telephone  
804.697.1339 facsimile  
troutmansanders.com

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Richmond, Virginia 23219

Joint Petition of Highstar Capital II Prism Fund, L.P., Highstar Capital Fund II, L.P., Hydro Star Interco LLC, American General Life Insurance Company, Hydro Star LLC, Massanutten Public Service Corporation, and Corix Utilities (Illinois) LLC  
Case No. PUB-2012-\_\_\_\_\_

Dear Mr. Peck:

Enclosed is the original and one copy of the public version of the Joint Petition of Highstar Capital II Prism Fund, L.P., Highstar Capital Fund II, L.P., Hydro Star Interco LLC, American General Life Insurance Company, Hydro Star LLC, Massanutten Public Service Corporation, and Corix Utilities (Illinois) LLC seeking approval of an indirect change of control of Massanutten Public Service Corporation pursuant to the Utility Transfers Act, Va. Code §§ 56-88 *et seq.*

Under separate cover, we are filing with your office the non-public confidential version of this filing.

A copy of this document has been provided to the Commission's Office of General Counsel.

Your office's help in processing this filing is most appreciated.

Yours truly,

  
Donald G. Owens

Enclosures

Cc: William H. Chambliss, Esq. (via hand delivery)(w/encl.)

ATLANTA CHICAGO HONG KONG NEW YORK NEWARK NORFOLK ORANGE COUNTY PORTLAND  
RALEIGH RICHMOND SAN DIEGO SHANGHAI TYSONS CORNER VIRGINIA BEACH WASHINGTON, DC

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

Joint Petition of )  
)  
Highstar Capital II )  
Prism Fund, L.P., )  
)  
Highstar Capital )  
Fund II, L.P., )  
)  
Hydro Star )  
Interco LLC, )  
)  
American General )  
Life Insurance Company, )  
)  
Hydro Star, LLC, )  
)  
Massanutten Public )  
Service Corporation )  
)  
and )  
)  
Corix Utilities (Illinois) LLC )  
)  
For approval under the )  
Utility Transfers Act, Va. Code )  
Sections 56-88 *et seq.* )

Case No. PUE-2012-\_\_\_\_\_

JOINT PETITION

Highstar Capital II Prism Fund, L.P., Highstar Capital Fund II, L.P., Hydro Star Interco LLC, and American General Life Insurance Company (collectively the “Sellers”), Hydro Star, LLC (“Hydro Star”), Massanutten Public Service Corporation (“Massanutten PSC”) and Corix Utilities (Illinois) LLC (“Corix Utilities”, together with Hydro Star, Massanutten PSC and the Sellers, the “Joint Petitioners”) file this petition under Chapter 5 of Title 56 of the Virginia Code (the “Utility Transfers Act,” Va. Code § 56-88 *et seq.*) for approval of the transaction by which

Corix Utilities will acquire the indirect ownership of Utilities, Inc., the parent company of Massanutten PSC. The parties hereby request that the State Corporation Commission (“Commission”) grant such approval on an expedited basis and in support of their Joint Petition, the Joint Petitioners respectfully state as follows:

### **I. Introduction**

1. Subject to regulatory approvals and other conditions, the Sellers and Corix Utilities have entered into a Purchase and Sale Agreement dated February 17, 2012 (“Agreement”) that will result in Corix Utilities acquiring 100% of the membership interests in Hydro Star, which entity, through its wholly-owned subsidiary Hydro Star Holdings Corporation, owns 100% of the outstanding shares of Utilities, Inc. After the transaction, Hydro Star will become a wholly-owned subsidiary of Corix Utilities.<sup>1</sup> There will be no change in the ownership of Utilities, Inc., which will remain a second tier subsidiary of Hydro Star. There will also be no change in the ownership of Massanutten PSC, which will remain a direct subsidiary of Utilities, Inc. and indirect subsidiary of Hydro Star.

This Joint Petition is being filed because the acquisition of the outstanding membership interests of Hydro Star by Corix Utilities could be deemed an indirect change of control of Utilities, Inc. and, in turn, of Massanutten PSC and, thus, be subject to the Utility Transfers Act (“Act”) under Va. Code § 56-88.1. As explained below, the proposed transaction satisfies the standard for approval under the Act because it will neither jeopardize nor impair Massanutten PSC’s ability to provide adequate service to the public at just and reasonable rates. Accordingly, the approval requested in this Joint Petition should be granted.

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<sup>1</sup> As discussed in Section IV., below, it is possible that, following the consummation of the proposed transaction, a subsequent transaction may take place to consolidate Hydro Star and Corix Utilities, thereby eliminating one of the intermediate holding companies through which Corix Utilities’ ultimate parent will hold its interest in Utilities, Inc. and its indirect interest in Massanutten PSC. If such a consolidation occurs, it will not change the immediate or ultimate ownership of Massanutten PSC.

## II. The Parties and Related Entities

2. Hydro Star is a limited liability company organized in the state of Delaware that is engaged in the acquisition and ownership of water and wastewater related infrastructure businesses. Hydro Star is currently owned by the Sellers.

3. Hydro Star's wholly-owned subsidiary, Hydro Star Holdings Corporation, is a Delaware corporation and the sole shareholder of Utilities, Inc.

4. Utilities, Inc., an Illinois corporation, is a holding company for approximately 75 operating subsidiaries that provide water and/or wastewater services to approximately 290,000 customer equivalents in fifteen states.

5. Massanutten PSC, a Virginia public service company, is a wholly-owned subsidiary of Utilities, Inc. and provides water and wastewater utility services to approximately 2,100 residential and business customers in Rockingham County, Virginia.

6. Corix Utilities is a limited liability company organized under the laws of Delaware for the purpose of entering into the proposed transaction.

7. All of the outstanding membership interests of Corix Utilities are held by a second tier subsidiary of Corix Infrastructure Inc. ("Corix Infrastructure"), a Canadian company which, together with its subsidiaries, is referred to as the "Corix Group". The Corix Group collectively manages over \$750 million in assets and generated revenues of approximately \$540 million in 2011. The primary owners of the Corix Group are certain affiliates of British Columbia Investment Management Corporation ("BC Investment") and CAI Capital Management Inc. ("CAI Capital"), two large and stable members of the North American investment community. BC Investment manages over \$90 billion in a globally diversified portfolio of investments on



behalf of various pension funds and other investors. CAI Capital is a private equity fund with over \$1.3 billion in North American investments.

8. The Corix Group is engaged in water, wastewater, and energy utility, and utility service operations that include (i) designing, building, owning, and operating utility assets, (ii) providing measurement, metering, and other specialized field services, and (iii) the sale of a diverse range of water, wastewater, and industrial utility related products. The Corix Group operates in Alaska, California, Colorado, Illinois, Michigan, Missouri, New Hampshire, New Jersey, New York, Oklahoma, Texas, Virginia, Washington, and Wisconsin. The operations in Virginia have principally involved metering projects for municipalities and investor-owned public utilities.

9. The Corix Group is a recognized leader in the implementation of sustainable water, wastewater and energy infrastructure solutions for small to medium-sized communities across North America. The Corix Group designs, builds, supplies, finances, and manages utility infrastructure on behalf of municipal, institutional, military and private-sector customers. The Corix Group owns 100% of Fairbanks Sewer and Water Inc. through which it provides water treatment and distribution, wastewater collection and treatment, and customer care services to the 80,000 residents of the greater Fairbanks, Alaska, area. The Corix Group also owns 50% of Doyon Utilities LLC, through which its twelve utilities serve approximately 50,000 customers on three U.S. military bases in Alaska. Additionally, the Corix Group was selected through a nationwide solicitation process to purchase a 50 year concession to invest in and to design, build, operate and maintain six utility systems serving a student population of approximately 30,000 at the University of Oklahoma.

10. The Corix Group also owns and/or operates 164 utility systems serving approximately 200,000 residents in over 100 small to medium sized communities and resort areas in Canada, including 40 water treatment plants, 59 water distribution systems, 28 wastewater treatment facilities, and 37 wastewater collection systems. A number of utility systems that the Corix Group operates are subject to regulation by state and provincial public utility commissions or are otherwise subject to cost of service regulation or have rates established on the basis of cost of service principles.

11. With the approval of the proposed transaction, the Corix Group will serve nearly 650,000 customers in North America, including approximately 450,000 in the United States.

12. The Corix Group has over 70 years of experience in the industry. Its senior management team averages in excess of 20 years of utility industry experience and has a successful track record of operations and growth within the Corix Group platform. The Corix Group currently has over 2,200 employees in 85 locations in North America.

13. The Corix Group is well-equipped to finance, own, and operate the utilities that are the subject of the Agreement. The Corix Group is well financed with stable long term funding and solid access to debt financing and capital markets, and its operating entities have ready access to capital funds to support the growth and maintenance of critical infrastructure. During the last three years of challenging market conditions, the Corix Group and its lenders completed five syndicated bank financings totaling almost \$450 million.

14. The Corix Group has extensive experience in successfully transitioning operating utilities into the Corix Group. Since 2008, the Corix Group has purchased and integrated several unique utility systems valued at over \$500 million and added over 230 employees.

15. For the reasons set forth above, the Corix Group has substantial experience in owning and operating water and wastewater systems and has the financial, technical, and managerial qualifications to own and operate Utilities, Inc. and its operating companies.

### **III. The Transaction**

16. Pursuant to the Agreement, all of the membership interests of Hydro Star will be sold by the Sellers to Corix Utilities. As a result of that transaction, Utilities, Inc. will become a second tier subsidiary of Corix Utilities. Massanutten PSC will continue as a wholly-owned subsidiary of Utilities, Inc. and will continue as a Virginia public utility subject to regulation by the Commission.

17. The closing of the proposed transaction is conditioned upon (i) the expiration or early termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, (ii) receipt of any other required permits, consents or regulatory approvals, including those of the state public utility or service commissions in the states of Florida, Illinois, Kentucky, Louisiana, Maryland, Nevada, New Jersey, North Carolina, Pennsylvania, and Tennessee, (iii) receipt of clearance from the Committee on Foreign Investment in the United States, as established by the Defense Production Act, and (iv) the satisfaction or waiver of all other requisite conditions precedent to closing as set forth in Article VII of the Agreement.

18. Corix Utilities' acquisition of Hydro Star arises out of its desire to expand its utility infrastructure footprint in North America and, in particular, in the United States. The acquisition of Hydro Star aligns with the strategy of the Corix Group and its owners to build and support a

long-term investment portfolio of companies that provide essential infrastructure to local communities.

**IV. The Transaction Will Not Impair Adequate  
Service at Just and Reasonable Rates**

19. Corix Utilities' acquisition of Hydro Star and indirect acquisition of control of Utilities, Inc. and its subsidiaries will not jeopardize or impair Massanutten PSC's provision of adequate service to the public at just and reasonable rates and, therefore, satisfies the legal standard for approval of a change of control of a Virginia public utility. See, Va. Code § 56-90.

20. The transaction will not have adverse effects upon service. The proposed transaction does not involve any change in the direct ownership or control of Massanutten PSC, which will continue to be a subsidiary of Utilities, Inc. Utilities, Inc. has a long history of providing water and wastewater services through its various subsidiaries. Utilities, Inc. has a seasoned management team with many years of experience in the water and wastewater industry. It is anticipated that Massanutten PSC will continue to be managed and operated by the same officers and personnel that currently run its operations. There are no current plans to change the management team, the customer service staff or the local area staff of Massanutten PSC as a result of the proposed transaction. After the proposed transaction, Massanutten PSC will receive the same support from Utilities, Inc. it does today, supported by the resources of the Corix Group, which has the ability, as needed, to furnish financial, operational and administrative support to Utilities, Inc. that, in turn, will benefit Massanutten PSC.

21. The transaction will not impair just and reasonable rates. The acquisition of Hydro Star will not involve any increase in the rates of Massanutten PSC. Massanutten PSC will adhere to its tariffs on file with the Commission and will continue to honor its obligations to

customers. Corix Utilities is not seeking to recover from Massanutten PSC's customers any transaction costs or acquisition premiums related to the proposed transaction.

22. The transaction will not affect the Commission's jurisdiction, power and authority over the rates and services of Massanutten PSC nor will it affect the authority other agencies of the Commonwealth may have over Massanutten PSC's services and facilities. As an experienced owner of regulated assets, the Corix Group understands the regulatory process and the importance of maintaining strong regulatory relationships.

23. It is possible that following the consummation of the transaction contemplated by the Agreement, Corix Utilities may merge with and into Hydro Star, thereby eliminating one of the intermediate holding companies between the ultimate parent company, Corix Infrastructure, and Utilities, Inc. and Massanutten PSC. However, the direct parent company of Massanutten PSC will remain Utilities, Inc. and its ultimate parent, Corix Infrastructure, will remain the same. Under these circumstances, the merger of Corix Utilities and Hydro Star does not require the prior approval of the Commission under the Act.<sup>2</sup>

#### V. Conclusion

The proposed transaction requires the approval of this Commission before it can be consummated. For the reasons set forth above, the consummation of the proposed transaction, pursuant to the terms of the Agreement, will not impair or jeopardize adequate service at just and reasonable rates to Massanutten PSC's customers and, therefore, satisfies the standard for approval under the Act. Accordingly, the Joint Petitioners request that the Commission expeditiously grant the approval requested in this Joint Petition.

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<sup>2</sup> See, *Application of MountaiNet Telephone Company and Scott County Telephone Cooperative, Inc.*, Order Granting Motion to Withdraw Application, 2004 S.C.C. Ann. Rept. 282 ("The transaction as described in the Application does not require Commission approval pursuant to the Utility Transfers Act since neither the ultimate nor the direct ownership of MountaiNet Telephone will change as a result of the proposed transaction.").

WHEREFORE, the Joint Petitioners respectfully request that the Commission issue an order as expeditiously as possible that approves this Joint Petition and grants the approvals required under Chapter 5 of Title 56 of the Code of Virginia for the consummation of the proposed transaction described herein.

Respectfully submitted,

\_\_\_\_\_  
[President or Vice President]  
[Highstar Capital II Prism Fund, L.P.]

\_\_\_\_\_  
[Secretary or Assistant Secretary]  
[Highstar Capital II Prism Fund, L.P.]

\_\_\_\_\_  
[President or Vice President]  
[Highstar Capital Fund II, L.P.]

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[Secretary or Assistant Secretary]  
[Highstar Capital Fund II, L.P.]

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[President or Vice President]  
[Hydro Star Interco LLC]

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[Secretary or Assistant Secretary]  
[Hydro Star Interco, LLC]

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[President or Vice President]  
[American General Life Insurance Company]

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[Secretary or Assistant Secretary]  
[American General Life Insurance Company]

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[President or Vice President]  
Hydro Star, LLC

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[Secretary or Assistant Secretary]  
Hydro Star, LLC

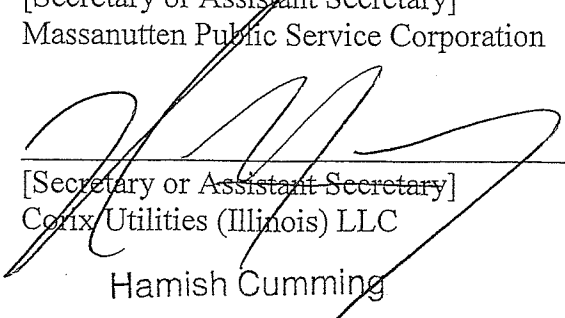
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[President or Vice President]  
Massanutton Public Service Corporation

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[Secretary or Assistant Secretary]  
Massanutton Public Service Corporation

\_\_\_\_\_  
[President or Vice President]  
Corix Utilities (Illinois) LLC

\_\_\_\_\_  
[Secretary or Assistant Secretary]  
Corix Utilities (Illinois) LLC

  
**Brett Hodson**

  
**Hamish Cumming**

WHEREFORE, the Joint Petitioners respectfully request that the Commission issue an order as expeditiously as possible that approves this Joint Petition and grants the approvals required under Chapter 5 of Title 56 of the Code of Virginia for the consummation of the proposed transaction described herein.

Respectfully submitted,

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[Highstar Capital Fund II, L.P.]

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[President or Vice President]  
[Hydro Star Interco LLC]

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[Secretary or Assistant Secretary]  
[Hydro Star Interco, LLC]

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[President or Vice President]  
[American General Life Insurance Company]

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[Secretary or Assistant Secretary]  
[American General Life Insurance Company]

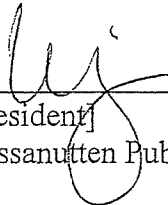
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[President or Vice President]  
Hydro Star, LLC

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[Secretary or Assistant Secretary]  
Hydro Star, LLC

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[President]  
Massanutton Public Service Corporation

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[Secretary]  
Massanutton Public Service Corporation

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[President or Vice President]  
Corix Utilities (Illinois) LLC

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[Secretary or Assistant Secretary]  
Corix Utilities (Illinois) LLC

WHEREFORE, the Joint Petitioners respectfully request that the Commission issue an order as expeditiously as possible that approves this Joint Petition and grants the approvals required under Chapter 5 of Title 56 of the Code of Virginia for the consummation of the proposed transaction described herein.

Respectfully submitted,

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[President or Vice President]  
[Highstar Capital II Prism Fund, L.P.]


\_\_\_\_\_  
[Secretary or Assistant Secretary]  
[Highstar Capital II Prism Fund, L.P.]

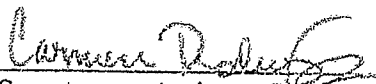
\_\_\_\_\_  
[President or Vice President]  
[Highstar Capital Fund II, L.P.]

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[Secretary or Assistant Secretary]  
[Highstar Capital Fund II, L.P.]

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[President or Vice President]  
[Hydro Star Interco LLC]

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[Secretary or Assistant Secretary]  
[Hydro Star Interco, LLC]

  
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[American General Life Insurance Company]

  
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[President or Vice President]  
Corix Utilities (Illinois) LLC

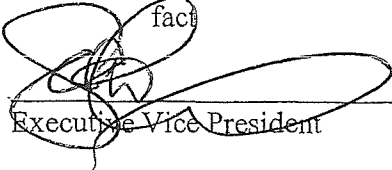
\_\_\_\_\_  
[Secretary or Assistant Secretary]  
Corix Utilities (Illinois) LLC



Respectfully submitted,

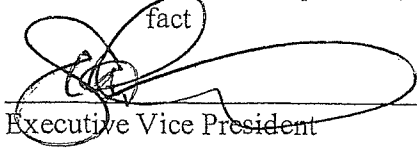
Highstar Capital II Prism Fund, L.P.

By: Highstar Capital GP II, L.P., its general partner  
By: Highstar Capital LP, as attorney in fact

  
Executive Vice President

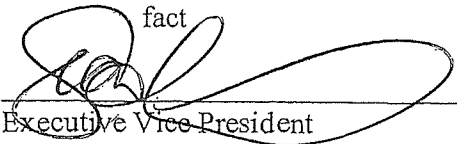
Highstar Capital Fund II, L.P.

By: Highstar Capital GP II, L.P., its general partner  
By: Highstar Capital LP, as attorney in fact

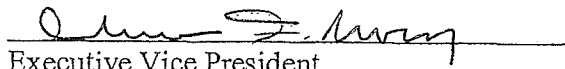
  
Executive Vice President

Hydro Star Interco LLC

By: Highstar Capital GP II, L.P., its general partner  
By: Highstar Capital LP, as attorney in fact

  
Executive Vice President

\_\_\_\_\_  
[President or Vice President]  
American General Life Insurance Company

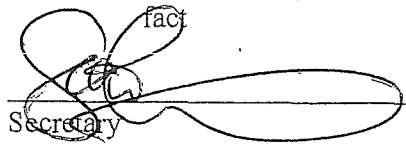
  
Executive Vice President  
Hydro Star, LLC

\_\_\_\_\_  
[President]  
Massanutten Public Service Corporation

\_\_\_\_\_  
[President or Vice President]  
Corix Utilities (Illinois) LLC

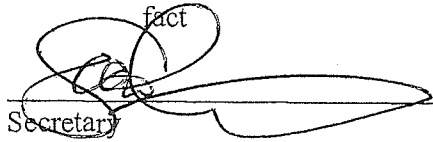
Highstar Capital II Prism Fund, L.P.

By: Highstar Capital GP II, L.P., its general partner  
By: Highstar Capital LP, as attorney in fact

  
Secretary

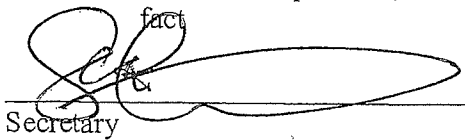
Highstar Capital Fund II, L.P.

By: Highstar Capital GP II, L.P., its general partner  
By: Highstar Capital LP, as attorney in fact

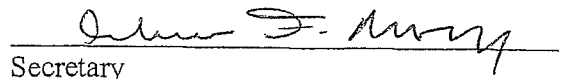
  
Secretary

Hydro Star Interco LLC

By: Highstar Capital GP II, L.P., its general partner  
By: Highstar Capital LP, as attorney in fact

  
Secretary

\_\_\_\_\_  
[Secretary or Assistant Secretary]  
American General Life Insurance Company

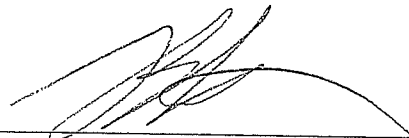
  
Secretary  
Hydro Star, LLC

\_\_\_\_\_  
[Assistant Secretary]  
Massanutten Public Service Corporation

\_\_\_\_\_  
[Secretary or Assistant Secretary]  
Corix Utilities (Illinois) LLC

VERIFICATION

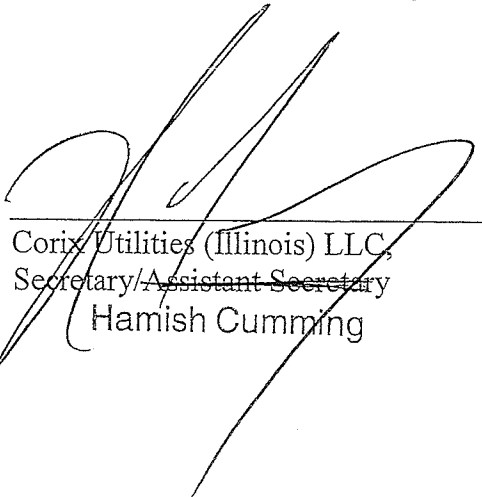
I, Brett Hodson, being duly sworn, deposes and says that he is the President/Vice President of Corix Utilities (Illinois) LLC, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Corix Utilities (Illinois) LLC,  
President/Vice President

Brett Hodson

VERIFICATION

I, Hamish Cumming, being duly sworn, deposes and says that he is the Secretary/Assistant Secretary of Corix Utilities (Illinois) LLC, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.



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Corix Utilities (Illinois) LLC,  
Secretary/Assistant Secretary  
Hamish Cumming

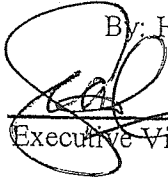
VERIFICATION

Scott D. Litman, being duly sworn, deposes and says that he is the Executive Vice President of Highstar Capital LP, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

Highstar Capital II Prism Fund, L.P.

By: Highstar Capital GP II, L.P., its general partner

By: Highstar Capital LP, as attorney in fact

  
Executive Vice President

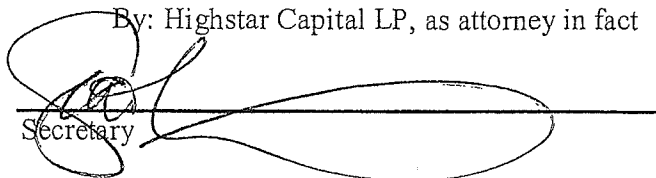
VERIFICATION

Scott D. Litman, being duly sworn, deposes and says that he is the Secretary of Highstar Capital LP, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

Highstar Capital II Prism Fund, L.P.

By: Highstar Capital GP II, L.P., its general partner

By: Highstar Capital LP, as attorney in fact

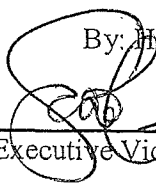
  
Secretary

VERIFICATION

Scott D. Litman, being duly sworn, deposes and says that he is the Executive Vice President of Highstar Capital LP, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

Highstar Capital Fund II, L.P.

By: Highstar Capital GP II, L.P., its general partner

By:  Highstar Capital LP, as attorney in fact

  
Executive Vice President

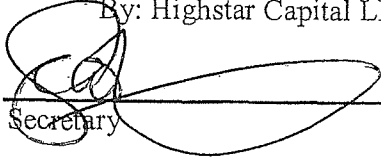
VERIFICATION

Scott D. Litman, being duly sworn, deposes and says that he is the Secretary of Highstar Capital LP, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

Highstar Capital Fund II, L.P.

By: Highstar Capital GP II, L.P., its general partner

By: Highstar Capital LP, as attorney in fact

  
Secretary

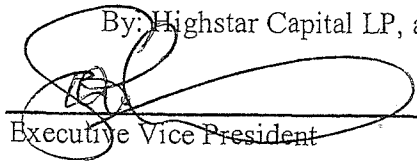
VERIFICATION

Scott D. Litman, being duly sworn, deposes and says that he is the Executive Vice President of Highstar Capital LP, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

Hydro Star Interco LLC

By: Highstar Capital GP II, L.P., its general partner

By: Highstar Capital LP, as attorney in fact

  
Executive Vice President



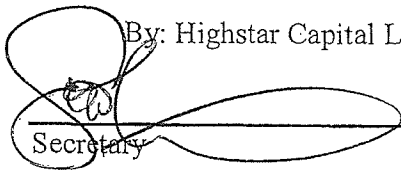
VERIFICATION

Scott D. Litman, being duly sworn, deposes and says that he is the Secretary of Highstar Capital LP, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

Hydro Star Interco LLC

By: Highstar Capital GP II, L.P., its general partner

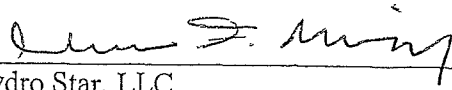
By: Highstar Capital LP, as attorney in fact



Secretary


VERIFICATION

Andrew Nevin, being duly sworn, deposes and says that he is the Executive Vice President of Hydro Star, LLC, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Hydro Star, LLC  
Executive Vice-President

VERIFICATION

Andrew Nevin, being duly sworn, deposes and says that he is the Secretary of Hydro Star, LLC, he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Hydro Star, LLC  
Secretary

VERIFICATION

Henry James Furth, being duly sworn, deposes and says that he is the  
[President/Vice President] of [American General Life Insurance Company], he has read the  
foregoing Joint Petition and the content thereof, and that the same is true to the best of his  
knowledge, information and belief.

Company]

Henry James Furth  
[American General Life Insurance

[President/Vice President]

VERIFICATION

Carmen Rodriguez, being duly sworn, deposes and says that he is the [Secretary/Assistant Secretary] of [American General Life Insurance Company], he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

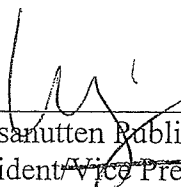
Company]

Carmen Rodriguez  
[American General Life Insurance]

—[Secretary/Assistant Secretary]

VERIFICATION

I, Lisa Sparrow am President/~~Vice President~~ of Operations of Massanutten Public Service Corporation, being duly sworn, deposes and says that he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his or her knowledge, information and belief.

  
\_\_\_\_\_  
Massanutten Public Service Corporation,  
President/~~Vice President~~

VERIFICATION

I, John Stover, am the Secretary/Assistant Secretary of Massanuttan Public Service Corporation, being duly sworn, deposes and says that he has read the foregoing Joint Petition and the content thereof, and that the same is true to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Massanuttan Public Service Corporation,  
Secretary/Assistant Secretary

## TRANSACTION SUMMARY-UTILITY TRANSFERS ACT

Please complete Section A, B, or C, as applicable:

**C. Applications for approval of acquisition or disposition of control filed pursuant to § 56-88.1 of the Code of Virginia:**

**1. Provide a copy of the agreement.**

The Purchase and Sale Agreement (“Agreement”) by and among Corix Utilities (Illinois) LLC (“Corix Utilities”), as purchaser, and Highstar Capital II Prism Fund, L.P., Highstar Capital Fund II, L.P., Hydro Star Interco LLC, and American General Life Insurance Company (“Sellers”) has been provided to the Clerk of the Commission and the Commission Staff, under seal. A redacted version of the Agreement is attached.

**2. Explain how the sales price was determined. Provide the methodology for determining the sales price as well as calculations and assumptions used.**

As discussed in Item 4 below, the proposed transaction involves the sale of the membership interests of Hydro Star, LLC (“Hydro Star”), which is the “grandparent” of Utilities Inc. (Utilities Inc.’s direct parent being Hydro Star Holdings Corporation, which is a wholly-owned subsidiary of Hydro Star). The direct ownership of Massanutten Public Service Corporation (“Massanutten PSC”) will not change. Massanutten PSC will remain a wholly-owned subsidiary of Utilities, Inc. Since this transaction will be a purchase of the membership interests of Hydro Star held by the “great grandparents” of Utilities, Inc., no consideration will be allocated to individual subsidiaries of Utilities, Inc. nor will any consideration paid in connection with the proposed transaction affect the book value of assets held by such subsidiaries.

The terms and conditions of the Agreement were determined through arms-length negotiations between the Sellers and Corix Utilities. The Joint Petitioners believe that the purchase price to be paid for the membership interests of Hydro Star is fair inasmuch as the purchase price was agreed to by a willing seller and a willing buyer in an arms-length transaction.

**3. Describe how the proposed transaction will be accounted for on the regulated utility’s books of record.**

The proposed transaction that is the subject of the Joint Petition involves the acquisition of all of the membership interests of Hydro Star by Corix Utilities.



None of the assets of Utilities, Inc. are involved in this transaction nor are any of the assets of its operating subsidiaries, including Massanutten PSC. Thus, the proposed transaction will have no effect upon the books of Massanutten PSC.

4. **Provide an explanation as to why the proposed transfer is to take place and address, in specific terms, the anticipated impact on the provision of adequate service to the public at just and reasonable rates. Indicate specifically how rates will be affected and how customers will obtain service after the proposed transfer. In terms of rate impact, provide specific comparisons before and after the proposed transfer.**

The proposed transfer is part of the business strategy of Corix Utilities to expand its utility infrastructure footprint in North America, particularly in the United States. Corix Utilities is a second-tier subsidiary of Corix Infrastructure Inc. ("Corix Infrastructure"), a Canadian company that, together with its subsidiaries is referred to as the "Corix Group". The proposed acquisition aligns with the strategy of the Corix Group and its owners to build and support a long-term investment portfolio of companies that provide essential infrastructure to local communities. The Corix Group is engaged in water, wastewater and energy utility and utility service operations in Alaska, California, Colorado, Illinois, Michigan, Missouri, New Hampshire, New Jersey, New York, Oklahoma, Texas, Virginia, Washington, and Wisconsin. Following the proposed transfer, Corix Utilities plans to retain the current Massanutten PSC management team, systems operators and customer service personnel and, thereby, will ensure the continued efficient provision of services to Massanutten PSC's customers.

The proposed transfer only involves the sale of membership interests of Hydro Star, the "grandparent" of Utilities, Inc. The ownership of Utilities, Inc. and its immediate parent, Hydro Star Holdings Corporation, will not change. Similarly, the ownership of Massanutten PSC will not change and it will remain a wholly-owned subsidiary of Utilities, Inc. As explained in Paragraphs 1, 8-15, and 20-23 of the Joint Petition, the proposed transfer will have no adverse impact upon Massanutten PSC or its customers' rates or service. It is anticipated that there will be no change in the management, customer services staffing, and local operation personnel of Massanutten PSC. The number of employees and the day-to-day operations of Massanutten PSC will not be affected by the proposed transfer. There will be no change in the assets of Massanutten PSC or in its capital structure as a result of the proposed transfer. After the proposed transfer, Massanutten PSC's customers will continue to receive service at the rates currently on file with the Commission. With respect to access to capital, Utilities, Inc. will continue to provide necessary financial support to Massanutten PSC. Additionally, Corix Utilities, as a member of the Corix Group, has access to

substantial capital resources. The proposed transfer will have no effect upon the Commission's authority to regulate Massanutten PSC's rates and services. Thus, the transaction should be transparent and seamless to the customers of Massanutten PSC.

5. **Indicate whether customers have been notified of the proposed transfer of control. If so, provide a copy of the notice. If not, explain why notice was not given. Also provide the number of customers in Virginia and types of services provided.**

Customers of Massanutten PSC have not been notified because they will not be affected by the proposed transfer. As explained in the Response to Item 4, the sale of membership interests involved in the proposed transfer takes place at an ownership level several tiers above Massanutten PSC and will be transparent and seamless to the customers of Massanutten PSC.

Massanutten PSC, a Virginia public service company, is a wholly-owned subsidiary of Utilities, Inc. and provides water and wastewater utility services to approximately 2,100 residential and business customers in Rockingham County, Virginia.

6. **Provide complete financial statements (audited, if available), to include a Balance Sheet, Income Statement, and Cash Flow Statement, of the entity acquiring control for the last three years, if available. If the entity acquiring control already has financial statements on file with the Commission, such as Form M, Form 1, Form 2, or other Annual Financial and Operating Report, it will not be necessary to duplicate those filings.**

The most recent financial statements of Corix Infrastructure, the ultimate parent of Corix Utilities, have been submitted to the Clerk of the Commission and the Commission Staff, under seal.

7. **Provide the most current financial statements (audited, if available), to include a Balance Sheet, Income Statement, Cash Flow Statement, and Capital Structure Statement for the entity disposing of control if financial statements as referenced above are not on file with the Commission.**

The financial statements for the four entities that own Hydro Star do not need to be supplied because these companies do not provide direct financial support for any of the Utilities, Inc.'s operating companies, including Massanutten PSC, and they will have no interest in Hydro Star or its subsidiaries (including Utilities, Inc. and Massanutten PSC) once the transaction is completed. A copy of the most recent financial statements for Hydro Star has been submitted to the Commission Clerk and Staff, under seal.

- 8. Provide pro forma financial statements reflecting the proposed transaction for all entities involved. Include capitalization ratios.**

This item is not applicable in that the proposed transaction will not affect the financial statements of the Virginia regulated company, Massanutten PSC, nor will the transaction affect Massanutten PSC's capitalization or capitalization ratios. Likewise, it will not affect the capitalization, capitalization ratios or financial statements of Massanutten PSC's direct parent company, Utilities, Inc., which is responsible for funding the operations of Massanutten PSC. As noted above, the sale of membership interests will take place several levels above Massanutten PSC.

- 9. Provide copies of Virginia-specific cost/benefit analyses, merger savings analyses, market power studies, or similar reports related to the proposed transaction prepared for or on behalf of the companies in connection with the proposed transfer of control.**

This item is not applicable. The proposed transaction involves only an indirect change of control of Massanutten PSC. See Response to Item 4. There are no Virginia-specific analyses, studies or reports.

- 10. Provide as accurate as possible an estimate of any anticipated upgrades or improvements that will need to be made as a result of the proposed transfer and what impact the improvements will likely have on customers' rates.**

No upgrades or improvements involving Massanutten PSC are anticipated as a result of the proposed transfer.

- 11. Provide any available information on additional investment that will be required to improve service quality as a result of the proposed transfer and what the likely impact will be on customers' rates.**

No additional investment in Massanutten PSC will be required as a result of the proposed transfer.

- 12. Describe how the proposed transfer will be financed.**

Corix Utilities has access to sufficient capital to pay the purchase price required under the Agreement.

- 13. List any other jurisdictions from which approval for the proposed transfer is necessary. Provide a summary of any approvals already granted and copies of any orders already issued. Provide bi-weekly updates until a Commission Order is issued.**

As explained in the Joint Petition, in addition to the approval of this Commission, approvals are being or will be requested from the public utility or service commissions in the states of Florida, Illinois, Kentucky, Louisiana, Maryland, Nevada, New Jersey, North Carolina, Pennsylvania, and Tennessee.

- 14. Explain how and in what accounts any acquisition costs or premiums will be reflected in financial statements. Provide an estimate of the amount of such premium.**

This item is not applicable since the Joint Petition relates to the indirect change of control of Massanutten PSC and does not involve any acquisition costs or premiums that will be reflected on Massanutten PSC's financial statements.

- 15. Provide copies of any equity analysts' reports, press releases, or bond ratings reports regarding the proposed transfer.**

Please see the attached press release.

- 16. Indicate how the proposed transfer affects existing company stock plans for the regulated entity.**

This item is not applicable since the Joint Petition relates to the indirect change of control of Massanutten PSC, which is wholly-owned by Utilities, Inc. and which will continued to be wholly-owned by Utilities, Inc. after the proposed transfer.

17. **Indicate how the proposed transfer affects the outstanding debt of the regulated entity.**

This item is not applicable since the Joint Petition relates to the indirect change of control of Massanutten PSC and will have no effect upon its capitalization.

18. **Explain whether a different company or different individuals will be providing service to customers as a result of the proposed transfer. Be specific in your response.**

The proposed transfer will not result in a different company or individuals providing service to customers of Massanutten PSC. See Response to Item 4.

19. **Provide charts or diagrams illustrating the corporate structure of the involved entity or entities before and after the proposed transaction. Be sure to include the Virginia regulated entity in such charts or diagrams.**

Please see the attached charts.

20. **Provide your best estimate as to the anticipated closing date for the proposed transaction.**

The closing will take place once all conditions precedent, including receipt of all necessary regulatory approvals, have been satisfied. It is currently anticipated that this will occur as early as the fourth quarter of 2012.

21. **Identify and quantify any anticipated costs and savings as a result of the proposed transfer. Include costs and savings due to applicable service company charges resulting from new services agreements as well as tax obligations that will be incurred as a result of the proposed transfer. Identify**

**and quantify the portion of such costs and savings attributed to the Virginia regulated utility. Explain how any such savings will benefit Virginia customers.**

It is not anticipated that there will be any costs or savings attributable to Massanutten PSC as a result of the proposed transfer. The proposed transfer involves the sale of the membership interests of Hydro Star by the Sellers to Corix Utilities and, therefore, will not result in changes at Massanutten PSC or at its immediate parent, Utilities, Inc. Massanutten PSC will continue to provide the same services to its customers as it currently does and will do so at the same rates it currently has on file with the Commission. The management and operational staff of Massanutten PSC will continue following consummation of the proposed transfer, and Utilities, Inc. will continue to provide the same level of support to Massanutten PSC as it does currently, supported by the financial, operational and administrative support that will be available from its association with the Corix Group.

- 22. If control of a Virginia utility is being transferred to an entity outside of Virginia that has not previously done business in Virginia, or that is not certificated in Virginia, but has previously acquired other utilities in other states, provide information on experiences in other jurisdictions and a contact person at the regulatory agency in each of the jurisdictions. In addition, provide the acquiring company's senior management's related managerial and utility experience.**

Corix Group is engaged in utility operations that are subject to regulation in the jurisdictions of Alaska, British Columbia and Alberta. A list of contact persons for each of the jurisdictions is attached.

The senior management of the Corix Group averages over twenty years of utility industry experience. Bios for the Corix Group's senior management are attached.

- 23. For telecommunications companies only, include the following information.**
- a) Provide a schedule of the states where the acquiring company(ies) hold(s) a certificate or registration under their names or through**

affiliates/subsidiaries to provide telecommunications services (local and interexchange).

- b) Provide a brief description of the acquiring company's history of providing local and interexchange telecommunications services or other relevant services under its name or through affiliates/subsidiaries. Additionally, if the acquiring company has interexchange owned or leased facilities or points of presence, that information should be provided as well.
- c) Provide a list of the acquiring company's officers and directors. If not a corporation, provide a list of its principals.
- d) Include a statement that the acquired company's accepted tariffs on file with the Commission will be the tariffs used after the proposed transfer takes place.
- e) Please provide or verify the name address, telephone number, fax number, and e-mail address for the in-house individual(s) that will be responsible for regulatory and reporting matters for the acquired certificated entity and for any Virginia certificated entities of the acquiring company.
- f) Please provide or verify the name, address, telephone number, fax number, and e-mail address for the in-house individual that is responsible for contact with the Complaint Section of the Division of Communications for the acquired certificated entity and for any Virginia certificated entities of the acquiring company.

- g) Please provide or verify the name, address, telephone number, fax number, and e-mail address for the in-house individual that is responsible for tariff matters for the acquired certificated entity and for any Virginia certificated entities of the acquiring company.
- h) Please provide or verify the 24/7 toll free customer contact telephone number for the acquired certificated entity and for any Virginia certificated entities of the acquiring company.
- i) Provide an attested statement that the Company has familiarized itself with and will abide by the rules and regulations of the Commission, including but not limited to, VAC 5-427-10 et seq., the rules regarding disconnection of customers for nonpayment (“DNP Rules”), 20 VAC 5-413-10 et seq., and the rules regarding the discontinuance of local exchange services provided by a competitive local exchange carrier (“Discontinuance Rules”), 20 VAC 5-423-10 et seq.

Not applicable.

24. Discuss any anticipated economic impacts related to jobs and facilities in Virginia as a result of the proposed transfer. Explain and discuss any anticipated elimination or increase in jobs in Virginia.

No economic impacts on jobs and facilities in Virginia are anticipated from the proposed transfer. There is no plan to either eliminate or increase the number of jobs in Virginia as a result of the proposed transaction.

25. Identify the source of debt and equity for the regulated company after the proposed transaction.



As it has in the past, Massanutten PSC will continue to receive its funding from Utilities, Inc.

- 26. Explain how the proposed transaction will impact the regulated company's cost of capital.**

The proposed transaction will have no impact upon Massanutten PSC's cost of capital. See Response to Item 4.

- 26. Explain how the proposed transaction will affect the regulated company's access to financial and capital markets.**

See Responses to Items 4 and 25.

- 27. Discuss what impact the proposed transfer is likely to have on competition in Virginia and how that impact will affect the provision of adequate service to the public at just and reasonable rates. Include a list of companies considered to be competitors.**

The proposed transfer will have no impact on competition in Virginia. Massanutten PSC has an exclusive service territory and, by Virginia law, it is not subject to competition within that territory.

COMMISSIONERS

STATE OF MARYLAND



DOUGLAS R. M. NAZARIAN  
CHAIRMAN

HAROLD D. WILLIAMS  
LAWRENCE BRENNER  
KELLY SPEAKES-BACKMAN  
W. KEVIN HUGHES

PUBLIC SERVICE COMMISSION

#6, 6/6/12 AM; ML# 138404, S-1322

June 6, 2012

Brian M. Quinn, Esquire  
Venable LLP  
750 E. Pratt Street, Suite 900  
Baltimore, MD 21202

Dear Mr. Quinn:

The Commission has reviewed the Notice of Corix Utilities' Acquisition of Hydro Star, LLC filed on April 12, 2012 by Utilities, Inc.

After considering this matter at the June 6, 2012 Administrative Meeting, the Commission approved the transaction.

By Direction of the Commission,  
*/s/ David J. Collins*  
David J. Collins  
Executive Secretary

DJC/st

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**June 21, 2012**

**IN RE:**

**PETITION FOR AUTHORITY TO TRANSFER CONTROL  
OF UTILITIES, INC. TO CORIX UTILITIES (ILLINOIS)  
LCC**

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)  
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**DOCKET NO.  
12-00033**

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**ORDER APPROVING *PETITION***

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This matter came before the Tennessee Regulatory Authority (the “Authority” or “TRA”), at a regularly scheduled Authority Conference held on June 7, 2012 for consideration of the *Petition for Authority to Transfer Control of Utilities, Inc. to Corix Utilities (Illinois) LLC* (“*Petition*”) filed on April 13, 2012 by Corix Utilities (Illinois) LLC, (“Corix” or “Petitioner”). The *Petition* seeks approval of its acquisition of 100% membership interests in Hydro Star, LLC (“Hydro Star”) from Highstar Capital Fund II, L.P. and certain of its affiliates and co-investors (“Highstar”) and transfer control of Utilities, Inc. (“UI”) to Corix Utilities.

Corix is a limited liability company organized under the laws of Delaware. Corix is a wholly-owned, indirect subsidiary of Corix Infrastructure, Inc., together with certain of its affiliates (collectively the “Corix Group”), engaged in the business of water, wastewater, and energy utilities and utility related products and services in fourteen states.

Hydro Star, through its wholly-owned subsidiary Hydro Star Holdings Corporation, owns 100% of the issued and outstanding common stock of UI. UI is a holding company for approximately seventy-six subsidiary operating companies that provide water and/or wastewater services to approximately 290,000 customer equivalents in fifteen states. UI provides wastewater service to the Chalet Village Subdivision in Sevier County, Tennessee, through its wholly-owned subsidiary Tennessee Water Service, Inc. (“TWS”). Currently, TWS has approximately 500 water

customers in Tennessee and provides water services pursuant to a Certificate of Public Convenience and Necessity granted by the Tennessee Public Service Commission in January 1984 in Docket No. U-83-7240.

**THE PETITION**

On February 17, 2012, Corix and Highstar entered into a Purchase and Sale Agreement (“Agreement”) pursuant to which Corix will acquire 100% of the membership interests in Hydro Star from Highstar. After the transfer of control of Hydro Star, TWS will continue to operate as it has in the past, using the same name, tariff, and operating authority. TWS will remain a wholly-owned subsidiary of UI. The management and operational staff will remain unchanged.

The proposed transaction does not involve the assignment of any authorizations or the transfer of any customers between Hydro Star and Highstar. TWS will continue to provide service to its existing customers under its existing name and pursuant to its existing authorizations, with no change in the rates or terms and conditions of service as a result of the merger. The transfer of control of Hydro Star will be transparent and have no adverse impact upon TWS customers.

**FINDINGS AND CONCLUSIONS**

Tenn. Code Ann. § 65-4-113(a) (2004) requires a public utility to obtain TRA approval to transfer its authority to provide utility services and provides:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) (2004) provides the standards by which the TRA shall consider an application for transfer of authority, which in pertinent part, states as follows:

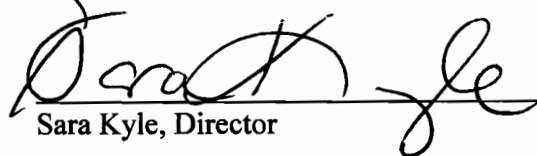
Upon application for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. The authority shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.

Based on the filings in this docket, the panel found that the proposed transaction does not involve the assignment of any authorization or the transfer of any customers because TWS will continue to provide services to its existing customers under its existing name pursuant to its existing authorizations. Also, there will be no change in rates or terms and conditions of service as a result of the merger, and the proposed transfer of control will be transparent to customers. Further, the *Petition* states the acquisition is in the public interest and will not adversely affect the ability of TWS to provide water service to its customers and the effect of the acquisition will be positive and benefit TWS customers because it will provide them with additional financial, technical and managerial resources that will enhance the ability of TWS to grow and meet its service obligations. Thereafter, based on the filings in the record and the aforementioned findings, the panel voted unanimously to approve the *Petition* pursuant to Tenn. Code Ann. § 65-4-113.

**IT IS THEREFORE ORDERED THAT:**

The *Petition* of Corix Utilities (Illinois) LLC is approved pursuant to Tenn. Code Ann. § 65-4-113.

  
Kenneth C. Hill, Chairman

  
Sara Kyle, Director

  
Mary W. Freeman, Director