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Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
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David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Linda K. Breathitt  
Commissioner

August 13, 2012

Ms. Jennifer B. Hans, Esq.  
Mr. David Edward Spenard, Esq.  
Office of Utility Rate and Intervention  
Suite 200  
1024 Capital Center Drive  
Frankfort, Kentucky 40601-8204

Mr. M. Todd Osterloh, Esq.  
Sturgill, Turner, Barker & Moloney, PLLC  
Suite 1400  
333 West Vine Street  
Lexington, Kentucky 40507

Re: Case No. 2012-00133  
Water Service Corporation of Kentucky

Dear Ms. Hans and Gentlemen:

The enclosed memorandum has been filed in the record of the above-referenced case. Any comments regarding this memorandum's contents should be submitted to the Commission within five days of receipt of this letter. Any questions regarding this memorandum should be directed to Gerald Wuetcher, Executive Advisor/Attorney, at (502) 564-3940, Extension 259.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

gw  
Enclosure

**INTRA-AGENCY MEMORANDUM**

**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case File No. 2012-00133

**FROM:** Gerald Wuetcher **GEW**  
Executive Advisor/Attorney

**DATE:** August 13, 2012

**RE:** Informal Conference of July 12, 2012

On July 12, 2012, Commission Staff held an informal conference in this matter to discuss the acquisition of indirect control of Water Service Corporation of Kentucky, Inc. ("Water Service Corporation") by Corix Utilities (Illinois) LLC ("Corix"). Attending this conference were:

Eddie Beavers	-	Commission Staff
Mark Frost	-	Commission Staff
James Rice	-	Commission Staff
Gerald Wuetcher	-	Commission Staff
Jennifer Hans	-	Office of Attorney General
David Spenard	-	Office of Attorney General
Carl Daniel	-	Water Service Corporation
James Leonard	-	Water Service Corporation
Steven Lubertozzi	-	Water Service Corporation
Kevin Meagher	-	Corix Utilities (US)
Hamish Cumming	-	Corix Utilities (US)
Ian Wigington		Corix Utilities
Todd Osterloh		Counsel for Joint Applicants

Ms. Hans participated in the conference by telephone. The Joint Applicants requested the conference.

Beginning the conference, Mr. Wuetcher stated that Commission Staff would prepare minutes of the conference for the case record, that a copy of the minutes would be provided to all parties, and that all parties would be given an opportunity to submit written comments upon those minutes.

Mr. Osterloh and Mr. Lubertozzi made brief introductory remarks. Mr. Hamish the provided a presentation on Corix Group. (Mr. Osterloh provided a copy of this presentation following the conference with certain information redacted.) He discussed the history of Corix Group and described its current operations. He stressed that Corix Group has a "utility mindset" and noted that most of its management has significant

experience in the utility sector. He further noted that Corix Group focuses on the local communities in which its businesses are located and seeks to be involved with those communities. Mr. Cumming noted that Corix Group originally emphasized its Canadian operations, but in recent years much of its growth has occurred in the United States.

Mr. Cumming did not see the elimination of any redundancies or increased efficiencies immediately resulting from the proposed transaction. He believed that the existing operations will benefit from the experience and expertise that each has in their specialized areas. It is not immediately clear how that knowledge and expertise will be communicated or made available to other operations.

Mr. Spenard raised the issue of rate affordability. Corix and Water Service Corporation officials expressed a willingness to examine various rate structures that might improve the affordability of service. The Attorney General's discussions with Kentucky-American Water Company were briefly discussed. Mr. Lubertozzi stated that Water Service Corporation would be willing to discuss rate design issues with the Attorney General prior to filing its next application for rate adjustment.

Mr. Spenard noted that a high level of customer dissatisfaction currently exists with Water Service Corporation. He stated that customers had the opinion that Water Service did not share their interests and concerns and that the community concerns were not considered when decisions were made at higher corporate levels. Mr. Spenard further stated that these concerns were likely to increase as the proposed transaction would make the Kentucky operations a much smaller part of the total corporate operations.

Commission Staff and Mr. Spenard expressed concerned about review of affiliated transactions between Water Service Corporation and Utilities, Inc. They noted the lack of any independent review of these transactions. Mr. Lubertozzi stated that regional directors were involved in reviewing these transactions and represented the interests of the local utilities. Mr. Frost noted the apparent absence of monthly invoices that specify the services and goods that Utilities, Inc. provides to Water Service Corporation and suggested the institution of such system would produce greater accountability and greater confidence.

The participants discussed possible conditions that should be attached to Commission approval of the proposed transaction. Mr. Osterloh and Mr. Spenard agreed to further discussions outside of the presence of Commission Staff regarding these conditions. They further agreed to inform the Commission regarding the status of such discussions.

The conference then adjourned.

Enclosures

cc: Parties of Record

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF CORIX UTILITIES )	
(ILLINOIS) LLC; HYDRO STAR, LLC; UTILITIES, )	CASE NO.
INC.; AND WATER SERVICE CORPORATION )	2012-00133
OF KENTUCKY FOR THE TRANSFER AND )	
ACQUISITION OF CONTROL PURSUANT TO )	
KRS 278.020 )	

July 12, 2012

Please sign in:

NAME	REPRESENTING
<u>Gerald Wutcher</u>	<u>PSC Staff</u>
<u>David Edward Spenzel</u>	<u>office of the Attorney General</u>
<u>Jennifer Hors</u>	<u>office of the Attorney General</u>
<u>Eddie Beavers</u>	<u>PSC Staff</u>
<u>KEVIN MEAGHER</u>	<u>Corix vs. VPECOO</u>
<u>Todd Osleroh</u>	<u>Applicants</u>
<u>Ian Wigington</u>	<u>Corix</u>
<u>STEVEN LIBERTOZZI</u>	<u>WSCOFKY</u>
<u>Hamish Cumming</u>	<u>Corix</u>
<u>Mark Frost</u>	<u>PSC Staff</u>
<u>JAMES RICE</u>	<u>PSC STAFF</u>
<u>EARL DANIEL</u>	<u>WSCOFKY</u>
<u>James Leonard</u>	<u>WSCOFKY</u>



**Kentucky Public Service Commission  
Information Session**

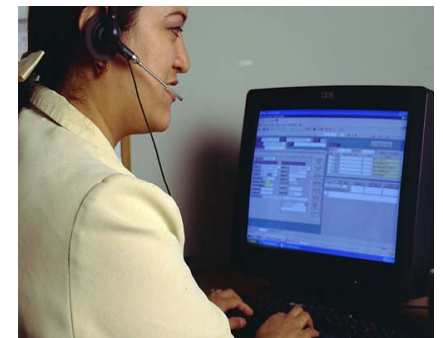
**CORIX<sup>®</sup>**



# Our Business



We are a leader in sustainable water, wastewater and energy utility infrastructure solutions delivered by a talented and motivated professionals.





# Business Areas

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## UTILITIES



## UTILITY SERVICES



## UTILITY PRODUCTS



**Communities**

**Projects**

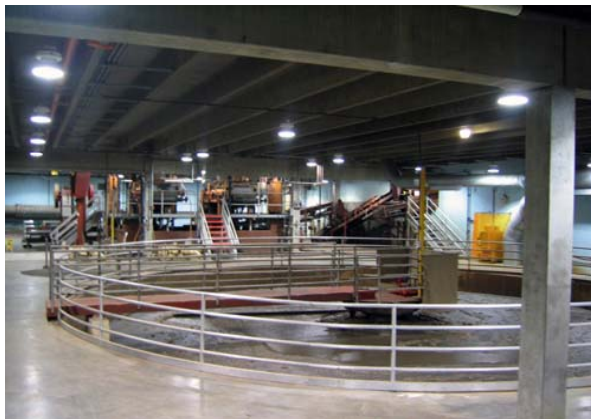
**Branches**



# Utilities and Utility Services



- Water treatment
- Water distribution
- Wastewater treatment
- Wastewater distribution
- Multi-Utility and district energy communities
- GeoExchange
- Billing, call centres
- Measurement
- Over 100 systems in over 50 communities







# Utilities and Utility Services

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- Multi-Utilities; Own and Operate
- Water/Wastewater Plant Operations
- Sustainable Energy Systems; design, build, own, operate
- GeoExchange
- Off-grid Energy Systems
- District Energy Systems
- Biomass
- AMI/AMR Meter Services for gas, water, steam and electricity
- Field Services
- Meter Retrofit
- Contract Meter Reading
- Work management and logistics systems
- Design-build and Modular Treatment Plant Services
- Water Treatment
- Wastewater Treatment
- Water Distribution Systems
- Billing and Call Centers
- Public Conservation and Information Programs
- Water Line Servicing; repair, flushing and disinfection
- Hydrant Maintenance



# Utility Business

## CU (Oklahoma)

- 6 utilities (potable water, wastewater, electric, natural gas, chilled water plant, central heat and power plant and steam)
- 50-year O&M agreement
- No throughput risk or commodity risk
- Serves population base of 26,000
- One customer - University of Oklahoma



## Fairbanks Sewer & Water

- 2 publicly regulated water and wastewater utility companies in Fairbanks, Alaska - College Utilities Corporation (CUC) and Golden Heart Utilities (GHU)
- Serves a population base of over 55,000 people
- Regulated by the Regulatory Commission of Alaska
- Utility Services of Alaska provides admin support services for GHU, CUC and DU

## Doyon Utilities (50% interest)

- 12 water, sewer, heat and electricity systems at Fort Richardson (Anchorage), Fort Wainwright (Fairbanks) and Fort Greely (Delta Junction)
- 50-year O&M agreement
- No throughput risk or commodity risk
- Serves a population base of over 30,000
- One customer - US Government



## Other Multi-Utility

- Westshore, Regent Park, Sun Rivers, Sonoma Pines
- Provide multi-utility services, including water, wastewater, natural gas, electric
- Either regulated or under long-term contracts with municipalities/regional districts



- Municipal water and wastewater products
- Drainage products
- Mechanical and industrial supplies
- Irrigation and landscaping supplies
- HDPE pipe
- Control Valves
- Instrumentation and Measurement
- Water treatment plants
- Pump and valve stations and products
- Wastewater systems
- Over 500 plants and 2000 stations in operation
- 30 branches in Canada
- 5 branches in California





# Utility Products

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- Pressure pipe and tubing
- Storm pipe
- Sanitary and storm pipe and fittings
- Drainage pipe and fittings
- PVC pipe and fittings
- HDPE pipe, fittings and electrofusion equipment
- Control valves, hydrants and accessories
- Clamps, flanges, couplings and saddles
- Service line/brass and boxes
- Duct pipe and fittings
- Control valves and accessories
- Pneumatic products
- Measurement equipment and AMR systems
- Residential, commercial and industrial meters
- Waterworks Fittings
- Meters and Backflow
- Steam Solutions
- Filter fabrics
- Pressure tanks and chamber systems
- Water storage/ septic tanks
- Packaged water and wastewater treatment plants
- Pre-assembled valve stations
- Sump and drainage pumps/effluent and sewage
- Jet, centrifugal, and gas driver water pumps
- Generators
- Pump and blower accessories
- Schedule 40/80 fittings
- Steel Pipe and Fittings
- Repair and service centers
- Automated meter reading systems
- Irrigation products and control systems



## Our Values

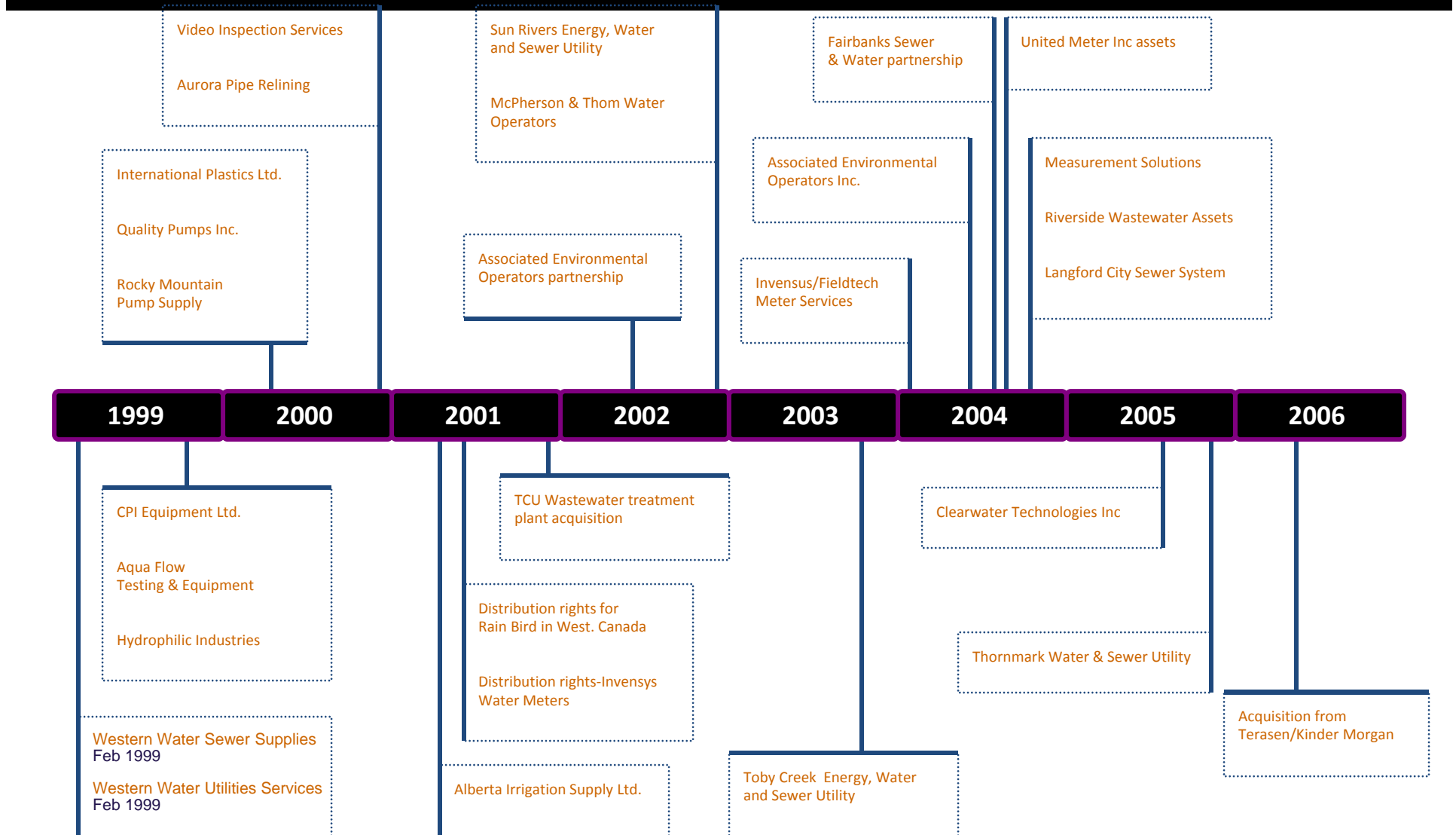
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A growth focused, utility infrastructure company that values:

- **Safety First:** Safety is paramount in everything we do
- **Professionalism:** We provide quality service with a caring attitude
- **Teamwork:** We foster inclusive, collaborative efforts for a common goal
- **Trustworthiness:** We behave with integrity in all we do
- **Balanced Performance:** We deliver a valuable service to the community and earn a fair return doing it
- **Sustainability:** We work with our clients and employees to ensure that we are minimizing our environmental footprint

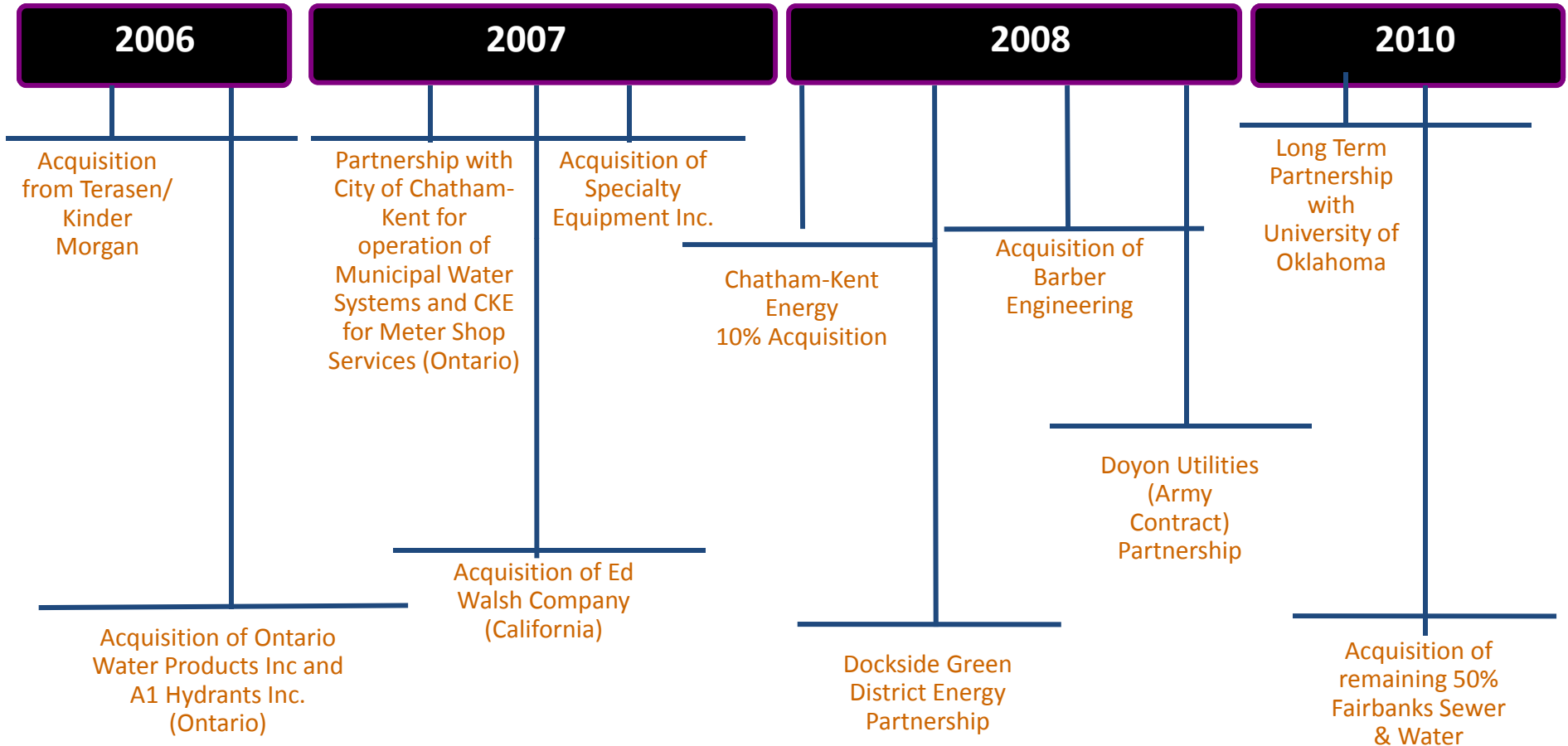


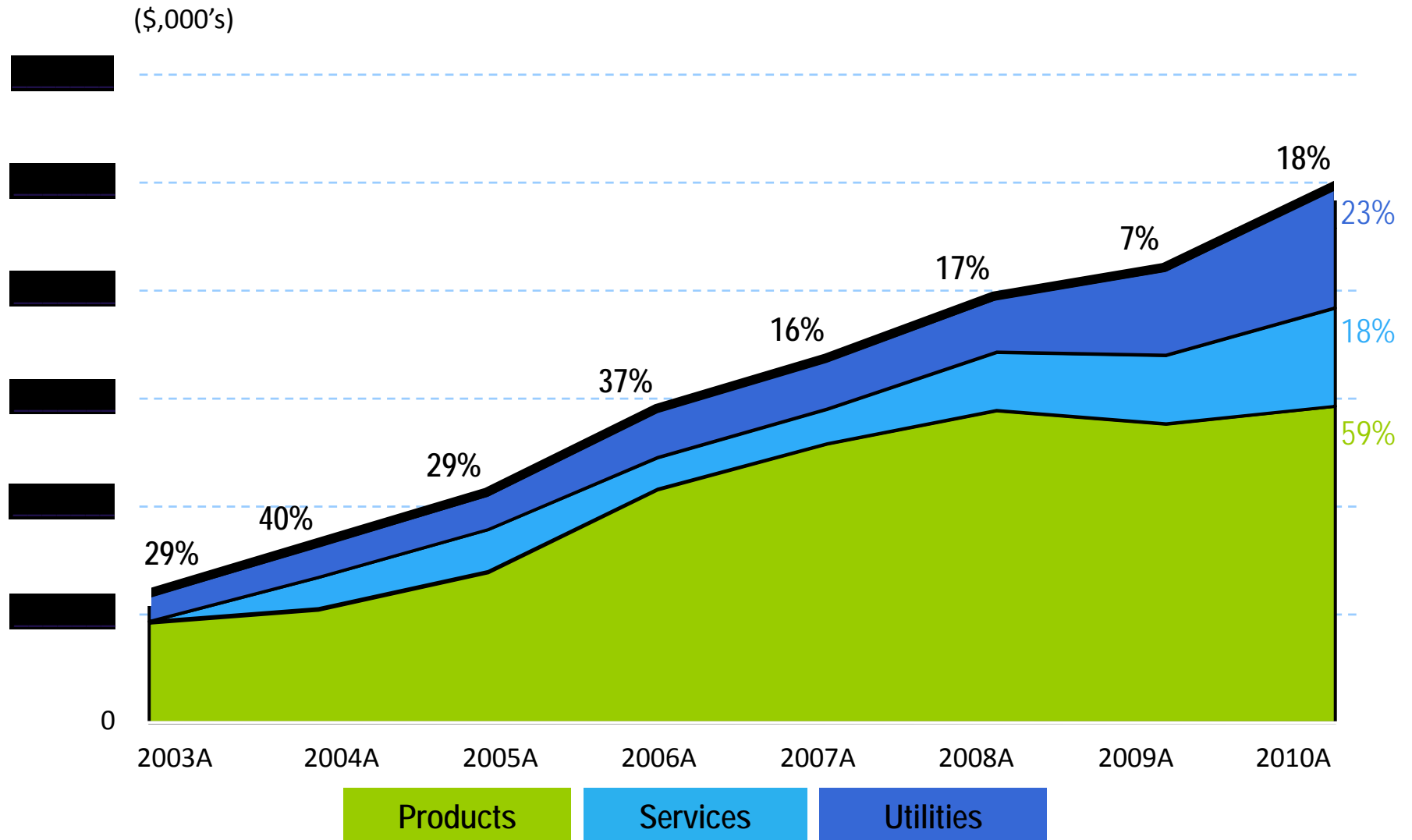
# Growth History





# Growth History

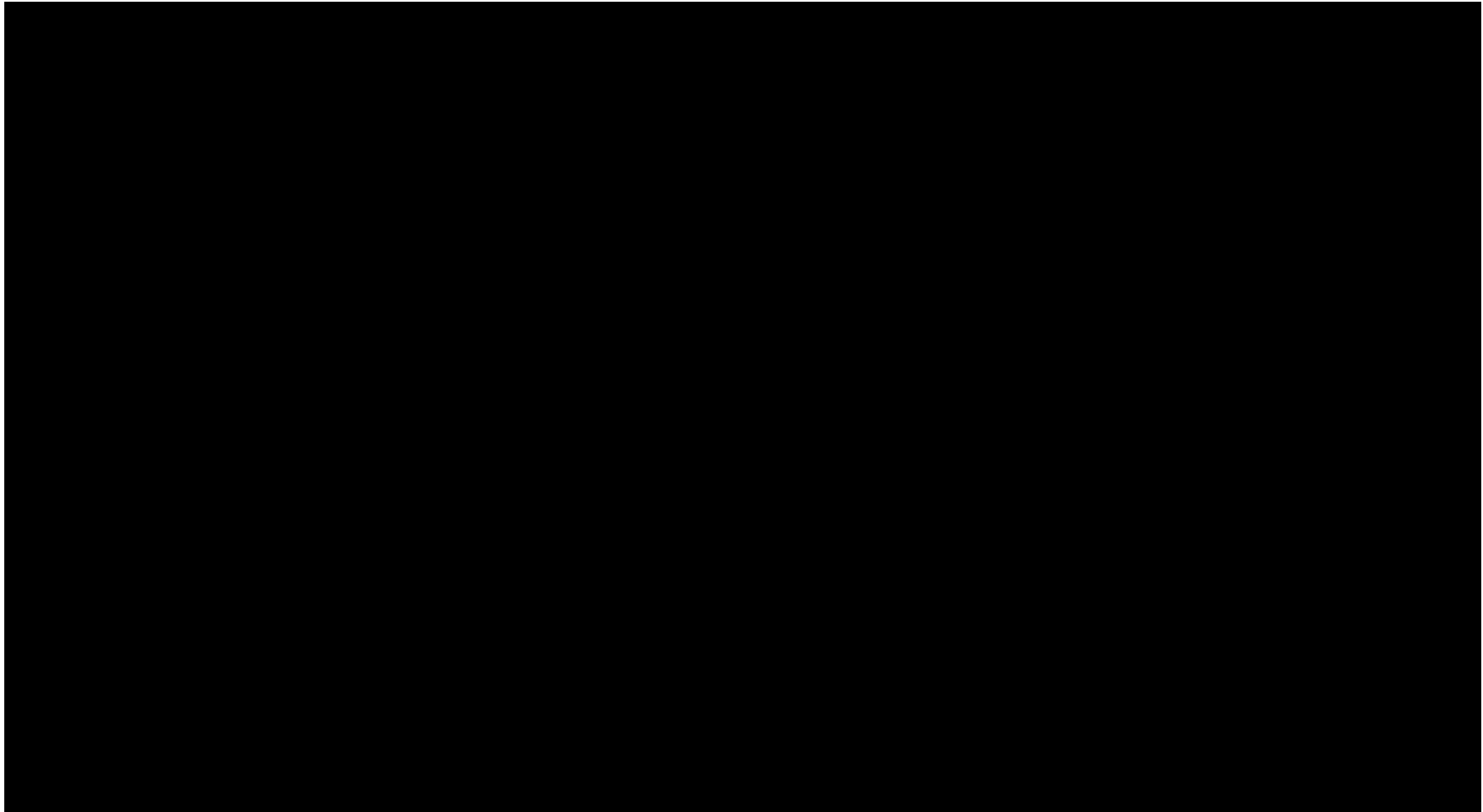








# Organization Chart





# Operational Locations

