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EDWARD S. FINLEY, JR.
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FILE NO 24419 525

July 8, 2005

Via Overnight Delivery

Chairman Ron Jones
Tennessee Regulatory Authority
ATTENTION: Sharla Dillon, Docket Manager
460 James Robertson Parkway
Nashville, TN 37243-0505

05-06/89

Re: Petition for Authority to Transfer Control of
Utilities Inc. to Hydro Star LLC

Dear Mr. Jones:

Submitted herewith for filing are the original and 14 copies of Hydro Star's Petition with exhibits. Also enclosed is our filing fee in the amount of \$25. Please return a file-stamped copy in the self-addressed, stamped envelope provided.

Thank you very much for your assistance. If you have any questions concerning this filing, please do not hesitate to contact me at the number listed above.

Sincerely,

Edward S. Finley, Jr.

Edward S. Finley, Jr.

Enclosures

/kl

PAID T.R.A.

Chk # 4046462

Amount 25.00

Rcvd By JK

Date 7-11-05

BEFORE THE
STATE OF TENNESSEE
REGULATORY AUTHORITY

Petition for Authority to Transfer Control of)
Utilities Inc. to Hydro Star LLC)

Docket No. _____

To the Regulatory Authority:

PETITION FOR AUTHORITY TO TRANSFER CONTROL

Nuon Global Solutions USA B.V. ("Transferor") and Hydro Star LLC ("Hydro Star") ("Transferee") by its attorneys, hereby respectfully request that the Tennessee Regulatory Authority ("TRA") *immediately* approve the transfer of control of Nuon Global Solutions USA, Inc. to Hydro Star. Nuon Global Solutions USA, Inc. owns 100% of Utilities, Inc. Utilities Inc. will indirectly become a wholly-owned subsidiary of Hydro Star. The Petitioner requests expedited treatment of this petition in order to permit the consummation of the transaction without undue delay.

Utilities Inc. provides water service to the Chalet Village Subdivision in Sevier County, Tennessee through its wholly-owned operating subsidiary, Tennessee Water Service, Inc. pursuant to a Certificate of Public Convenience and Necessity granted in January, 1984, in Docket No. U-83-7240. Because Tennessee Water Service, Inc. ("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 this transaction.

THE PARTIES

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

Nuon Global Solutions USA B.V.
Amaliellan 126
3743 K J Baarn
Amsterdam, The Netherlands
011 31 20 597 4255

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

Hydro Star LLC
2929 Allen Parkway
Houston, Texas 77019
(713) 831-3729

3. Questions about this application should be directed to Edward S. Finley, Jr.:

Edward S. Finley, Jr.
Hunton & Williams
One Hannover Square
421 Fayetteville Street Mall
Suite 1400
Raleigh, NC 27601
(919) 899-3021

TRANSFER OF CONTROL

4. Hydro Star entered into a Stock Purchase Agreement (the "Agreement") with Nuon Global Solutions USA B.V. ("Nuon") whereby Hydro Star will acquire all of Nuon Global Solutions USA Inc.'s ("NGSUT") issued and outstanding common stock, subject to necessary regulatory approvals. Nuon Global Solutions USA, Inc. owns 100% of the issued and outstanding common stock of Utilities Inc. A copy of the Agreement will be provided upon request.

5. After the transfer of control of Nuon Global Solutions USA, Inc., 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 Utilities, Inc., and TWS will remain unchanged. Thus the transfer of control of Nuon Global Solutions USA, Inc. will be transparent to, and will have no adverse impact upon TWS' customers.

QUALIFICATIONS OF TRANSFEREE

6. Hydro Star is a corporation duly organized and existing under the laws of the State of Delaware. Its principal office is located at 2929 Allen Parkway, Houston, Texas. Hydro Star is a subsidiary of AIG Highstar Capital II, L.P. and certain of its affiliates (Highstar II). Highstar II is sponsored by AIG Global Investment Group (AIGGIG). AIGGIG member companies are subsidiaries of American International Group, Inc. (AIG). Hydro Star is a newly formed entity whose only business will be owning water and wastewater businesses.

7. Utilities Inc. is a holding company for approximately 90 subsidiary operating companies that provide residential water and/or wastewater services to more than 300,000 customers in 17 states. Utilities Inc., through its operating subsidiary, serves approximately 500 water customers in Tennessee.

8. After the stock 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 financial resources of Utilities, Inc., and Hydro Star.

9. Should the stock transfer receive regulatory approval, the companies will continue to maintain Utilities, Inc.'s headquarters, corporate management, staff, and administrative facilities in Northbrook, Illinois.

PUBLIC INTEREST

10. Hydro Star's acquisition of Nuon Global Solutions USA, Inc.'s stock provides Utilities Inc. and its operating subsidiaries with additional financial resources that will enhance the ability of the operating subsidiary in Tennessee to grow and meet its service obligations.

11. The acquisition of Nuon Global Solutions USA, Inc.'s stock will not adversely affect the ability of Utilities Inc. or its operating subsidiary in Tennessee to provide water service to its customers.

12. The effect of the acquisition of Nuon Global Solutions USA, Inc.'s stock on Utilities Inc.'s financial condition and its ability to thrive in a rapidly changing and increasingly competitive water and wastewater utility environment will be positive and will benefit the Tennessee consumers.

13. The acquisition of Nuon Global Solutions USA, Inc.'s stock by Hydro Star is justified by the public convenience and necessity.

14. Hydro Star is a newly formed entity. Therefore, attached as Exhibit A are financial statements for AIG Highstar Capital II, LP for the period of time this company has been in operation.

WHEREFORE, Hydro Star respectfully requests that the TRA *immediately* authorize the transfer of control of Utilities, Inc. to Hydro Star so that the transaction may proceed without undue delay.

This the 8 day of July, 2005.

Respectfully submitted,

Hydro Star LLC

By: Edward S. Finley, Jr.
Edward S. Finley, Jr.
Hunton & Williams
421 Fayetteville Street Mall
Suite 1400
Raleigh, NC 27601