

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT  
NASHVILLE, TENNESSEE**

**November 9, 2005**

<b>IN RE:</b>	)	
	)	
<b>PETITION FOR AUTHORITY TO TRANSFER CONTROL</b>	)	<b>DOCKET NO.</b>
<b>OF UTILITIES, INC. TO HYDRO STAR, LLC</b>	)	<b>05-00189</b>

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**ORDER APPROVING TRANSFER**

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This matter came before Director Deborah Taylor Tate, Director Pat Miller and Director Sara Kyle of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on September 12, 2005 for consideration of the *Petition for Authority to Transfer Control* (the "*Joint Petition*") filed by Nuon Global Solutions USA B V. ("Nuon") and Hydro Star, LLC ("Hydro Star" and together with Nuon, "Petitioners") on July 11, 2005 for Authority approval of a transfer of control of Utilities, Inc ("Utilities") from Nuon Global Solutions USA, Inc. ("Nuon Global") to Hydro Star.

**The Joint Petition**

Hydro Star is a corporation formed under the laws of Delaware. Hydro Star is a newly-formed subsidiary of AIG Highstar Capital II, L.P. and certain of its affiliates ("Highstar II") that will own water and wastewater businesses. Highstar II is sponsored by AIG Global Investment Group, whose member companies are subsidiaries of American International Group, Inc.

Utilities is a wholly owned subsidiary of Nuon Global, a subsidiary of Nuon. Through its wholly-owned subsidiary, Tennessee Water Service, Inc. ("TWS"), Utilities provides water services in the State of Tennessee pursuant to a certificate of public convenience and necessity granted by the Tennessee Public Service Commission in Docket No. U-83-7240 in January of 1984.

On July 11, 2005, the Petitioners filed the *Joint Petition* seeking Authority approval of a transfer of control of Utilities to Hydro Star pursuant to Tenn. Code Ann. § 65-4-113 (2004).<sup>1</sup> The *Joint Petition* states that the transfer is the result of a Stock Purchase Agreement (the “Agreement”) that Hydro Star entered into with Nuon on May 14, 2005. Pursuant to the Agreement, Hydro Star will acquire all issued and outstanding stock of Nuon Global, the owner of Utilities.<sup>2</sup>

According to the *Joint Petition*, TWS will continue to utilize the same name, tariff and operating authority as it has in the past. Additionally, the *Joint Petition* states that the management and operational staff of Utilities and TWS will remain unchanged. The Petitioners assert that the transaction will be transparent to TWS’s customers, and that the additional financial resources that Utilities will gain through the transfer will enhance the ability of TWS to grow and meet its service obligations. According to the Petitioners, the fact that the transfer will enhance the ability of Utilities to meet its service obligations leads to the conclusion that the transfer is in the public interest.

#### **September 12, 2005 Authority Conference**

The Petitioners submitted the *Joint Petition* pursuant to Tenn. Code Ann. § 65-4-113 (2004). Tenn. Code Ann. § 65-4-113 (2004) requires a public utility to obtain TRA approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) (2004) reads as follows:

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.

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

Upon petition 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

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<sup>1</sup> Data Response, p. 1 (August 1, 2005)


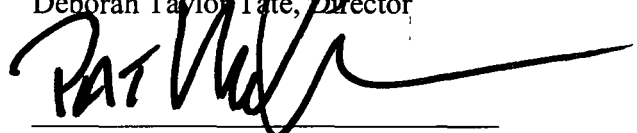
<sup>2</sup> *Id.* at 2

transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.

At the regularly scheduled Authority Conference held on September 12, 2005, the voting panel assigned to this docket considered the transfer requested in the *Joint Petition*. Thereafter, based upon the evidentiary and administrative record as a whole and relying on the legal standard set forth in Tenn. Code Ann. § 65-4-113 (2004), the panel determined that the transfer furthers the public interest and voted unanimously to grant approval of the *Joint Petition*.

**IT IS THEREFORE ORDERED THAT:**

The proposed transfer of control of Utilities from Nuon Global to Hydro Star as described in the *Petition for Authority to Transfer Control* and discussed herein is approved.

  
Deborah Taylor Tate, Director  
Pat Miller, Director  
Sara Kyle, Director