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BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Application of )  
Cleveland Thermal Steam Distribution, )  
LLC and Cleveland Thermal Chilled ) Case No. 15-1451-HC-UNC  
Water Distribution, LLC to Change )  
Ownership. )

On August 18, 2015, Cleveland Thermal Steam Distribution, LLC and Cleveland Thermal Chilled Water Distribution, LLC (The Utilities) and Corix Infrastructure, Inc., (Corix) (collectively, Applicants) filed an application (Application) with the Commission for approval of a change of ownership of The Utilities to Corix.

In the Application, the Applicants have indicated that there will be no immediate change in rates nor any changes in service to the customers of The Utilities. In addition, Corix provided information regarding its financial, managerial, and technical expertise in the provision of water and thermal utility services. Staff has thoroughly reviewed the Application and has engaged in extensive discovery with The Utilities and Corix and believes the transaction to be in the public interest.

Staff recommends the following financial provisions be adopted by the Commission as part of its approval of the transaction as a measure to ensure the continued financial health of The Utilities into the future. Specifically, Staff recommends that the assets of The Utilities not be encumbered by any covenants other than those being issued by or on behalf of The Utilities and for which the proceeds will be used solely for the operations of The Utilities. Staff also recommends that The Utilities be required to maintain a balanced capital structure, specifically, one which provides the lowest cost of capital. To ensure a minimal financial metric is maintained for The Utilities, Staff makes two recommendations: (1) that the funds from operations to debt ratio be a minimum of 15 percent, and (2) that the capital structure of The Utilities remain balanced and that the dividend payout ratio be capped at 70 percent for any quarter. Lastly, Staff recommends the Commission state in its Finding and Order that The Utilities must maintain separate books and that any future issuances of securities will require the approval of the Commission.

With the adoption of the above recommendations, Staff believes the transaction is in the public interest and recommends its approval.



Doris McCarter

Division Chief, Forecasting, Markets and Corporate Oversight

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