

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

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.)

FINDING AND ORDER

The Commission finds:

- (1) On August 18, 2015, Cleveland Thermal Steam Distribution, LLC and Cleveland Thermal Chilled Water Distribution, LLC, (Utilities), and Corix Infrastructure, Inc., (Corix) (collectively Applicants) filed an application with the Commission for approval of a change in ownership of the Utilities.
- (2) The Utilities provide heating and cooling service through pipes to consumers in downtown Cleveland and, as such, are public utilities regulated by this Commission. The Utilities render service in Ohio in accordance with their Commission approved tariffs. *In re Dominion Energy, Dominion Cleveland Steam Distribution, and Dominion Cleveland Water Distribution*, Case No. 04-1179-HT-UNC, Finding and Order (Sept. 1, 2004); *In re Cleveland Thermal Chilled Water Distribution, LLC*, Case No. 10-446-CC-ATA, Finding and Order (May 5, 2010); *In re Cleveland Thermal Steam Distribution*, Case No. 12-1451-HT-ATA, Finding and Order (May 23, 2012). The Utilities are subsidiaries owned by Cleveland Thermal, LLC (Cleveland Thermal). Cleveland Thermal Holdings, LLC (CT Holdings) is the sole member of Cleveland Thermal. Corix is a private corporation owned by the British Columbia Investment Management Corporation. According to the application filed in this case, Cleveland Thermal and Corix are in the final stages of negotiation and execution of an agreement whereby Corix will purchase Cleveland Thermal.

- (3) The Commission has jurisdiction over the instant transaction, pursuant to R.C. 4905.05 and 4905.06, to ensure that the new owner possesses the financial and technical capabilities necessary to continue to provide adequate service and the potential transfer of ownership will not harm the public interest. *In re Youngstown Thermal*, Case No. 11-2913-HC-UNC, Joint Application (May 9, 2011) at ¶13, Finding and Order (June 22, 2011) at ¶15; *In re Dominion*, Case No. 14-1179-HT-UNC, Joint Application (July 26, 2004) at ¶3, Finding and Order (Sept. 9, 2004) at ¶3.
- (4) The Applicants submit that the granting of this application will have no adverse effect on the Utilities or any of their customers. Upon closing of the transaction, the Utilities will continue to provide public utility service, and will continue to own, operate, and maintain the facilities necessary to provide such service. Further, the Applicants represent that the transaction will have no immediate effect on the rates, terms, or conditions of service to existing customers of the Utilities, and the transaction will have no effect on the day-to-day operations or management of the Utilities. Finally, the application indicates that Corix will ensure that the Utilities maintain the managerial, technical, and financial resources necessary to continue to provide safe, adequate, and reliable service.
- (5) The Commission has reviewed the application and finds that the proposed transaction is reasonable, will not adversely affect the Utilities' customers, is in the public interest, and should be approved. The Commission is satisfied that Corix has the ability to operationally manage the subsidiary public utilities. Accordingly, the application for approval of the change in ownership should be granted. Additionally, the Commission adopts the following conditions to protect the financial integrity of the Utilities:
 - (a) The assets of the Utilities must 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;

- (b) The Utilities must maintain separate books and records;
- (c) The Utilities must maintain a balanced capital structure that results in the lowest achievable cost of capital;
- (d) The Utilities must maintain a minimum funds from operations to debt ratio of 15 percent, without neglecting the Utilities' obligation to deliver safe, adequate, and reliable service, unless authorized by the Commission;
- (e) The Utilities shall in no way make any distribution in the form of a dividend or otherwise that would result in an unbalanced capital structure or exceed a maximum dividend payout ratio of 70 percent in any quarter or annualized period, unless otherwise ordered by the Commission;
- (f) All future issuances of securities shall require authorization by the Commission pursuant to R.C. 4905.40.

It is, therefore,

ORDERED, That the application for a change in ownership from Cleveland Thermal to Corix be granted, in accordance with Finding (5). It is, further,

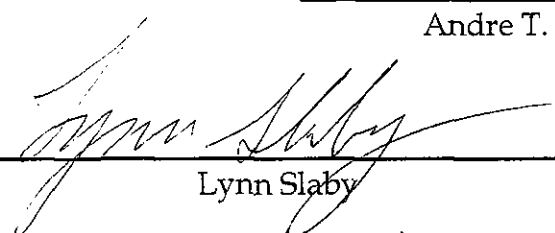
ORDERED, That the Applicants file a notification in this case of the date of the change in ownership. It is, further,

ORDERED, That nothing in this Finding and Order shall be binding on the Commission in any subsequent investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,


ORDERED, That a copy of this Finding and Order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Andre T. Porter, Chairman



Lynn Slaby



Asim Z. Haque

M. Beth Trombold

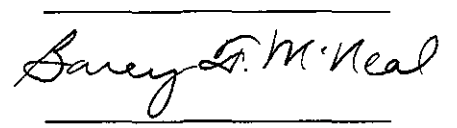


Thomas W. Johnson

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Barcy F. McNeal
Secretary