

Louisiana Public Service Commission



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December 22, 2020

VIA EMAIL

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2020 DEC 22 PM 2:44
LA PUBLIC SERVICE
COMMISSION

Re: Docket No. S-35754, Utilities Inc. of Louisiana, ex parte. In re: Request for Statement of Non-Jurisdiction or Alternatively a Petition for Approval of Letter of Non-Opposition to Authorize an Immaterial Upstream Restructuring of BCI'S Interest in Utilities, Inc. of Louisiana.

Dear Ms. Kantrow:

This letter is in response to Utilities Inc. of Louisiana's ("UIL") request for the Louisiana Public Service Commission ("Commission") to issue a Statement of Non-Jurisdiction or alternatively its Non-Opposition to authorize an immaterial upstream restructuring of British Columbia Investment Management Corporation's ("BCI") interest in UIL ("Proposed Restructuring").

In considering your application, Staff reviewed the following:

- 1) The application filed on October 13, 2020, including exhibits;
- 2) Notice of publication of the application in the Commission's Official Bulletin (#1230) dated October 16, 2020;
- 3) The responses to each of the 18 factors as set forth in the March 18, 1994 General Order ("18 Factors"); and
- 4) Informal communications between Staff and UIL.

As stated above, the request was published in the Commission's Official Bulletin dated October 16, 2020 to provide an opportunity for interested persons to file notice of intervention and/or protest. No interventions were filed.

The Parties

UIL is a Commission-regulated Louisiana corporation, and is a for-profit utility providing water and wastewater service to approximately 10,945 water and 17,096 wastewater equivalent residential customers throughout nineteen (19) parishes in Louisiana. UIL is a direct, wholly owned subsidiary of

Corix Regulated Utilities (US), Inc., which is an indirect, wholly owned subsidiary of Corix Infrastructure, Inc. (“Corix”).

Corix, a corporation organized under the laws of the Province of British Columbia, Canada, has a single ultimate controlling owner, British Columbia Investment Management Corporation (“BCI”).

BCI is based in Victoria, British Columbia, Canada and is one of Canada’s largest institutional investors. BCI’s global portfolio of infrastructure and renewable resources assets (“BCI Infrastructure Program”) is generally held through pooled investment portfolios (“Investment Pools”). BCI has 100% control over the Investment Pools, its portfolio of investments, and each underlying asset, including its 100% interest in UIL.

The Proposed Restructuring

The Proposed Restructuring will result in: (i) the consolidation of the Class B non-voting shares in Corix currently held by four (4) different BCI-controlled entities into a single BCI-controlled limited partnership, and (ii) the amalgamation¹ of the current BCI-controlled entity that owns 15% of the Class A voting stock in Corix with certain other BCI-controlled affiliates. UIL claims that the BCI restructuring will not result in any change of control of UIL or change in its ultimate 100% ownership by BCI. The BCI-controlled entity that currently owns 85% of the Class A voting stock in Corix and its upstream ownership structure will remain unchanged by the Proposed Restructuring.

Currently, BCI’s 100% indirect ownership of UIL, along with all of BCI’s other global infrastructure assets in the BCI Infrastructure Program, are held in structures that have essentially “frozen” a client’s exposure to a given investment at the level at which such client participated in the upstream Investment Pool (or investment vehicle) in the year the investment closed. Since many BCI investments closed years ago, this has resulted in some BCI clients having uneven economic exposure to various investments within the BCI Infrastructure Program. the purpose of the global restructuring of the BCI Infrastructure Program, which includes the BCI Reorganization, is to remedy the “freezing” effect by rebalancing BCI’s client exposure now, while also allowing for future *de minimis* rebalancings to occur with greater administrative ease. In essence, the structure implemented by the BCI Reorganization will ensure that, upon the closing of the Proposed Restructuring (approximately January 4, 2021) and going forward, client exposure to the BCI Infrastructure Program is in line with that client’s overall asset allocation plan.

Staff’s Review

Staff reviewed the Proposed Restructuring to determine whether or not it would have any impact on the ownership, control, management, or operations of UIL. UIL’s request indicates that the Proposed Restructuring will not result in a change of control or ultimate ownership of Corix or UIL and, thus, no change of control, management, operations, capital structure, or service at UIL will result. Since all of the reorganization will occur well above Corix and far above UIL, there will be no changes to Corix’s

¹ Under Canadian law, an amalgamation does not result in the transfer of property or assets but rather the property or assets of the amalgamating companies continue to be that of the amalgamated company. Consistent with this, the *Canada Business Corporations Act* states that, *inter alia*, “the property of each amalgamating corporation continues to be the property of the amalgamated corporation.” See *Canada Business Corporations Act*, R.S.C. 1985, c C-44.

corporate structure, and therefore, no changes to the ultimate control of UIL. After its review, Staff agreed that the Proposed Restructuring would have no impact on the ownership, control, management, or operations of UIL.

Staff also reviewed whether the Proposed Restructuring would impact UIL's ability to provide safe, reliable, and non-discriminatory service to its LPSC-jurisdictional ratepayers, at the lowest reasonable cost. The Commission's General Order dated March 18, 1994 (the "1994 General Order")² requires prior Commission authorization of either direct or indirect transfers of upstream control or ownership of LPSC-jurisdictional utilities. The 1994 General Order states:

No utility or common carrier subject to the jurisdiction of the Louisiana Public Service Commission shall sell, assign, lease, transfer, mortgage, or otherwise dispose of or encumber the whole or any part of its franchise, works, property, or system, nor by any means direct or indirect, merge or consolidate its utility works, operations, systems, franchises, or any part thereof, nor transfer control or ownership of any assets, common stock or other indicia of control of the utility to any other person, corporation, partnership, limited liability company, utility, common carrier, subsidiary, affiliated company or any other entity or divide into two or more utilities or common carriers, where the values involved in such action exceed one percent (1%) of the gross assets of such regulated utility or common carrier, or subsidiary thereof, nor in any way commit itself to take such action or affect any right, interest, asset, obligation, stock ownership, or control, involved in such action without prior full disclosure of the prior intent and plan of such utility or common carrier with regard to such action and without prior official action of approval or official action of non-opposition by the Louisiana Public Service Commission. This section is intended to apply to any transfer of the ownership and/or control of public utilities and common carriers regardless of the means used to accomplish that transfer.

The 1994 General Order also sets forth 18 factors that the Commission must take into account in order to determine whether to approve any such transfer of ownership or control.

Staff has reviewed the 18 factors contained in the 1994 General Order, as well as UIL's responses to the 18 factors. Staff has concluded that the Proposed Restructuring will not impact the Commission's ability to regulate UIL or its rates; will not negatively impact UIL's financial condition or quality of service; will have no impact on UIL's terms or conditions of LPSC-jurisdictional service; will not impact competition; will not negatively impact the management of UIL; will have no negative impact on UIL's employees nor shareholders; will not adversely impact the state or local economies in Louisiana; will not impair the Commission's jurisdiction over UIL; will not impact the ability of UIL to make necessary repairs or undertake upgrades; will not negatively impact the ability of UIL to obtain all necessary safety and other permits; and will not involve encumbering any of UIL or its parent

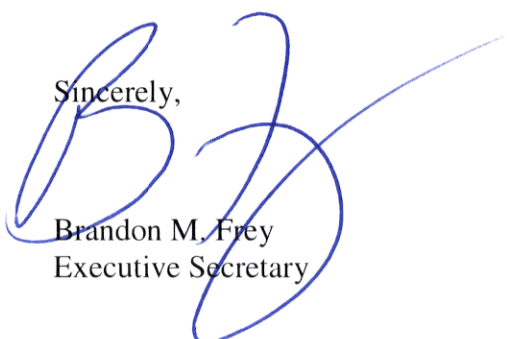
² *In Re: Commission Approval Required of Sales, Leases, Mergers, Consolidations, Stock Transfers, and All Other Changes of Ownership or Control of Public Utilities Subject to Commission Jurisdiction.*

company's assets. Therefore, the Proposed Restructuring complies with the 18 factors contained in the 1994 General Order, subject to the conditions set forth below.

Based upon the Application, as well as the analysis performed by the Commission Staff, and under these specific facts and circumstances, the Commission expresses its non-opposition to the Proposed Restructuring, subject to the following conditions:

- 1) The Proposed Restructuring sought in this docket, under the specific facts and circumstances in effect today, satisfies the requirements of the 1994 General Order.
- 2) Should any future restructuring trigger the requirements of the 1994 General Order, UIL shall submit another application to the Commission.
- 3) This decision on behalf of the Commission is made without prejudice to the authority of the Commission to make investigations and require any reasonably necessary change it may legally find to be in the public interest. The Commission reserves its right to rescind its non-opposition if facts and circumstances change.
- 4) The Commission's decision in this docket is non-precedential.

Sincerely,



Brandon M. Frey
Executive Secretary

BMF/lte

Cc: Service List
Records Division