

DW 11-068



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March 31, 2011



Ms. Debra A. Howland  
Executive Director and Secretary  
New Hampshire Public Utilities Commission  
21 S. Fruit Street, Suite 10  
Concord, NH 03301

**Re: DW 11-\_\_\_; Aquarion Water Company of New Hampshire, Inc.—Corporate Restructuring**

Dear Ms. Howland:

This letter is being submitted on behalf of Aquarion Water Company of New Hampshire, Inc. (the “Company”) pursuant to RSA 369:8, II(b)(1) to request that the Commission approve a proposed sale of certain interests in a parent entity of the Company. Set forth below is a summary of the proposed transaction and the basis for the Company’s belief that the transaction will not have an adverse effect on rates, terms, service, or operation of the Company. Enclosed with this letter are affidavits of Jack Bittan and Charles Firlotte (the “Company Affidavits”) in support of the statement of facts set forth below.

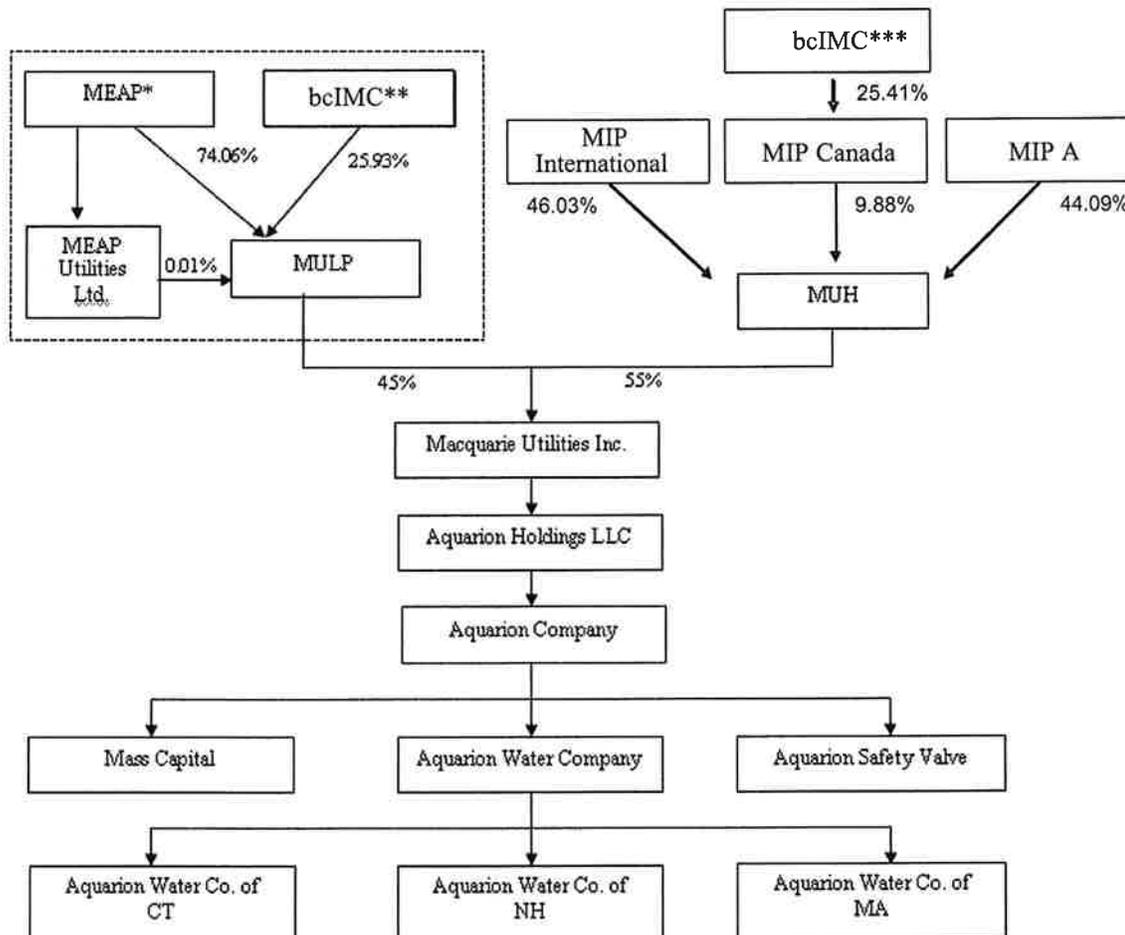
**A. Proposed Transaction**

Currently, the Company is indirectly 100% owned by Macquarie Utilities, Inc. (“MUI”). Specifically, MUI owns 100% of Aquarion Holdings LLC, which in turn owns 100% of Aquarion Company Inc., which in turn owns 100% of Aquarion Water Company, Inc., which in turn owns 100% of Aquarion Water Company of New Hampshire, Inc. The transaction which is the subject of this letter (“Transaction”) will not affect this ownership structure in any way.

MUI is owned by two entities – MEAP Utilities LP (“MULP”), which owns a 45% interest in MUI, and Macquarie Utilities Holdings Ltd. (“MUH”), which owns the remaining 55%. MULP and MUH in turn are each owned by a number of different entities. It is a change in ownership of MUI that is the subject of the Transaction.

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The current ownership structure of MUI, including its shareholders and the various Aquarion subsidiaries owned by MUI, is shown in the following diagram:



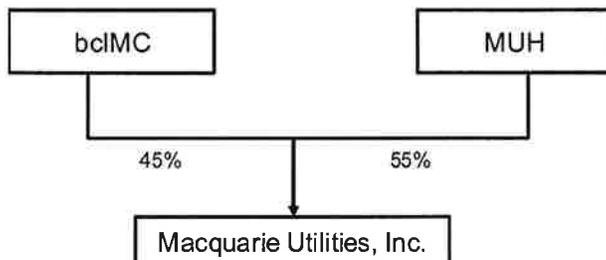
\* bcIMC owns 21.82% of MEAP through bcIMC Private Placement (2003A) Investment Corporation (18.11%) and bcIMC (WCBFAF 2003A) Private Placement Investment Corporation (3.71%). This equates to a 7.3% indirect ownership interest in MUI (21.82% x 74.06% x 45% = 7.3%)

\*\* bcIMC (PPNS) Investment Corporation and bcIMC (WCBFAF PPNS) Investment Corporation own 25.93% of MULP. This equates to 11.7% of MUI (25.93% x 45% = 11.7%)

\*\*\* bcIMC owns 25.41% of MIP Canada. This equates to a 1.4% indirect ownership interest in MUI (25.41% x 9.88% x 55% = 1.4%).

Under the proposed transaction, Macquarie Essential Assets Partnership (“MEAP”), which currently owns a 74.06% interest in MULP, will cause MULP to sell its entire 45% interest in MUI to subsidiaries of British Columbia Investment Management Corporation (“bcIMC”), an entity that, as shown above, is already a minority owner of MULP. Upon consummation of the Transaction, bcIMC will own the entire 45% interest in MUI that was previously owned by MULP. MUH will continue to own a majority (55%) interest in, and

therefore will continue to control, MUI. (bcIMC also currently owns, and will continue to own, an indirect 2.51% interest in MUH, a small minority position that does not give it the ability to control MUH or, through it, MUI.<sup>1</sup>) Following the Transaction, the ownership of MUI will be as follows.



As noted above, the Transaction will not result in any change in the organizational structure of the Aquarion entities owned by MUI.

***B. Standard of Review***

RSA 374:33 in relevant part provides that “[n]o public utility or public utility holding company as defined in section 2(a)(7)(A) of the Public Utility Holding Company Act of 1935 shall directly or indirectly acquire more than 10 percent, or more than the ownership level which triggers reporting requirements under 15 U.S.C., section 78-P, whichever is less, of the stocks or bonds of any other public utility or public utility holding company incorporated in or doing business in this state, unless the commission finds that such acquisition is lawful, proper and in the public interest.” Although the Public Utility Holding Company Act of 1935 (the “Act”) has been repealed, it is possible that bcIMC would be considered a public utility holding company under the definition set forth in the Act at the time of its repeal. If bcIMC were considered a public utility holding company for purposes of RSA 374:33, then the statute would apply to the current transaction because it will result in bcIMC’s indirect acquisition of 10 percent or more of the stock of a public utility incorporated in or doing business in New Hampshire.

Pursuant to RSA 369:8, II(b)(1), if “approval of the commission is required by any other statute for any corporate merger or acquisition involving parent companies of a public utility whose rates, terms, and conditions of service are regulated by the commission, the approval of the commission shall not be required if the public utility files with the commission a detailed written representation no less than 60 days prior to the anticipated completion of the transaction that the transaction will not have an adverse effect on rates, terms, service, or operation of the public utility within the state.”

As demonstrated by the written representations set forth in the Company Affidavits, the Transaction will not have an adverse effect on the Company’s rates, terms, service or operation

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<sup>1</sup> Specifically, bcIMC owns a 25.41% interest in MIP Canada which in turns owns a 9.88% interest in MUH.

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because (1) it is a stock sale of a minority interest in an entity that is multiple corporate levels above the operating utility and, if consummated, will not result in a change in control of the Company, (2) it will not result in a change in the management or operation of the Company, and (3) it will not result in a change in the rates, terms or conditions of service provided by the Company.

Although, the parties at this time do not have a specific date on which the Transaction is scheduled to be consummated, the Company currently anticipates that the Transaction completion date will be by the end of the second quarter of 2011 and no earlier than 60 days from the date of this filing. Accordingly, the Company respectfully requests the Commission issue an order or secretarial letter authorizing the Transaction or, alternatively, indicating that it does not plan to take any action with regard to the Transaction and that, pursuant to RSA 369:8, II(b)(1), the Company may proceed without further Commission action.

Please feel free to contact me if the Commission requires any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven V. Camerino". The signature is fluid and cursive, with a prominent initial "S" and a long horizontal stroke at the end.

Steven V. Camerino

Enclosure

cc: Mark A. Naylor  
Stuart Miller, Esq.  
Charles Firlotte  
Meredith A. Hatfield, Esq.