

Town of Apple Valley

NEWS RELEASE

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14955 Dale Evans Parkway • Apple Valley, California 92307

Contact: Kathie Martin, Public Information Officer

Phone: (760)240-7000 x 7070 Fax: (760)961-6242 E-mail: kmartin@applevalley.org

TOWN OF APPLE VALLEY CHALLENGING CPUC ON INADEQUATE RESPONSE TO RECORDS REQUEST

Town seeking information on relationship between CPUC and Carlyle Group's water companies

Apple Valley, CA – December 3, 2014: The Town of Apple Valley is challenging the completeness of the California Public Utilities Commission's response to a records request it considers critical to its efforts to purchase the Apple Valley Ranchos Water Company (AVR). The records the Town seeks are legally required to be released subject to a formal request by the California Public Records Act (PRA).

The Carlyle Group, which owns AVR through a succession of subsidiaries and investment companies, wants to sell the water company to a foreign utilities firm. The CPUC would have to approve that transaction.

"As part of our due diligence, we have requested all records that reflect a relationship between the CPUC and the Carlyle Group and its related companies," said Town Attorney John Brown. "Rather than respond as the law intended by providing all of the documents, the CPUC essentially has made the effort more difficult."

In a response letter to the CPUC, Brown wrote, "Essentially, you are telling us to submit another records request to another department of the CPUC... We do not believe your response complies with the PRA... The PRA does not require us to make additional requests for various components of the CPUC until we finally receive an adequate response."

Part of the Town's interest in information involves a proposed deal between Carlyle Group and Algonquin Power and Utilities Corp. headquartered in Toronto, Canada. Brown points out that the convoluted ownership trail for this transaction calls for a detailed understanding of all parties involved.

Carlyle Group proposes the sale through Carlyle Infrastructure Partners and subsidiary investment company Western Water Holdings, which, in turn, owns Park Water Company, which owns three water companies including Apple Valley Ranchos Water Company, which the town would like to purchase, and Mountain Water in Missoula, Montana.

On the Algonquin side, that company proposes to do the deal through Liberty Utilities, its regulated utility business in the U.S. According to a press release issued by Algonquin, total consideration for the purchase “is expected to be approximately U.S. \$327 million, which includes the assumption of approximately U.S. \$77 million of existing long-term utility debt.”

“Algonquin has no California water agency experience that we know about,” said Art Bishop, Town mayor. “Given our expressed interest in buying AVR, we wonder why neither Apple Valley nor Missoula was given the opportunity to bid.”

Missoula is involved in an eminent domain action against Park Water, with the case going to trial in April. Apple Valley’s preference, said Bishop, is to negotiate a purchase with the owner at an equitable price. The Town has hired an appraisal firm to determine price parameters.

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