

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of )  
)  
CASTLE & COOKE, INC., )  
CASTLE & COOKE RESORTS, LLC, )  
MANELE WATER RESOURCES, LLC, )  
LANAI TRANSPORTATION COMPANY, )  
INC., AND LANAI WATER COMPANY, INC. )  
)  
For Approval of the Indirect Transfer of Manele )  
Water Resources, LLC, Lanai Transportation )  
Company, Inc. and Lanai Water Company, Inc. )  
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Docket No. **2012-0157**

PUBLIC UTILITIES  
COMMISSION  
2012 JUN 19 A 11:13  
FILED

CASTLE & COOKE, INC.'S, CASTLE & COOKE RESORTS, LLC'S,  
MANELE WATER RESOURCES, LLC'S, LANAI TRANSPORTATION COMPANY, INC.'S,  
AND LANAI WATER COMPANY, INC.'S APPLICATION

EXHIBITS A - J

VERIFICATIONS

and

CERTIFICATE OF SERVICE

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Lanai Transportation Company, Inc.,  
and Lanai Water Company, Inc.

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MANELE WATER RESOURCES, LLC'S, LANAI TRANSPORTATION COMPANY, INC.'S,  
AND LANAI WATER COMPANY, INC.'S APPLICATION

TO THE HONORABLE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII:

CASTLE & COOKE, INC. ("CCI" or "Seller"), CASTLE & COOKE RESORTS, LLC ("CC Resorts"), MANELE WATER RESOURCES, LLC ("Manele Water"), LANAI TRANSPORTATION COMPANY, INC. ("Lanai Transportation"), and LANAI WATER COMPANY, INC. ("Lanai Water") (collectively the "Applicants" or the "Companies") respectfully request (1) Commission approval of the indirect sale and transfer (through the sale and transfer of the membership interests of CC Resorts) from CCI to Lanai Island Holdings, LLC ("Buyer" or "LIH") (Buyer and Seller collectively referred to as "Parties"), of all of the membership interests of CC Resorts' wholly-owned subsidiary Manele Water, and all of the

stock of CC Resorts' wholly-owned subsidiaries Lanai Transportation and Lanai Water (Manele Water, Lanai Transportation, and Lanai Water<sup>1</sup> are collectively referred to as the "CCR Regulated Subsidiaries"), (2) the release of Applicants and its Affiliates (other than the CC Resort affiliates being acquired by Buyer) of any and all obligations with respect to the CCR Regulated Subsidiaries and their operations, and (3) interim approval of the indirect sale and transfer of the CCR Regulated Subsidiaries by no later than June 26, 2012, pending the outcome of, and subject to, the final determination of this Application.

## I. INTRODUCTION

The Companies submit this Application as part of an extraordinary opportunity for the people and Island of Lanai to bring in new investment to the Island of Lanai that should result in the creation of new jobs, provide local economic stimulus and reinvigorate the local tourism industry. After an extensive search, the Seller is pleased to have found a suitable successor to the stewardship efforts and investments on Lanai by David H. Murdock ("Murdock") made through Seller. Seller has signed an agreement with Lawrence J. Ellison ("Ellison"), one of the wealthiest individuals in the world, to purchase the two resort hotels (the Four Seasons Resorts Lanai at Manele Bay, the Four Seasons Resorts Lanai, Lodge at Koele), two championship golf courses and club houses (The Experience at Koele and The Challenge at Manele), over 88,000 acres of land (including, without limitation, the Koele Project District (600 acres of residential development), the Manele Project District (800 acres of residential development), Lanai City properties (248 acres of various commercial and residential assets)), Koele Stables, Lanai Pines Sporting Clays, CCI's interest in La Ola Solar Farm that sells power to Maui Electric Company, Limited, administrative buildings and central support services assets, employee rental housing, parks and recreation facilities, Club Lanai site and the regulated utilities (Manele Water, Lanai

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<sup>1</sup> Lanai Water will remain a subsidiary under Lanai Holdings, Inc., which in turn is a subsidiary of CC Resorts.

Transportation, and Lanai Water) whose largest customers are the resorts and developments, and other assets. Indeed, the Buyer anticipates making substantial investments in Lanai and is looking forward to partnering with the people of Lanai to chart the island's future. This unique opportunity will be consummated through a purchase and sale<sup>2</sup> of all of the membership interests of CC Resorts, which includes all of CC Resorts' subsidiary entities (including the CCR Regulated Subsidiaries), two other CCI unregulated subsidiaries, and over 88,000 acres of land (including approximately 86,000 acres of land from CCI) (the "Lanai Transaction").

This Application seeks approval for the indirect transfer of ownership of the CCR Regulated Subsidiaries that provide incidental and ancillary support for the major assets and operations being sold to the Buyer. Because of the current corporate ownership structuring, transfer of ownership of the CCR Regulated Subsidiaries cannot be separated cleanly from the main assets being sold. However, from the big picture, common sense point of view, it makes no sense for the hotels, land, residential development and other assets to be sold to a buyer without the supporting utilities. Splitting up ownership of the sources of water from the water utility operations could jeopardize operations and negatively impact residents. Thus, it is important that these transfers occur at the same time.

While Seller desires to move forward with the closing of this transaction to avoid delay, which would risk losing this opportunity, Seller also respects the role and authority of the Commission. The Commission has authority to approve of indirect transfers of ownership of regulated utility companies. In this case, transfer of the membership interest in CC Resorts means that there will be a transfer of ownership of the parent or the parent of the parent of the CCR Regulated Subsidiaries. The Commission's duty is to determine whether this transfer of ownership of the parent or parent of the parent is reasonable and consistent with the public

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<sup>2</sup> The agreement documenting the Lanai Transaction is attached hereto as Exhibit A ("Sales Agreement").

interest, whether Ellison's ownership will result in the CCR Regulated Subsidiaries remaining fit, willing and able to provide utility services and to confirm that this will not adversely impact the CCR Regulated Subsidiaries' operations, management or customers.

In reviewing the indirect transfer of the CCR Regulated Subsidiaries, great comfort should come from the fact that the Lanai Transaction is taking place between two very financially fit Parties. The Seller, CCI, is owned by Castle & Cooke Holdings which in turn is owned by the Murdock Revocable Trust. Forbes magazine has placed Murdock's net worth at approximately 2.7 billion dollars.<sup>3</sup> Buyer is directly and indirectly owned by the Lawrence J. Ellison Revocable Trust. Forbes magazine has placed Ellison's net worth at approximately 36 billion dollars.<sup>4</sup> Based on the net worth of these individuals, it is clear that there should not be a concern of financial fitness of the Buyer with respect to the indirect transfer of the CCR Regulated Subsidiaries. Indeed, even if Ellison's net worth were not considered, the indirect transfer of the CCR Regulated Subsidiaries (whose collective net assets are approximately 7 million dollars) should be allowed as the Buyer will be capitalized with hundreds of millions of dollars and the purchase of Lanai operations and assets will be unleveraged (i.e., debt free).

Buyer will also be replacing the letters of financial support currently provided by Castle & Cooke Properties, Inc. and Castle and Cooke Homes Hawaii, Inc. with letters of financial support from Octopus Holdings, L.P. and Buyer. As Seller will no longer own the CCR Regulated Subsidiaries, Buyer is providing replacement letters of financial support in order for Seller to request that the Commission release Seller's support letters in exchange for Buyer's financial support letters. The financial support letter currently provided by CC Resorts and Lanai Holdings, Inc. will stay in place. In short, the operations of the CCR Regulated

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<sup>3</sup> According to Forbes, as of March 2012, Murdock's net worth is around 2.7 billion dollars. See <http://www.forbes.com/profile/david-murdock/>.

<sup>4</sup> According to Forbes, as of March 2012, Ellison's net worth is around 36 billion dollars. See <http://www.forbes.com/profile/larry-ellison/>.

Subsidiaries with a negligible net worth in the aggregate, will be backed by companies' worth hundreds of millions of dollars. Further, Buyer intends to operate the CCR Regulated Subsidiaries as presently regulated and does not anticipate making any significant changes in management of the CCR Regulated Subsidiaries.

Finally, as previously stated, the Parties recognize that the Commission needs to investigate the transaction prior to granting final approval of the indirect transfer of the CCR Regulated Subsidiaries. Indeed, both Buyer and Seller seek to embrace the regulatory proceeding and ensure that the Commission has sufficient time to fully review the indirect transfer of the CCR Regulated Subsidiaries while at the same time not delaying Buyer's economic investment on the island of Lanai. The crucial need for the interim approval for the Lanai Transaction to move forward is explained below. Accordingly, the Parties are respectfully proposing a solution that will respect the Commission's process and procedural protections by seeking interim approval by June 26, 2012 of the indirect transfer of the CCR Regulated Subsidiaries (with a collective net asset value of approximately 7 million dollars) in order to avoid delaying and jeopardizing the larger part of the Lanai Transaction (hundreds of millions of dollars) to take place.

To be clear, the Parties are not attempting to circumvent any regulatory review. Quite the opposite, the Parties agree that the Commission should be allowed to fully review the indirect transfer of the CCR Regulated Subsidiaries. The Parties believe that they have presented ample justification for the Commission to approve the indirect transfer of the CCR Regulated Subsidiaries and will work with the Commission and the Consumer Advocate to alleviate their concerns, if any. However, if at the end of the process, the Commission does not approve of the transfer, Applicants propose, and Buyer does not object to, the transfer the CCR Regulated Subsidiaries to CCI. The Parties understand that any interim approval is at their risk and interim

approval will not affect the Commission's final decision on this matter. Therefore, this requested interim relief is reasonable and is in the public interest as it allows Buyer to make significant investments in the substantial unregulated assets which will directly benefit the people of Lanai, while at the same time allowing the Commission to take the time to fully review the indirect transfer of the CCR Regulated Subsidiaries.

This Application is filed pursuant to Hawaii Revised Statutes ("HRS") §§ 269-7 and 269-17.5, and Rules 6-61-74 and 6-61-110 of the Hawaii Administrative Rules ("HAR").

## II. CORRESPONDENCE AND COMMUNICATIONS

Correspondence and communications in regard to this Application should be addressed to:

Craig I. Nakanishi, Esq.  
Erin H. Yoda, Esq.  
Rush Moore LLP  
737 Bishop Street, Suite 2400  
Honolulu, Hawaii 96813

and

Richard Mirikitani  
Manele Water Resources, LLC  
Lanai Transportation Company, Inc.  
Lanai Water Company, Inc.  
Castle & Cooke Resorts, LLC  
Castle & Cooke, Inc.  
680 Iwilei Road, Suite 510  
Honolulu, Hawaii 96817

Correspondence and communications from the Commission in regard to this Application should be addressed to Craig I. Nakanishi, as listed above.

### III. EXHIBITS

The following exhibits are provided in support of this Application and are incorporated herein by reference.

- EXHIBIT A** - Sale Agreement date May 2, 2012, as amended
- EXHIBIT B** - Balance Sheet and Profit and Loss Statement for Manele Water, Lanai Transportation and Lanai Water
- EXHIBIT C** - Lanai Island Holdings LLC proforma Balance Sheet
- EXHIBIT D** - Forbes Annual Profile of the World's Billionaires as of March 2012, available at <http://www.forbes.com/profile/larry-ellison/>
- EXHIBIT E** - Octopus Holdings, L.P.'s summary balance sheet
- EXHIBIT F** - Current Organization Structure of Entities Being Sold By Seller
- EXHIBIT G** - Organization Structure of Buyer Post Acquisition
- EXHIBIT H** - Letter from LIH LLC regarding financial support
- EXHIBIT I** - Letter from Octopus Holdings, L.P. regarding financial support
- EXHIBIT J** - Letters from Castle & Cooke Resorts, Lanai Holdings, Inc., Castle & Cooke Homes Hawaii, Inc., and Castle & Cooke Properties, Inc. regarding financial support

Confidential information contained in this Application and Exhibits may be redacted to the extent necessary to protect the confidential information from disclosure in instances where, for example, the disclosure of such confidential information could competitively disadvantage Applicants, Buyer, and/or their respective affiliates. Such confidential information will be provided under protective order.

### IV. APPLICANTS

CCI is a corporation organized and existing under the laws of the State of Hawaii. CCI is the parent corporation of its wholly-owned subsidiary, CC Resorts, and is not a public utility.



CCI's mailing address and principal place of business in Hawaii is 680 Iwilei Road, Suite 510, Honolulu, Hawaii, 96817.

CC Resorts is a limited liability company organized and existing under the laws of the State of Hawaii. CC Resorts was organized and is member-managed by its sole member, CCI. Although two of CC Resorts' subsidiaries, Manele Water and Lanai Transportation, are public utilities authorized by the Commission, CC Resorts is not a public utility. CC Resorts' mailing address is 680 Iwilei Road, Suite 510, Honolulu, Hawaii, 96817. CC Resorts' principal place of business is Lanai, County of Maui, State of Hawaii.

Manele Water is a limited liability company organized and existing under the laws of the State of Hawaii. Manele Water is a wholly-owned subsidiary of CC Resorts, and was organized and is member-managed by its sole member, CC Resorts. Manele Water is also a public utility authorized by the Commission pursuant to Decision and Order No. 23295, filed on March 13, 2007, in Docket No. 2006-0166, to provide sewer services. Manele Water's mailing address is 680 Iwilei Road, Suite 510, Honolulu, Hawaii, 96817. Manele Water's principal place of business is Manele-Hulopoe, Lanai, County of Maui, State of Hawaii. A copy of the latest available balance sheet and income profit and loss statement for Manele Water is attached as Exhibit B.

Lanai Transportation is a corporation organized and existing under the laws of the State of Hawaii. Lanai Transportation is a wholly-owned subsidiary of CC Resorts, and is a public utility authorized by the Commission pursuant to Decision and Order No. 16227, filed on March 3, 1998, in Docket No. 96-0188, to provide transportation services. Lanai Transportation's mailing address is 680 Iwilei Road, Suite 510, Honolulu, Hawaii, 96817. Lanai Transportation's principal place of business is Lanai, County of Maui, State of Hawaii. A copy of the latest

available balance sheet and income profit and loss statement for Lanai Transportation is attached as Exhibit B.

Lanai Water is a corporation organized and existing under the laws of the State of Hawaii. Lanai Water is a wholly-owned subsidiary of Lanai Holdings, Inc. ("Lanai Holdings") (which in turn is a wholly-owned subsidiary of CC Resorts), and is a public utility authorized by the Commission pursuant to Decision and Order No. 9791, filed on June 13, 1988, in Docket No. 5972, to provide potable water distribution services. Lanai Water is also authorized to provide non-potable water distribution services, pursuant to Decision and Order, filed on July 31, 2009, in Docket No. 2008-0322. Lanai Water's mailing address is 680 Iwilei Road, Suite 510, Honolulu, Hawaii, 96817. Lanai Water's principal place of business is Lanai, County of Maui, State of Hawaii. A copy of the latest available balance sheet and income profit and loss statement for Lanai Transportation is attached as Exhibit B.

#### **V. BUYER**

Buyer is a limited liability company organized and existing under the laws of the State of Hawaii. Buyer's mailing address is 745 Fort Street, Suite 1500, Honolulu, Hawaii, 96813. The ownership structure of Buyer is as follows: ninety nine percent (99%) of the membership interest is owned by the Lawrence J. Ellison Revocable Trust; and the remaining one percent (1%) of the membership interest is owned by LIH Corporation. A pro forma summary balance sheet for Buyer is attached hereto as Exhibit C.

LIH Corporation is an S corporation organized and existing under the State of Hawaii. LIH Corporation is one hundred percent (100%) owned by the Lawrence J. Ellison Revocable Trust.

Lawrence J. Ellison is the Settlor of the Lawrence J. Ellison Revocable Trust. Attached hereto as Exhibit D is a copy of a recent article concerning Lawrence J. Ellison's background. See Forbes Annual Profile of the World's Billionaires as of March 2012, available at <http://www.forbes.com/profile/larry-ellison/>.

Octopus Holdings, L.P. is a limited partnership organized and existing under the laws of the State of California. The ownership structure of Octopus Holdings, L.P. is as follows: ninety eight percent (98%) of the partnership interest is owned by the Lawrence J. Ellison Revocable Trust and the remaining two percent (2%) is owned by Tentacle Corporation. Tentacle Corporation is a corporation organized and existing under the laws of the State of California, and is one hundred percent (100%) owned by the Lawrence J. Ellison Revocable Trust. A copy of Octopus Holdings, L.P.'s summary balance sheet is attached hereto as Exhibit E.

## **VI. TRANSFER OF THE CCR REGULATED SUBSIDIARIES**

As discussed above, the indirect transfer of the CCR Regulated Subsidiaries is an important, but incidental part, of the larger Lanai Transaction. Nevertheless, due to the current structuring of CC Resorts, in order to close the majority of the Lanai Transaction through the sale of CC Resorts, Applicants require Commission approval as the CCR Regulated Subsidiaries are public utilities authorized to operate as such by the Commission. Attached as Exhibit F is the current organization structure of the entities being acquired by Buyer. Of note, Buyer is acquiring the membership interests of CC Resorts, of which Manele Water and Lanai Transportation are wholly-owned subsidiaries. Lanai Water is a wholly-owned subsidiary of Lanai Holdings, which is a wholly-owned subsidiary of CC Resorts. CC Resorts is a wholly owned subsidiary of CCI.

The Sale Agreement contemplates the purchase and sale of Castle & Cooke Lanai Properties, LLC, Lanai Institute for the Environment, approximately 86,000 acres from Castle & Cooke, Inc., and CC Resorts (which includes the CCR Regulated Subsidiaries). Thus, the parent company of Manele Water and Lanai Transportation, as well as Lanai Water (through Lanai Holdings) will not change, and will remain CC Resorts. A chart showing the resulting corporate structure of Buyer with regard to CCI, CC Resorts, Lanai Holdings, and the CCR Regulated Subsidiaries following the consummation of the Lanai Transaction, is provided in Exhibit G.

## **VII. AUTHORITY FOR APPROVAL OF THE INDIRECT TRANSFER OF THE CCR REGULATED SUBSIDIARIES**

### **A. Generally**

Approval of the indirect sale and transfer of the CCR Regulated Subsidiaries is requested pursuant to HRS § 269-7 and 269-17.5, and §§ 6-61-74 and 6-61-110 of the Rules of Practice and Procedure Before the Public Utilities Commission, Title 6, Chapter 61 of the HAR.

HRS § 269-17.5 requires Commission approval when “more than twenty-five percent of the issued and outstanding voting stock of a corporation organized under the laws of the State and who owns, controls, operates, or manages any plant or equipment, or any part thereof, as a public utility within the definition set forth in section 269-1 [will] be held, whether directly or indirectly, by any single foreign corporation or any single nonresident alien, or held by any person, unless prior written approval is obtained from the public utilities commission ...”

Because Buyer seeks to acquire all of the stock of CC Resorts, which is the parent company to Manele Water, Lanai Transportation, and Lanai Water (all Hawaii public utility corporations), Commission approval is required.

Further,

[u]nder HRS § 269-7, the commission will approve [a] transaction if it is reasonable and consistent with the public interest. [The Commission will find a] proposed sale of [a utility's parent entity's stock to a non-regulated entity] to be reasonable and in the public interest on the basis that: (1) the proposed sale will not affect Applicant's fitness, willingness, and ability to provide [utility] services in the State of Hawaii; and (2) it will not have any adverse impact on Applicant's operations, management, or customers.

Docket No. 02-0041, Decision and Order No. 19304, filed on April 17, 2002 ("Decision and Order No. 19304"), at 3 (brackets added and in original).

**B. Commission Review of Stock Sales/Change of Control at the Parent Level**

Under Hawaii law, the Commission is vested with broad powers to review the stock sales of public utilities. *See* Docket No. 2008-0018, Decision and Order, filed on August 20, 2008, at 16-17. "Commission approval under HRS § 269-7 (a) requires a finding that the proposed sales of stock are "reasonable and consistent with the public interest."<sup>[footnote omitted]</sup> A transaction is said to be reasonable and consistent with the public interest if the transaction "will not adversely affect the ... [utility's] fitness, willingness, and ability to provide" public utility service in the State as authorized in its permit, certificate, or franchise.<sup>[footnote omitted]</sup>" *Id.* at 18. *See also* Docket No. 02-0041, Decision and Order No. 19304, filed on April 17, 2002 ("Decision and Order No. 19304"), at 3.

HRS § 269-17.5 also specifically prohibits "more than twenty-five percent of the issued and outstanding voting stock of a corporation organized under the laws of the State and who owns, controls, operates, or manages any plant or equipment, or any part thereof, as a public utility within the definition set forth in section 269-1 [] be held, whether directly or indirectly, by any single foreign corporation or any single nonresident alien, or held by any person, unless prior written approval is obtained from the public utilities commission ..."

The Commission has previously approved the transfer of Hawaii public utilities to a Hawaii Corporation which was wholly owned by a foreign corporation, in Docket No. 2008-

0018. In Docket No. 2008-0018, the Commission found that the transfer of the utilities were subject to HRS § 269-17.5 and HRS § 269-19. The Commission analyzed the appropriateness of the transfer under HRS § 269-19, noting that it must find that “(1) [Buyer] will be fit, willing, and able to perform the proposed service under [Buyer’s] ownership; and (2) the transfer is reasonable and in the public interest (collectively and generically referred to as the ‘Fitness and Public Interest [S]tandard’).” Docket No. 2008-0018, Decision and Order, filed on August 20, 2008, at 19. The Commission approved the transfer under this standard. It should be noted, however, that in Docket No. 2008-0018, extensive analysis was completed, as the new Buyer was the direct parent corporation of the utilities, and was also a public utility itself. In this case, however, CC Resorts will remain the parent company of the CCR Regulated Subsidiaries, and Buyer will be the parent corporation of CC Resorts, with no direct oversight or involvement with the CCR Regulated Subsidiaries. As a result, existing utility management and oversight will be maintained.

In Docket No. 04-0292, Decision and Order No. 21564, filed on January 27, 2005, the Commission also approved the transfer of a utility’s capital stock to a foreign company. The Commission cited to both HRS § 269-7 and HRS § 269-17.5, in approving the transfer, and based its analysis on whether the utility would continue to provide its services, the buyer’s willingness, and whether the transfer would be in the public interest. *Id.* at 12-13.

## VIII. DISCUSSION

### **A. The Indirect Transfer of the CCR Regulated Subsidiaries is Reasonable and Consistent with the Public Interest**

As discussed below, Buyer is fit, willing and able to support the CCR Regulated Subsidiaries following the close of the Lanai Transaction. Further, the indirect transfer of the CCR Regulated Subsidiaries as part of the Lanai Transaction is reasonable and consistent with

the public interest as the transfer will not affect the CCR Regulated Subsidiaries' fitness, willingness, and ability to continue to provide their utility services, and will not have any adverse impact on the CCR Regulated Subsidiaries' operations, management, and customers.

**1. Buyer is Fit, Willing, and Able to Support the CCR Regulated Subsidiaries Following the Closing of the Lanai Transaction**

Under the Lanai Transaction, Buyer will be capitalized with hundreds of millions of dollars in equity value to support the CCR Regulated Subsidiaries' operations and management, post-closing. Buyer also advises that there will be no security agreements, mortgages, or deeds of trust which may affect the CCR Regulated Subsidiaries' ownership and continued use of property utilized in the provision of their regulated services.

Buyer also advises this Commission that if the actual operations of the CCR Regulated Subsidiaries do not provide sufficient revenues to cover their operating expenses, the Buyer is committed to provide necessary funding to the CCR Regulated Subsidiaries. Attached as Exhibit H is a letter from Buyer regarding the provision of financial support to the CCR Regulated Subsidiaries.

As a further matter, upon consummation of the Lanai Transaction, Buyer and Octopus Holdings, L.P. will be directly or indirectly under common ownership. Buyer further advises that if the actual operations of the CCR Regulated Subsidiaries do not provide sufficient revenues to cover their operating expenses, Octopus Holdings, L.P. is committed to provide necessary funding to the CCR Subsidiaries through December 31, 2017. Attached as Exhibit I is a letter from Octopus Holdings, L.P. regarding the provision of financial support to the CCR Regulated Subsidiaries.

Buyer anticipates no personnel changes to the CCR Regulated Subsidiaries. The CCR Regulated Subsidiaries will continue to operate under their Commission-approved rates and

tariffs, and will continue to maintain and abide by their policies with respect to service to customers, employees, operations, or other matters affecting the public interest or utility operations. The CCR Regulated Subsidiaries will continue to provide safe, adequate and reliable service in fulfillment of their regulatory obligations.

The Lanai Transaction or the indirect transfer of the CCR Regulated Subsidiaries does not affect the Commission's power or its ability to regulate any of the CCR Regulated Subsidiaries, as they will continue to be subject to all applicable public utility laws, regulations, rules, decisions and policies governing the regulation of Hawaii public utilities.

**2. The CCR Regulated Subsidiaries Will Remain Fit, Willing, and Able to Provide their Respective Utility Services Following the Lanai Transaction Sale to Buyer**

a) Fitness

Buyer will provide the necessary funds to purchase all of the membership interests of CC Resorts (which includes all of the membership interests of CC Resorts' wholly-owned subsidiary Manele Water, and all of the stock of CC Resorts' wholly-owned subsidiaries Lanai Transportation and Lanai Water (through Lanai Holdings)). CC Resorts will remain the parent company of the CCR Regulated Subsidiaries, which will continue to have the financial fitness and ability to contribute funding to their respective continuing operations through revenues generated from public utility operations authorized by the Commission in the CCR Regulated Subsidiaries' respective tariffs and support of CC Resorts. There will be no changes to the financial management of the CCR Regulated Subsidiaries by CC Resorts.

Further, with regard to Lanai Water, there will be no change in CC Resorts' and Lanai Holding's commitment, per their respective funding commitment letters filed on August 31, 2009 in Docket No. 2008-0322, to provide funding to Lanai Water, should it be necessary. However, the CCR Regulated Subsidiaries will have additional financial support from Buyer,



which they previously did not have, as evidenced by the financial support letters attached as Exhibits H and I.

Finally, it should be noted that the CCR Regulated Subsidiaries largest customer will be the assets purchased by Buyer. For example, in 2010, the assets being acquired by Buyer in the larger Lanai Transaction accounted for approximately 56% of the potable water revenue, 82% of the brackish water revenue, and 84% of the waste-water revenue. In other words, Buyer has a strong self interest in operating the CCR Regulated Subsidiaries in an effective and efficient manner.

Buyer's officers have several decades of cumulative management and financial oversight experience and will regularly monitor the financial and operational fitness of the CCR Regulated Subsidiaries, either directly or indirectly through the employment of competent utilities managers and/or consultants.

b) Willingness

Buyer's willingness to assume the responsibilities of assisting the CCR Regulated Subsidiaries in fulfilling their respective obligations to provide the regulated services authorized by the Commission, is evident from: (1) the considerable time, effort, and resources spent in negotiating the Sales Agreement for the Lanai Transaction, (2) the significant amount of funds expended and anticipated to be expended in connection with the Lanai Transaction and the indirect transfer of the CCR Regulated Subsidiaries, and (3) the financial commitment made by Buyer in support of the CCR Regulated Subsidiaries. In addition, it is important to note that the largest customer of the CCR Regulated Subsidiaries is CC Resorts and therefore Buyer has a direct interest in maintaining the viability of the CCR Regulated Subsidiaries which support the operations of the Lanai assets which Buyer is acquiring and in which Buyer is making a substantial investment. Buyer recognizes that certain of the CCR Regulated Subsidiaries have

not received adequate capital investment for a number of years, and Buyer therefore expects to make meaningful capital investments into Lanai Water and Lanai Holdings over the next several years.

c) Ability

The Lanai Transaction involves only the transfer of CC Resorts' membership interests, culminating at the CCR Regulated Subsidiaries' parent company level. If the indirect transfer of the CCR Regulated Subsidiaries is approved by the Commission, the CCR Regulated Subsidiaries will continue to operate under their respective existing names, tariffs, and rates. The CCR Regulated Subsidiaries' current employment arrangements will not materially change as a result of the Lanai Transaction. Employees are expected to maintain the same or comparable positions and compensation. This will help to ensure a smooth transition of CC Resorts and its subsidiaries from CCI to Buyer, and will allow the CCR Regulated Subsidiaries to continue providing the same level of service that they are currently providing to the public.

**3. The Indirect Transfer of the CCR Regulated Subsidiaries Will Not Adversely Impact the CCR Regulated Subsidiaries' Respective Operations, Management, or Customers**

If the indirect transfer of the CCR Regulated Subsidiaries, as part of the Lanai Transaction, is approved by the Commission, the CCR Regulated Subsidiaries will continue to follow and conform with all Commission rules and regulations, and continue to operate pursuant to their respective approved tariffs. The CCR Regulated Subsidiaries will continue to provide safe, adequate and reliable service in fulfillment of their obligations under State and federal law.

Second, Buyer agrees to not seek rate recovery of any goodwill amortization, acquisition premium costs, goodwill impairment charges, or transaction or transition costs incurred as a result of the indirect transfer of the CCR Regulated Subsidiaries.

Finally, by approving the indirect transfer of the CCR Regulated Subsidiaries, as part of the Lanai Transaction, the CCR Regulated Subsidiaries will be able to continue using CC Resorts employees (all CCR Regulated Subsidiaries personnel are CC Resorts employees) and utilizing the reservoirs, tanks, transmission lines and other necessary assets held by CC Resorts and the water sources and land transferred from CCI that are essential and integral parts of the daily operations of the CCR Regulated Subsidiaries.

**B. The Termination of the Financial Support Letters From Seller is Reasonable**

By Decision and Order<sup>5</sup> in Docket No. 2008-0322 (filed July 31, 2009), the Commission required affiliates of Lanai Water to file written confirmations that they would provide additional funds needed to finance Lanai Water's operations in the event that Lanai Water's actual operations do not provide sufficient revenues to cover its operating expenses. Lanai Water provided funding commitment letters from CC Resorts, Lanai Holdings, Inc., Castle & Cooke Homes Hawaii, Inc., and Castle & Cooke Properties, Inc., attached hereto as Exhibit J.

With respect to the indirect transfer of the CCR Regulated Subsidiaries, as part of the Lanai Transaction, the funding letters of CC Resorts and Lanai Holdings, Inc. will remain in place. However, since Castle & Cooke Homes Hawaii, Inc., and Castle & Cooke Properties, Inc. are not being transferred and will remain with Seller, Applicants respectfully request that the Commission release Castle & Cooke Homes Hawaii, Inc., and Castle & Cooke Properties, Inc. from any obligations under their respective letters. As a result, in exchange for releasing Castle & Cooke Homes Hawaii, Inc., and Castle & Cooke Properties, Inc. from any obligations they may have under the letters, Buyer has provided replacement letters of support from LIH, LLC and Octopus Holdings, L.P., attached as Exhibits H and I, to properly maintain the level of support contemplated by this Commission for the CCR Regulated Subsidiaries. Applicants

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<sup>5</sup> The Decision and Order incorporated the Proposed Decision and Order filed June, 26, 2009.

respectfully submit that in view of these protections, this request is reasonable and in the public interest.

**C. Reversion of the CCR Regulated Subsidiaries To CCI Is Reasonable if the Indirect Transfer of the CCR Regulated Subsidiaries Is Not Approved**

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The Parties believe that they have presented ample justification for the Commission to approve the indirect transfer of the CCR Regulated Subsidiaries and are committed to working with the Commission and the Consumer Advocate to alleviate their concerns, if any. However, in the event the Commission decides not to approve the indirect transfer of the CCR Regulated Subsidiaries, Applicants request that the CCR Regulated Subsidiaries (Manele Water, Lanai Transportation, and Lanai Water) be transferred to CCI (the current parent corporation of CC Resorts), as CC Resorts and its other non-regulated subsidiaries will have been transferred to Buyer.

**IX. REQUEST FOR INTERIM APPROVAL**

**A. General**

In order for the Lanai Transaction to close on June 27, 2012, Applicants respectfully request that by June 26, 2012, the Commission issue an order that approves the indirect transfer of the CCR Regulated Subsidiaries on an interim basis, pending the outcome of, and subject to, the Commission's final determination in this matter. This request is reasonable and in the public interest as the interim approval will allow the closing of the main transaction (including two hotel resorts, golf courses, and 88,000 acres of land), while preserving the process and ability for the Commission to fully review the indirect transfer of the CCR Regulated Subsidiaries. The Buyer and Seller both understand that such interim approval is at their risk and interim approval will not affect the Commission's final decision on this matter. Interim approval will allow the Lanai Transaction to occur without delay, which delay would certainly jeopardize the deal to the

point of losing the deal. As further explained in Section IX D. below, the Lanai Transaction represents an extraordinary opportunity for the residents and future of Lanai.

**B. Authority**

The Commission has the authority to grant interim approval of the indirect transfer of the CCR Regulated Subsidiaries. HRS Chapter 269 grants the Commission broad authority to regulate rates and supervise public utilities operating in the State. *See* HRS § 269-6.<sup>6</sup> As the Hawaii courts have long recognized,

The powers conferred by the legislature upon the public utilities commission are very comprehensive and are summarized as follows: To supervise all public utilities doing business within the Territory. There was thus delegated to the commission, so far as these utilities are concerned, the great police power of the Territory. It is by the exercise of this power that the Territory, through its commission, is enabled to ascertain whether any public utility coming within its jurisdiction is conducting the whole or any part of its business in a manner contrary to the public welfare and to take whatever steps it is authorized to take to correct such evils as may be found to exist. The supreme purpose of this power is to protect the safety of the people and so vital is it to this purpose that the commerce clause of the Federal Constitution has often been held not to interfere with its exercise.

*Territory by Public Utils. Comm'n v. Inter-Island Steam Navigation Co.*, 33 Haw. 890, 894-895 (1936).

Under this general authority, the Commission has granted interim approval to utilities requesting approval of capital improvement projects prior to a final decision and order, so that funds could be committed, and construction started, as necessary. Due to timing issues (based on the project's system need, and wait times on materials to be ordered) the Commission granted interim approval after finding the utilities' requests to be reasonable and in the public interest.<sup>7</sup>

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<sup>6</sup> HRS § 269-6 provides in relevant part:

- (a) The public utilities commission shall have the general supervision hereinafter set forth over all public utilities, and shall perform the duties and exercise the powers imposed or conferred upon it by this chapter. Included among the general powers of the commission is the authority to adopt rules pursuant to chapter 91 necessary for the purposes of this chapter. ...

<sup>7</sup> *See* Docket No. 2008-0060, Order Granting Interim Approval, filed July 24, 2008, at 6-7; Docket No. 2007-0124, Interim Order No. 23544, filed July 13, 2007, at 4-5. The Commission has also appears to have relied, in part, on this general authority, in granting interim operating authority (of its own accord and without specific statutory

Similar to the construction project dockets discussed above, the indirect transfer of the CCR Regulated Subsidiaries requires an early, interim approval due to timing issues. In the case of the Lanai Transaction, interim approval is required so that the Sales Agreement is able to close on June 27, 2012. As discussed below, interim approval of the indirect transfer of the CCR Regulated Subsidiaries is reasonable and in the public interest, with no changes to the CCR Regulated Subsidiaries operations until a permanent approval of the indirect transfer of the CCR Regulated Subsidiaries is later granted by the Commission after thorough consideration.

Pending the determination of the Application (during which docket the Commission will have an opportunity to fully review the indirect transfer of the CCR Regulated Subsidiaries), Applicants request that the Commission grant interim approval of Applicants' indirect transfer of the CCR Regulated Subsidiaries by June 26, 2012.

**C. Interim Approval of the Indirect Transfer of the CCR Regulated Subsidiaries is Reasonable and in the Public Interest**

Applicants submit that interim approval of the indirect transfer of the CCR Regulated Subsidiaries is reasonable and in the public interest. If the Commission approves the indirect transfer of the CCR Regulated Subsidiaries on an interim basis, there will be no harm to the public interest, as there will be continuity of services, with the CCR Regulated Subsidiaries continuing to operate under their respective existing names, tariffs, and rates, with *no anticipated changes* made to their employees, operations, management, and customers during the interim approval period (thus, there will not be any negative effects on the public interest even if the indirect transfer of the CCR Regulated Subsidiaries is not ultimately and permanently approved by the Commission following review). Specifically, Buyer will conduct the business of the CCR Regulated Subsidiaries in the ordinary course of business, and use commercially reasonable

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authority) to a water carrier after determining that the applicant should be monitored prior to granting permanent authority to operate. Interim Decision and Order, page 3, filed on September 20, 2010, in *In re Pasha Hawaii Transport Lines LLC*, Docket No. 2009-0059.

efforts to preserve substantially intact the business organization and assets of the CCR Regulated Subsidiaries, keep available the services of the current officers, employees and consultants of the CCR Regulated Subsidiaries and preserve the current relationships of the CCR Regulated Subsidiaries with customers, suppliers, landlords, creditors, employees, agents and other persons with which the CCR Regulated Subsidiaries have significant business relations.

In addition, Buyer, as well as Octopus Holdings L.P., have provided letters stating that they will provide necessary funding to the CCR Regulated Subsidiaries if the actual operations of any one or more of the CCR Regulated Subsidiaries do not provide sufficient revenues to cover such subsidiary's operating expenses during the interim approval period. Castle & Cooke Properties, Inc.'s, Castle & Cooke Homes Hawaii, Inc.'s, CC Resorts' and Lanai Holdings' funding commitment letters, filed in Docket No. 2008-0322, to provide funding to Lanai Water will continue during the interim approval period.

Further, although not required in determining whether interim approval is granted, it should be noted that the Lanai Transaction (in and of itself) is reasonable and consistent with the public interest.

**D. There is an Immediate and Urgent Need for Interim Approval of the Indirect Transfer of the CCR Regulated Subsidiaries**

Applicants submit that there is an immediate and urgent need for interim approval of the indirect transfer of the CCR Regulated Subsidiaries. As discussed in greater detail below, the contractually identified closing date for the Lanai Transaction is June 27, 2012. Applicants thus request Commission approval of the transfer no later than June 26, 2012, so that the CCR Regulated Subsidiaries may be transferred along with CC Resorts, to Buyer on June 27, 2012. The timing of the closing of the Lanai Transaction is critical. The June 27, 2012 closing date

was heavily negotiated and agreed upon by the Parties based upon various business assumptions as the basis of the deal, including:

- Seller has sustained substantial losses with respect to Lanai's operations and assets, including funding of operational shortfalls of the Four Seasons Resorts hotels. While Seller has continued to fund shortfalls in order to mitigate negative impacts to the Lanai economy and employment for residents, Seller can no longer sustain this. The closing date of the transaction is closely tied to Seller's willingness to fund shortfalls up to only a certain date. Buyer must be in place as owner by the June 27, 2012 closing date, or there will be no commitment to provide funding in the ordinary course of business.
- Buyer's qualifications and wherewithal are unique and difficult to find. If the deal does not timely close, there is a potential risk of termination of the transaction. A replacement buyer could take years to find, thus potentially endangering the economic future of Lanai.
- A delay in closing adds unnecessary and unpredictable risk to the sale and could jeopardize the Lanai Transaction. The Lanai Transaction has been structured to close on June 27, 2012. Obtaining permits, approvals, title reports and other documentation has been set in motion with a closing date of June 27, 2012. To delay the closing would mean resetting numerous approval processes and incurring substantial additional costs. In addition, the certainty of the June 27, 2012 closing date avoids unpredictable negative impacts from world economic, financial and political events and uncertainties that could result in a termination of the deal.

In short, the Lanai Transaction is an extraordinary opportunity to improve the financial prospects of not just the regulated utility companies, but the entire Island of Lanai. Seller is pleased to have found and contracted with such a suitable party with substantial assets to continue and improve the good stewardship of Lanai. However, no complex transaction can be



contingent upon an uncertain closing date, and once made, closing dates are challenging to change, especially with transactions of this magnitude. While a change in ownership of the parent companies of the utilities is an important part of the Lanai Transaction, it is incidental and ancillary to the main purposes of a much larger transaction, and neither the Buyer nor Seller desire to sustain this large and complex transaction in limbo with an uncertain closing date pending approval of a small and ancillary portion of the overall transaction. Failure to obtain interim approval of the indirect transfer of the CCR Regulated Subsidiaries, as requested in this Application, in order to move forward with the Lanai Transaction will risk losing the deal and an extraordinary opportunity for the residents and future of Lanai. Thus, to ensure the successful closing of the Lanai Transaction, Applicants request that interim approval of the indirect transfer of the CCR Regulated Subsidiaries is granted by June 26, 2012, pending the outcome of, and subject to, the final determination of this Application.

#### **X. REQUESTED RELIEF**

WHEREFORE, Applicants respectfully request that this Honorable Commission:

1. Approve the indirect sale and transfer (through the sale and transfer from CCI to Buyer of all of the membership interests of CC Resorts) of the membership interests of CC Resorts' wholly-owned subsidiary Manele Water, and all of the stock of CC Resorts' wholly-owned subsidiaries Lanai Transportation and Lanai Water;
2. Release Applicants and its Affiliates (other than the CC Resort affiliates being acquired by Buyer) of any and all obligations with respect to the CCR Regulated Subsidiaries and their operations;

3. Grant interim approval by June 26, 2012 of the indirect sale and transfer of the CCR Regulated Subsidiaries, pending the outcome of, and subject to, the final determination of this Application; and
4. Grant Applicants such other and further relief as may be just and equitable in the premises.

DATED: Honolulu, Hawaii, June 19, 2012.



CRAIG I. MAKANISHI  
ERIN H. YODA  
Rush Moore LLP  
Attorneys for  
Castle & Cooke, Inc.,  
Castle & Cooke Resorts, LLC,  
Manele Water Resources, LLC,  
Lanai Transportation Company, Inc.,  
and Lanai Water Company, Inc.

**EXHIBIT A**

**Sale Agreement date May 2, 2012, As Amended**

**(Confidential Information Redacted)**

Redacted in its entirety to protect confidential information (for example, information that could competitively disadvantage Applicants, Buyer, and/or their respective affiliates). Confidential information will be provided pursuant to Protective Order.

CONFIDENTIAL INFORMATION REDACTED

**Sale Agreement date May 2, 2012, As Amended**

**EXHIBIT B**

**Balance Sheet and Profit and Loss Statement for Manele Water Resources, LLC,  
Lanai Transportation Company, Inc. and Lanai Water Company, Inc.**

	Lanai Water Company 13031	Lanai Transportation 13042	Manele Water Resources, LLC 13045
<b>ASSETS:</b>			
Cash	300.00	-	-
Marketable and Other Securities	-	-	-
Accounts Receivable, net	130,755.07	-	-
Other Receivables	-	-	-
Inventory, net	-	-	-
Other Current Assets	-	-	-
Total Current Assets	131,055.07	-	-
Property, Plant & Equip	6,274,401.63	-	11,123,093.26
Accumulated Depreciation	2,441,555.77	-	10,852,068.61
Net Property, Plant & Equip	3,832,845.86	-	271,024.65
Notes Receivable	-	-	-
Assets Held For Sale	-	-	-
Real Estate Developments	-	-	-
Investment in Consolidated Subs	-	-	-
Investment in Non-consolidated Subs	-	-	-
Other R/E & Assets Held for Investment	-	-	-
Other Noncurrent Assets	-	42,500.71	-
<b>TOTAL ASSETS</b>	<b>3,963,900.93</b>	<b>42,500.71</b>	<b>271,024.65</b>
<b>LIABILITIES &amp; EQUITY:</b>			
Accounts Payable	(12,113.89)	455.27	48,487.21
Accrued Liabilities	14,051.17	5,782.96	7,452.02
Current Portion of Long-term Debt	-	-	-
Income Taxes Payable	(258,915.73)	(50,120.61)	(64,149.93)
Total Current Liabilities	(256,978.45)	(43,882.38)	(8,210.70)
Accrued and Other Liabilities	-	-	-
Liabilities Held For Sale	-	-	-
Deferred Taxes	(4,783,560.63)	(1,739,202.17)	(1,213,619.21)
Intercompany Payable	16,441,748.01	8,066,786.59	1,520,839.22
Long-term Debt	-	-	-
Total Noncurrent Liabilities	11,658,187.38	6,327,584.42	307,220.01
Capital Stock	1,000.00	1,000.00	-
Other Paid-in-Capital	2,594,531.23	-	1,970,577.36
Retained Earnings - Beginning	(11,498,921.35)	(6,163,807.56)	(1,884,570.24)
- current p&l	(404,970.75)	(78,393.77)	(100,337.07)
- other	1,871,052.87	-	(13,654.71)
Retained Earnings - Ending	(10,032,839.23)	(6,242,201.33)	(1,998,562.02)
Total Equity	(7,437,308.00)	(6,241,201.33)	(27,984.66)
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>3,963,900.93</b>	<b>42,500.71</b>	<b>271,024.65</b>
<b>INCOME STATEMENT:</b>			
Net Sales	219,935.35	600,949.48	116,711.12
Cost of Sales/Operations (excludes selling cost; include selling depr/amort)	883,821.83	729,463.86	281,198.12
Gross Profit	(663,886.48)	(128,514.38)	(164,487.00)
Interco exp (inc) exclude Intercompany interest	-	-	-
Selling, general & administrative (excludes selling depr/amort)	-	-	-
Operating Profit	(663,886.48)	(128,514.38)	(164,487.00)
Other Inc (exp) - Includes 3rd Party Int. Inc.	-	-	-
Operating EBIT	(663,886.48)	(128,514.38)	(164,487.00)
Interest: (exp) - 3rd Party	-	-	-
Interest: Inc (exp), net interco	-	-	-
Nonoperating items Inc (exp)	-	-	-
Pretax Income (Loss)	(663,886.48)	(128,514.38)	(164,487.00)
Income Tax Provision	(258,915.73)	(50,120.61)	(64,149.93)
Net Income (Loss)	(404,970.75)	(78,393.77)	(100,337.07)

**EXHIBIT C**

**Lanai Island Holdings LLC Proforma Balance Sheet**

**(Confidential Information Redacted)**

Redacted to the extent necessary to protect confidential information (for example, information that could competitively disadvantage Applicants, Buyer, and/or their respective affiliates).  
Confidential information will be provided pursuant to Protective Order.

Pro Forma Post-Transaction Balance Sheet  
Lanai Island Holdings, LLC

(values \$ million)

Assets

Cash

Investment in Castle&Cooke Resorts, LLC

Land

Total Assets



Liabilities



Shareholder Equity





**EXHIBIT D**

**Forbes Annual Profile of the World's Billionaires as of March 2012, available at  
<http://www.forbes.com/profile/larry-ellison/>**

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The World's  
Billionaires

Forbes 400  
Richest Americans

World's Most  
Powerful People

World's Most  
Powerful Women

Global 2000  
Leading Companies

+more

#5 Amancio Ortega

Browse list

Eike Batista #7



# Larry Ellison

Net Worth **\$36 B** As of March 2012

Follow (502)

## At a Glance

Age: 67

Source of Wealth: Oracle, Self-made

Residence: Woodside, CA

Country of Citizenship: United States

Education: Drop Out, University of Chicago; Drop Out, University of Illinois at Urbana

Marital Status: Divorced

Children: 2

## Forbes Lists

#6 Forbes Billionaires

#3 In United States

#3 Forbes 400



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## Profile

Billionaires: March 2012

Oracle's stock has been oscillating for months. It's rebounded since its August low but is still off 15% year on year due to a slowdown in the software and hardware giant's sales, enough to knock \$3.5 billion off Ellison's fortune. Seeking to profit from cloud computing, Oracle acquired Taleo in February for \$1.9 billion and RightNow in October for \$1.5 billion. Ellison has been tagged as one of the clutch of billionaires interested in buying the Los Angeles Dodgers baseball team. His big sport is yachting; he won the America's Cup in 2010 and is bringing the 34th edition of the America's Cup Finals to the San Francisco Bay in 2013. This will be the first time the event has been held in the United States in 18 years.

## Key Connections

People



Companies



Places



Colleges



**EXHIBIT E**

**Octopus Holdings, L.P.'s Summary Balance Sheet**

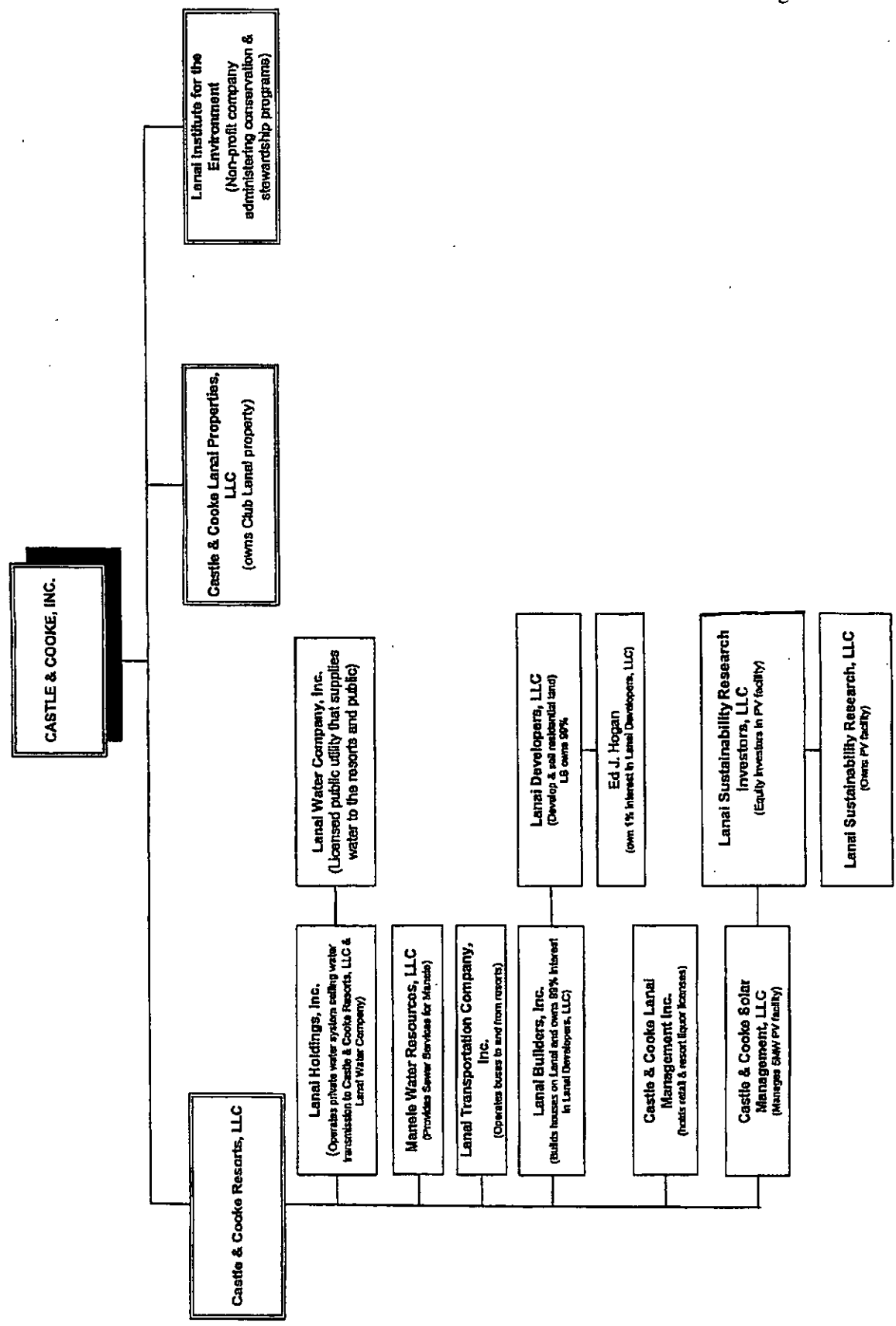
**Octopus Holdings, L.P.**  
**Summary Balance Sheet**  
As of June 12, 2012

	<u>Jun 12, 12</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	401,354.69
Other Current Assets	<u>57,439,984.70</u>
<b>Total Current Assets</b>	<b>57,841,339.39</b>
Fixed Assets	<u>541,696,980.19</u>
<b>TOTAL ASSETS</b>	<b><u>599,538,319.58</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	<u>3,886.00</u>
<b>Total Current Liabilities</b>	<b><u>3,886.00</u></b>
<b>Total Liabilities</b>	<b>3,886.00</b>
Equity	<u>599,534,433.58</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>599,538,319.58</u></b>

**EXHIBIT F**

**Current Organization Structure of Entities Being Sold By Seller**

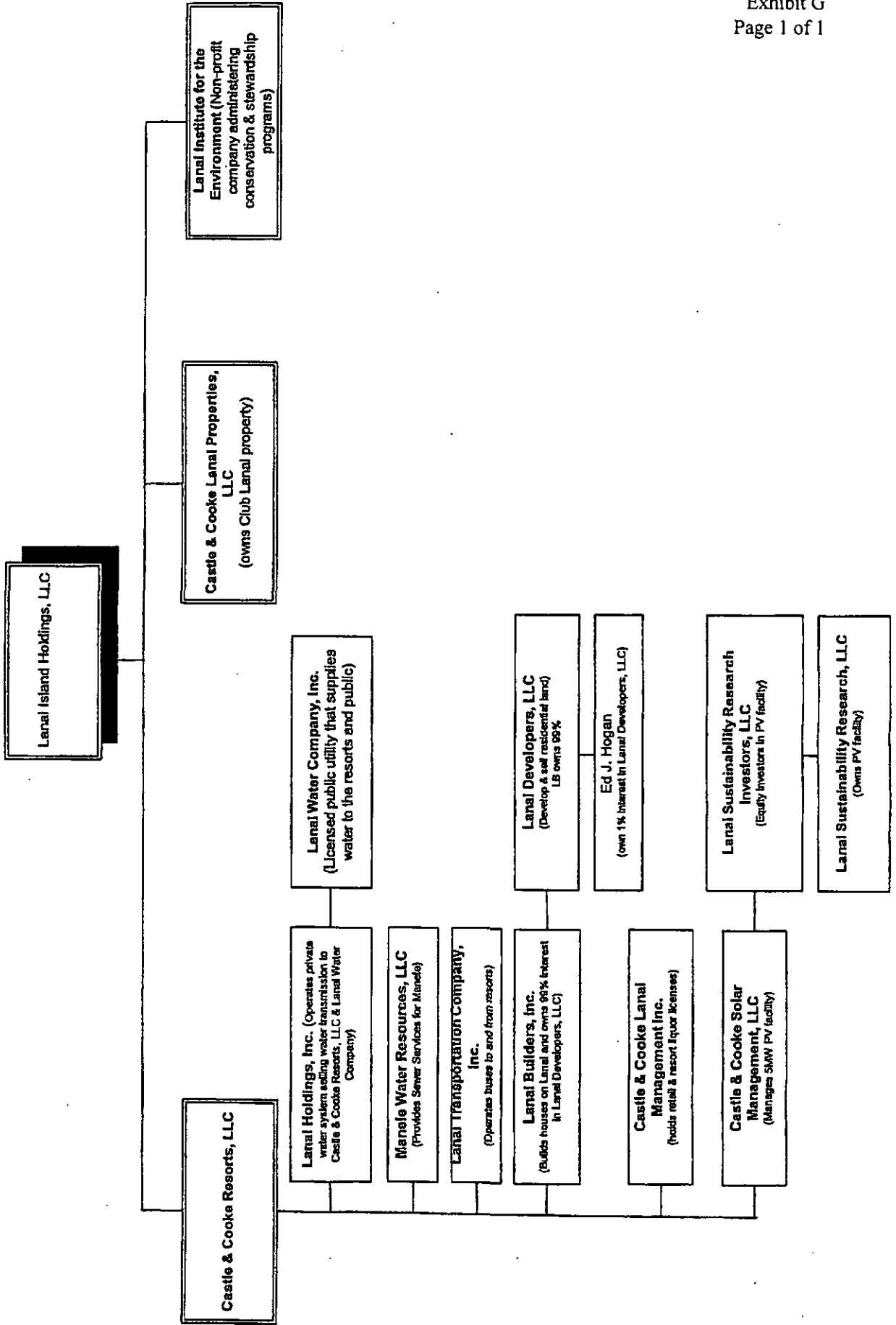
# Lanai Companies



**EXHIBIT G**

**Organization Structure of Buyer Post Acquisition**

Buyer's Organization Structure Post-Closing





**EXHIBIT H**

**Letter from Lanai Island Holdings, LLC Regarding Financial Support**

**LANAI ISLAND HOLDINGS, LLC**  
**101 Ygnacio Valley Road, Suite 320**  
**Walnut Creek, CA 94941**

June \_\_, 2012

The Honorable Public Utilities Commission  
of the State of Hawaii  
Kekuanao'a Building, First Floor  
465 South King Street  
Honolulu, Hawaii 96813

Re: In the Matter of the Application of Castle & Cooke, Inc., Castle & Cooke Resorts, LLC, Manele Water Resources, LLC, Lanai Transportation Company, Inc., and Lanai Water Company, Inc. For Approval of the Indirect Transfer of Manele Water Resources, LLC, Lanai Transportation Company, Inc., and Lanai Water Company, Inc. \_\_\_\_\_

To the Honorable Public Utilities Commission of the State of Hawaii:

As detailed in the above-referenced application, Castle & Cooke Inc. contemplates a sale of Castle & Cooke Resorts, LLC ("CCR") to the undersigned Lanai Island Holdings, LLC ("LIHLLC"). CCR is the direct or indirect owner of three entities regulated by your commission, namely Manele Water Resources, LLC, Lanai Transportation Company, Inc., and Lanai Water Company, Inc. (collectively, the "CCR Regulated Subsidiaries"). Upon consummation of the contemplated transaction, LIHLLC will become the indirect owner of the CCR Regulated Subsidiaries.

By this letter, LIHLLC hereby confirms that if the actual operations of any one or more of the CCR Regulated Subsidiaries do not provide sufficient revenues to cover such subsidiary's operating expenses, LIHLLC is committed to provide necessary funding to that subsidiary, provided that this commitment (a) shall be binding and enforceable only upon and after the closing of the contemplated transaction, and (b) shall cease to be enforceable if your commission ultimately declines to unconditionally approve the Application in this docket.

Very truly yours,

LANAI ISLAND HOLDINGS, LLC

By: 

Paul T. Marinelli, Vice President

**EXHIBIT I**

**Letter from Octopus Holdings, L.P. Regarding Financial Support**

**OCTOPUS HOLDINGS, L.P.**  
**101 Ygnacio Valley Road, Suite 320**  
**Walnut Creek, CA 94941**

June \_\_, 2012

The Honorable Public Utilities Commission  
of the State of Hawaii  
Kekuanao'a Building, First Floor  
465 South King Street  
Honolulu, Hawaii 96813

Re: In the Matter of the Application of Castle & Cooke, Inc., Castle & Cooke Resorts, LLC, Manele Water Resources, LLC, Lanai Transportation Company, Inc., and Lanai Water Company, Inc. For Approval of the Indirect Transfer of Manele Water Resources, LLC, Lanai Transportation Company, Inc., and Lanai Water Company, Inc. \_\_\_\_\_

To the Honorable Public Utilities Commission of the State of Hawaii:

As detailed in the above-referenced application, Castle & Cooke Inc. contemplates a sale of Castle & Cooke Resorts, LLC ("CCR") to the Lanai Island Holdings, LLC ("LIHLLC"). CCR is the direct or indirect owner of three entities regulated by your commission, namely Manele Water Resources, LLC, Lanai Transportation Company, Inc., and Lanai Water Company, Inc. (collectively, the "CCR Regulated Subsidiaries"). Upon consummation of the contemplated transaction, LIHLLC will become the indirect owner of the CCR Regulated Subsidiaries. LIHLLC and the undersigned Octopus Holdings, L.P. ("OHLP") are directly or indirectly under common ownership and, as such, are sister entities.

By this letter, OHLP hereby confirms that if the actual operations of any one or more of the CCR Regulated Subsidiaries do not provide sufficient revenues to cover such subsidiary's operating expenses, OHLP is committed to provide necessary funding to that subsidiary, provided that this commitment (a) shall be binding and enforceable only upon and after the closing of the contemplated transaction through December 31, 2017, and (b) shall cease to be enforceable if your commission ultimately declines to unconditionally approve the Application in this docket.

Very truly yours,

Octopus Holdings, L.P.

By: Tentacle Corporation  
its General Partner

By: 

Paul T. Marmelli, Vice President

**EXHIBIT J**

**Letters from Castle & Cooke Resorts, Lanai Holdings, Inc., Castle & Cooke Homes Hawaii, Inc., and Castle & Cooke Properties, Inc. Regarding Financial Support**

*Castle & Cooke*  
*Hawaii'i*

August 24, 2009

The Honorable Public Utilities Commission  
of the State of Hawaii  
Kekuanao'a Building, First Floor  
465 South King Street  
Honolulu, Hawaii 96813

Re: Docket No. 2008-0322; In the Matter of the Application of Lanai Water Company, Inc. For Amendment of Its Certificate of Public Convenience and Necessity Pursuant to Section 269-7.5 to Provide Non-Potable Water Service in Manele-Hulopoe, Lana'i, and for Approval of Rules and Regulations, and Rate

To the Honorable Public Utilities Commission of the State of Hawaii:

On July 31, 2009, the Public Utilities Commission of the State of Hawaii (the "Commission") filed its Decision and Order ("D&O") in the above-captioned matter, in which it adopted the Proposed Decision and Order filed on June 26, 2009 ("Proposed D&O") as its Decision and Order in the above-referenced proceeding. On page 19 of the Proposed D&O, the Commission requires Lanai Water Company, Inc. ("LWC") to obtain written confirmation by each of its affiliates regarding the funding of LWC's operations.

Lanai Holdings, Inc. ("Company") is the sole shareholder of LWC. The Company hereby confirms that if the actual operations of LWC do not provide sufficient revenues to cover its operating expenses, the Company is committed to provide necessary funding to LWC.

Very truly yours,

LANAI HOLDINGS, INC.

By: 

Harry A. Saunders, President

By: 

Richard K. Mikiitani, VP & Secretary



The Honorable Public Utilities Commission  
of the State of Hawaii  
Kekuanao'a Building, First Floor  
465 South King Street  
Honolulu, Hawaii 96813

Re: Docket No. 2008-0322; In the Matter of the Application of Lanai Water Company, Inc. For Amendment of Its Certificate of Public Convenience and Necessity Pursuant to Section 269-7.5 to Provide Non-Potable Water Service in Manele-Hulopoe, Lana'i, and for Approval of Rules and Regulations, and Rate

To the Honorable Public Utilities Commission of the State of Hawaii:

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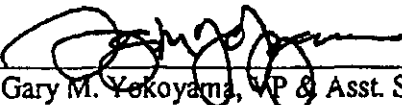
LWC and its parent, Lanai Holdings, Inc., are subsidiaries of Castle & Cooke Resorts, LLC ("Company"). The Company hereby confirms that if the actual operations of LWC do not provide sufficient revenues to cover its operating expenses, the Company is committed to provide necessary funding to LWC.

Very truly yours,

CASTLE & COOKE RESORTS, LLC

By: 

Harry A. Saunders, President

By: 

Gary M. Yokoyama, VP & Asst. Sec.

*Castle & Cooke*  
*Hawaii*

October 8, 2009

The Honorable Public Utilities Commission  
of the State of Hawaii  
Kekuanao'a Building, First Floor  
465 South King Street  
Honolulu, Hawaii 96813

Re: Docket No. 2008-0322; In the Matter of the Application of Lanai Water Company, Inc.  
For Amendment of its Certificate of Public Convenience and Necessity Pursuant to  
Section 269-7.5 to Provide Non-Potable Water Service in Manele-Hulopoe, Lana'i, and  
for Approval of Rules and Regulations, and Rate

To the Honorable Public Utilities Commission of the State of Hawaii:

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"Commission") filed its Decision and Order ("D&O") in the above-captioned matter, in which it adopted  
the Proposed Decision and Order filed on June 26, 2009 ("Proposed D&O") as its Decision and Order in  
the above-referenced proceeding. On page 19 of the Proposed D&O, the Commission requires LWC to  
obtain written confirmation by each of Lanai Water Company, Inc.'s ("LWC") affiliates regarding  
funding of LWC's operations.

Castle & Cooke Homes Hawaii, Inc. ("Company") is a wholly-owned subsidiary of  
Castle & Cooke, Inc. and a sister company of Castle & Cooke Resorts, LLC. The Company is either  
directly or indirectly engaged in residential real estate development on Oahu (including by not limited to  
Mililani Mauka, Makakilo, Kunia and other areas) and in Waikoloa on the island of Hawaii.

The Company hereby confirms that if the actual operations of LWC do not provide  
sufficient revenues to cover its operating expenses, the Company is committed to provide necessary  
funding to LWC.

Very truly yours,

CASTLE & COOKE HOMES HAWAII, INC.

By: 

Harry A. Saunders, President

By: 

Richard K. Mirikitani, VP & Secretary



*Castle & Cooke*  
*Hawaii*

October 8, 2009

The Honorable Public Utilities Commission  
of the State of Hawaii  
Kekuanao'a Building, First Floor  
465 South King Street  
Honolulu, Hawaii 96813

Re: Docket No. 2008-0322; In the Matter of the Application of Lanai Water Company, Inc. For Amendment of Its Certificate of Public Convenience and Necessity Pursuant to Section 269-7.5 to Provide Non-Potable Water Service in Mancie-Hulopoe, Lana'i, and for Approval of Rules and Regulations, and Rate

To the Honorable Public Utilities Commission of the State of Hawaii:

On July 31, 2009, the Public Utilities Commission of the State of Hawaii (the "Commission") filed its Decision and Order ("D&O") in the above-captioned matter, in which it adopted the Proposed Decision and Order filed on June 26, 2009 ("Proposed D&O") as its Decision and Order in the above-referenced proceeding. On page 19 of the Proposed D&O, the Commission requires LWC to obtain written confirmation by each of Lanai Water Company, Inc.'s ("LWC") affiliates regarding funding of LWC's operations.

Castle & Cooke Properties, Inc. ("Company") is a wholly-owned subsidiary of Castle & Cooke, Inc. and a sister company of Castle & Cooke Resorts, LLC. The Company is either directly or indirectly engaged in commercial real estate development on Oahu (including by not limited to Mililani Technology Park and Dole Plantation) and owns other undeveloped lands on Oahu.

The Company hereby confirms that if the actual operations of LWC do not provide sufficient revenues to cover its operating expenses, the Company is committed to provide necessary funding to LWC.

Very truly yours,

CASTLE & COOKE PROPERTIES, INC.

By:   
Harry A. Saunders, President

By:   
Richard K. Mirikitani, VP & Secretary

APPLICANT'S VERIFICATION

STATE OF HAWAII )  
 ) SS.  
CITY AND COUNTY OF HONOLULU )

I, Richard Mirikitani, being first duly sworn, deposes and says: That he is the Vice President, of CASTLE & COOKE, INC., CASTLE & COOKE RESORTS, LLC, MANELE WATER RESOURCES, LLC, LANAI TRANSPORTATION COMPANY, INC., AND LANAI WATER COMPANY, INC., Applicants in the above proceeding; that he makes this verification for and on behalf of Applicants and their affiliates, and is authorized so to do; that he has read the foregoing Application and Exhibits, and knows the contents thereof; and that the same are true with respect to Applicants and their affiliates to the best of his own knowledge and belief.

  
\_\_\_\_\_

Subscribed and sworn to before  
me this 18<sup>th</sup> day of June, 2012

  
\_\_\_\_\_

Notary Public, First Circuit,  
State of Hawaii

**DANA KAMISATO**  
State of Hawaii, Notary Public  
My commission expires: 10/03/2012

My Commission expires \_\_\_\_\_

Notary Name: Dana Kamisato, First Circuit  
Doc. Date: unrelated at time of signing Pages: 52  
Doc. Description: Castle & Cooke, Inc.'s, Castle & Cooke Resorts, LLC's, Manele Water Resources, LLC's, Lanai Transportation Company, Inc.'s, and Lanai Water Company, Inc.'s  
Dana Kamisato June 18, 2012  
Notary Signature Date  
Application Exhibits A-D Verification  
and Antiquist of Service  
**NOTARY CERTIFICATION**

BUYER'S VERIFICATION

STATE OF California )  
CITY AND COUNTY OF Contra Costa ) SS.  
Costa )

I, Paul T. Marinelli, being first duly sworn, deposes and says: That he is the Vice President, of LAWRIE ISLAND Holdings, LLC, the Buyer referenced in the above proceeding; that he makes this verification for and on behalf of LAWRIE ISLAND HOLDINGS, LLC, and is authorized so to do; that he has read the foregoing Application and Exhibits, and knows the contents thereof; and that the same with respect to Buyer and Buyer's affiliates are true to the best of his/her own knowledge and belief.



Subscribed and sworn to before me this 18<sup>th</sup> day of June, 2012



Notary Public,  
State of California

My Commission expires: 8/31/12

Doc. Date: _____	# Pages: _____
Name: _____	First Circuit _____
Doc. Description _____	
_____	
Signature _____	Date _____
NOTARY CERTIFICATION	



BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of )  
 ) Docket No.  
CASTLE & COOKE, INC., )  
CASTLE & COOKE RESORTS, LLC, )  
MANELE WATER RESOURCES, LLC, )  
LANAI TRANSPORTATION COMPANY, )  
INC., AND LANAI WATER COMPANY, INC. )  
 )  
For Approval of the Indirect Transfer of Manele )  
Water Resources, LLC, Lanai Transportation )  
Company, Inc. and Lanai Water Company, Inc. )  
 )

CERTIFICATE OF SERVICE

I hereby certify that I have this date served two copies of the foregoing  
Application, together with this Certificate of Service, by making personal service to  
the following and at the following address:

Division of Consumer Advocacy  
Department of Commerce and Consumer Affairs  
335 Merchant Street, Room 326  
Honolulu, Hawaii 96813

DATED: Honolulu, Hawaii, June 19, 2012.



CRAIG I. NAKANISHI  
ERIN H. YODA  
Rush Moore LLP  
Attorneys for  
Castle & Cooke, Inc.,  
Castle & Cooke Resorts, LLC,  
Manele Water Resources, LLC,  
Lanai Transportation Company, Inc.,  
and Lanai Water Company, Inc.

**RUSH MOORE LLP**  
A LIMITED LIABILITY LAW PARTNERSHIP

Attorneys at Law  
Offices in Honolulu and Kona

Honolulu Office: 737 Bishop Street, Suite 2400, Honolulu, Hawaii 96813 / Tel: (808) 521-0400 / Fax: (808) 521-0597

June 19, 2012

The Honorable Public Utilities Commission  
of the State of Hawaii  
Kekuanao'a Building, First Floor  
465 South King Street  
Honolulu, Hawaii 96813

PUBLIC UTILITIES  
COMMISSION

2012 JUN 19 A 11:18

FILED

Re: In the Matter of the Application of CASTLE & COOKE, INC., CASTLE & COOKE RESORTS, LLC, MANELE WATER RESOURCES, LLC, LANAI TRANSPORTATION COMPANY, INC., and LANAI WATER COMPANY, INC. For Approval of the Indirect Transfer of Manele Water Resources, LLC, Lanai Transportation Company, Inc. and Lanai Water Company, Inc.:  
Verification Pages Submitted in Application Filed on June 19, 2012

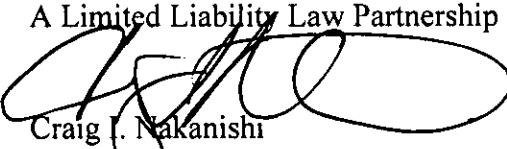
To the Honorable Public Utilities Commission of the State of Hawaii:

On June 19, 2012, Castle & Cooke, Inc., Castle & Cooke Resorts, LLC, Manele Water Resources, LLC, Lanai Transportation Company, Inc., and Lanai Water Company, Inc. (collectively "Applicants"), filed their Application in the above-captioned matter. Due to time constraints and the Buyer's verification being executed in California, the Application was submitted with an electronic copy of the Buyer's signed verification page. Applicants will submit the original signature to the Public Utilities Commission of the State of Hawaii for its records, as soon as possible.

If you have any questions or if you would like further information about these matters, please do not hesitate to contact the undersigned. Thank you for your time and consideration.

Sincerely,

**RUSH MOORE LLP**  
A Limited Liability Law Partnership

  
Craig I. Nakanishi  
Erin H. Yoda  
Attorneys for  
Castle & Cooke, Inc.,  
Castle & Cooke Resorts, LLC,  
Manele Water Resources, LLC,  
Lanai Transportation Company, Inc.,  
and Lanai Water Company, Inc.

cc: Division of Consumer Advocacy (2 copies)