

PUBLIC

INFORMATION SHEET

PRESIDING: Chair Mitchell, Presiding; Commissioners Brown-Bland, Clodfelter, Duffley, Hughes, McKissick, Jr., and Kemerait

PLACE: Raleigh, NC

DATE: Wednesday, August 2, 2023

TIME: 10:00 a.m. – 11:22 a.m.

DOCKET NO.: W-354, Sub 412

COMPANY: Carolina Water Service, Inc. of North Carolina

DESCRIPTION: In the Matter of Application for Approval of Business Combination between Carolina Water Service, Inc. of North Carolina/Corix Infrastructure (US) Inc., and SW Merger Acquisition Corp.

VOLUME NUMBER: 2

APPEARANCES

See Attached

WITNESSES

See Attached

EXHIBITS

See Attached

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1 PLACE: Dobbs Building, Raleigh, North Carolina
2 DATE: Wednesday, August 2, 2023
3 DOCKET NO.: W-354, Sub 412
4 TIME: 10:00 a.m. to 11:22 a.m.
5 BEFORE: Chair Charlotte A. Mitchell, Presiding
6 Commissioner ToNola D. Brown-Bland
7 Commissioner Daniel G. Clodfelter
8 Commissioner Kimberly W. Duffley
9 Commissioner Jeffrey A. Hughes
10 Commissioner Floyd B. McKissick, Jr.
11 Commissioner Karen M. Kemerait

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IN THE MATTER OF:

Application for Approval of Business Combination
between Carolina Water Service, Inc. of North
Carolina/Corix Infrastructure (US) Inc., and
SW Merger Acquisition Corp.

VOLUME 2

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NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

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CITY: Raleigh STATE: NC ZIP CODE: 27611

APPEARANCE ON BEHALF OF: CWSNC & Corix Infra-structure (US) Inc.

APPLICANT: COMPLAINANT: ___ INTERVENOR: ___

PROTESTANT: ___ RESPONDENT: ___ DEFENDANT: ___

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NORTH CAROLINA UTILITIES COMMISSION

APPEARANCE SLIP

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CITY: _____ STATE: _____ ZIP CODE: _____

27601

APPEARANCE ON BEHALF OF: _____

SW Water Merges

APPLICANT: COMPLAINANT: _____ INTERVENOR: _____

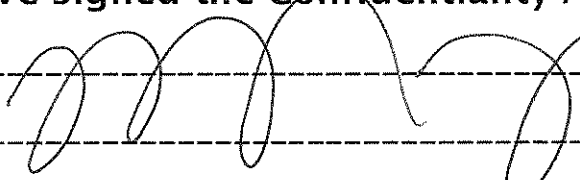
PROTESTANT: _____ RESPONDENT: _____ DEFENDANT: _____

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NORTH CAROLINA UTILITIES COMMISSION
PUBLIC STAFF - APPEARANCE SLIP

DATE: August 2, 2023

DOCKET #: W-354, Sub 412
CWSNC/CORIX US/SWMAC

PUBLIC STAFF ATTORNEYS: Elizabeth D. Culpepper, James Bernier, Jr., and William S.F. Freeman

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/s/ Elizabeth D. Culpepper
/s/ James Bernier, Jr.
/s/ William S.F. Freeman

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 412

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Application by Carolina Water Service,)	APPLICATION FOR
Inc. of North Carolina, along with Corix)	APPROVAL OF A BUSINESS
Infrastructure (US) Inc. and SW Merger)	COMBINATION
Acquisition Corp., for Approval of a)	TRANSACTION INVOLVING
Business Combination Transaction Under)	WATER AND WASTEWATER
N.C. Gen. Stat. § 62-111)	UTILITY HOLDING
)	COMPANIES

FILED: November 23, 2022

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. W-354, SUB 412

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

<p>In the Matter of Application by Carolina Water Service,) Inc. of North Carolina, along with Corix) Infrastructure (US) Inc. and SW Merger) Acquisition Corp., for Approval of a) Business Combination Transaction) Pursuant to N.C. Gen. Stat. § 62-111))</p>	<p>APPLICATION FOR APPROVAL OF A BUSINESS COMBINATION TRANSACTION INVOLVING WATER AND WASTEWATER UTILITY HOLDING COMPANIES</p>
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NOW COME Carolina Water Service, Inc. of North Carolina (“CWSNC” or “Company”), along with Corix Infrastructure (US) Inc. (“Corix US”) and SW Merger Acquisition Corp. (“SWMAC”) (collectively “Joint Applicants”), by and through counsel, and hereby jointly apply to the North Carolina Utilities Commission (“NCUC” or “Commission”), pursuant to the provisions of N.C. Gen. Stat. § 62-111 and Commission Rule R1-5, for authorization to engage in a business combination transaction (“Proposed Transaction”)¹ described below.

The Joint Applicants state the following in support of this Application:

¹ As defined in Paragraph 10 (Proposed Transaction), see below.

Summary

1. The Joint Applicants respectfully request that the Commission authorize a proposed merger of SWMAC and Corix US to create a larger, stronger water and wastewater company. The Proposed Transaction does not involve a change in direct control of CWSNC. Nor does the Proposed Transaction involve a transfer of the stock of CWSNC. Figure 1 depicts the simplified organization of Corix US and SWMAC before the Proposed Transaction, and Figure 2 provides a simplified organization chart reflecting the combined company after SWMAC merges with and into Corix US. In short, the Proposed Transaction brings together two like-minded water and wastewater businesses that share a common mission, as well as common values. The combined company will have additional scale and will be positioned to make the long-term investments needed to collect and dispose of wastewater and deliver water safely, reliably and sustainably to customers in North Carolina.

Figure 1

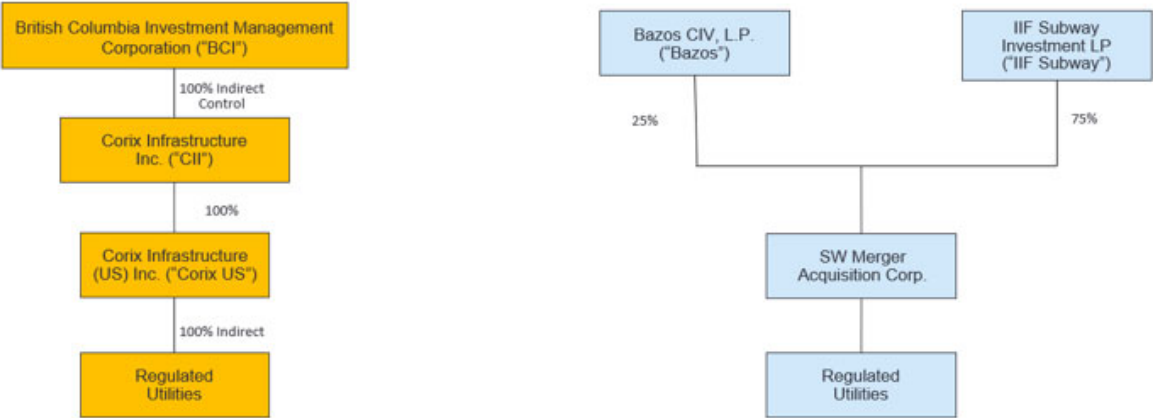
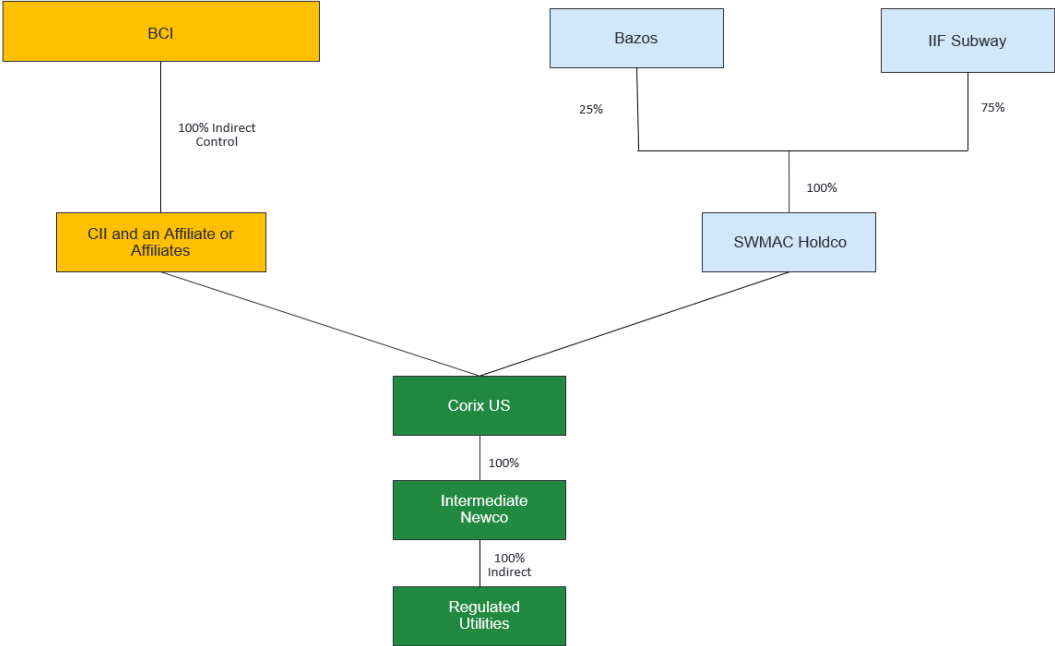


Figure 2²



CWSNC

2. CWSNC is a public utility organized under the laws of North Carolina, operating in North Carolina, and engaged in the provision of water and wastewater utility service to the public for compensation. The Company’s business address is 5821 Fairview Road, Suite 401, Charlotte, North Carolina 28209. The contact person for the Company in this matter is Dante DeStefano, Director of Regulatory Affairs, at Dante.Destefano@corixgroup.com and at 500 West Monroe, Suite 3600, Chicago, Illinois.

3. CWSNC is an investor-owned public utility pursuant to N.C.G.S. § 62-3, does business as a regulated water and wastewater utility in North Carolina,

² It is anticipated that, as of closing, CII and an affiliate or affiliates of CII will collectively own 50% of Corix US’s outstanding stock.

and is subject to the regulatory oversight of this Commission. The Company presently serves approximately 35,000 water customers and approximately 21,000 wastewater customers in North Carolina and operates approximately 93 water systems and 38 wastewater systems in the State. The Company's service territory spans 38 counties in North Carolina, from Cherokee County in the Appalachian Mountains to Currituck County on the Outer Banks.

Corix US

4. Corix US is a corporation incorporated under the laws of Delaware. Corix US is owned by Corix Infrastructure Inc. ("CII").³ CII, through its operating subsidiaries, owns and operates approximately 385 water, 310 wastewater, two electricity distribution, one propane, three geothermal, one municipal, and three natural gas distribution systems in the United States and Canada. CII's water and wastewater utilities and related businesses⁴ serve over 800,000 people in 18 U.S. states and two Canadian provinces. Corix US indirectly owns 100% of CWSNC.

SWMAC

5. SWMAC is a Delaware corporation that owns 100% of SouthWest Water Company ("SouthWest"). Through its subsidiaries, SWMAC owns and operates 18 water and wastewater utility companies in the United States. SWMAC's water and wastewater utilities provide service to over 500,000 people

³ British Columbia Investment Management Corporation indirectly controls CII.

⁴ CII's related businesses include the electric, natural gas, and propane distribution, geothermal energy delivery and municipal service operations of CII related to its U.S. and Canadian water and wastewater operations. This Application refers to these CII business activities as the related businesses.

in seven U.S. states.⁵ SWMAC is owned by IIF Subway Investment LP (“IIF Subway”) and Bazos CIV, L.P.⁶

Intermediate Newco

6. As part of the business combination, Corix US will organize Intermediate Newco under the laws of Delaware (“Intermediate Newco”). As explained in more detail in paragraph 12, below, Intermediate Newco will be a holding company that will acquire indirect control of CWSNC.

Counsel for Joint Applicants

7. The attorney for CWSNC and Corix US, upon whom all pleadings and notices should be served, is:

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⁵ Alabama, California, Florida, Louisiana, Oregon, South Carolina, and Texas.

⁶ IIF Subway is indirectly owned by IIF US Holding 2 LP, and Bazos CIV, L.P. is indirectly owned by the German reinsurer, Munich RE (Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München).

Contents of Joint Application

9. The contents of this Joint Application are organized as follows:
- Appendix A – Summary of Proposed Transaction with Simplified Pre- and Post-closing Organizational Charts
 - Appendix B – Transaction Agreement⁷
 - Appendix C – Direct Testimony of Donald H. Denton
 - Appendix D – Direct Testimony of Ellen Lapson, Lapson Advisory
 - Appendix E – Direct Testimony of Dante M. DeStefano
 - Appendix F – Direct Testimony of Brian D. Bahr

Proposed Transaction

10. On August 26, 2022, CII and Corix US (the “Corix Parties”) entered into a transaction agreement (“Transaction Agreement”) with IIF Subway, SWMAC, and SouthWest (the “SouthWest Parties”). The Transaction Agreement provides a framework for combining CII’s water, wastewater, and related businesses with the water and wastewater businesses owned by SWMAC. When the transactions contemplated by the Transaction Agreement are completed, CII and an affiliate or affiliates of CII will own 50% of Corix US. SWMAC Holdco, an entity that will be formed by SWMAC’s shareholders before closing, will own the other 50% of Corix US (the “Proposed Transaction”). Corix US, in turn, will indirectly own and control all the CII water, wastewater, and related businesses,

⁷ Exhibit A and Appendix I to Exhibit D of the Transaction Agreement, which contain confidential information, are filed confidentially. Redacted versions of both documents are filed with the public portion of this Application.

and the SWMAC water and wastewater businesses. To prepare for the Proposed Transaction, both the Corix Parties and the SouthWest Parties will undertake pre-closing restructuring transactions. The pre-closing restructuring transactions are described in Appendix A.

11. After the Corix Parties and the SouthWest Parties complete the pre-closing restructuring transactions, SWMAC will merge with and into Corix US, with Corix US being the surviving entity. As a result of this step, SWMAC Holdco will acquire 50% of Corix US's stock, Corix US will acquire the outstanding stock of SouthWest currently owned by SWMAC, and Corix US will continue to indirectly own CWSNC.

12. Corix US then will transfer all of the outstanding equity of SouthWest and certain Corix US entities to Intermediate Newco.⁸ In exchange for this contribution of stock, Intermediate Newco will issue stock to Corix US and assume all of Corix US's third-party debt, with Intermediate Newco being a wholly owned subsidiary of Corix US.

13. Thus, upon consummation of the Proposed Transaction: (a) CII and an affiliate or affiliates of CII will own 50% of Corix US's stock; and (b) SWMAC Holdco will own the remaining 50% of Corix US's stock. Corix US will own all of the stock of Intermediate Newco, and Intermediate Newco will indirectly own all of the utility operating subsidiaries comprising the CII water, wastewater, and related

⁸ Corix US will transfer all of Inland Pacific Resource Inc.'s stock and all of Corix Utility Systems (Georgia) Inc.'s stock to Intermediate Newco.

businesses, as well as the SWMAC water and wastewater businesses, completing the merger of equals. Appendix B is a copy of the Transaction Agreement.

14. As Appendix A shows, the Proposed Transaction takes place well above the utility operating company level. For clarity, the Proposed Transaction does not involve the transfer of CWSNC's stock or its assets. Nor will the stock or assets of CWSNC be pledged or encumbered as a result of the Proposed Transaction.

15. Intermediate Newco will be headquartered in Sugar Land, Texas, and CII's current office in Chicago, Illinois will serve as the hub of Intermediate Newco's shared service operations. The headquarters for CWSNC will remain in Charlotte, North Carolina.

16. The President of CWSNC, Donald H. Denton, will remain the President of CWSNC after closing. The Chief Executive Officer of the combined company will be Rob MacLean, the current CEO of SWMAC and SouthWest.

17. As of closing, the combined company will be governed by a board of nine directors: the combined company's CEO, four shareholder representatives, and four independent directors, one of whom will be the chair.

18. The Transaction Agreement requires certain conditions to be satisfied in order to close the Proposed Transaction. These conditions include, but are not limited to, obtaining all applicable government approvals and consents. Based on the various closing conditions, the final closing is anticipated to occur in late 2023.

Applicable Law and Relevant Precedent

19. The Joint Applicants submit that N.C.G.S. § 62-111(a) is applicable to this proceeding; it states the following:

No franchise now existing or hereafter issued under the provisions of this Chapter other than a franchise for motor carriers of passengers shall be sold, assigned, pledged or transferred, nor shall control thereto be changed through stock transfer or otherwise, or any rights thereunder leased, nor shall any merger or combination affecting any public utility be made through acquisition of control by stock purchase or otherwise, except after application to and written approval by the Commission, which approval shall be given if justified by the public convenience and necessity. Provided, that the above provisions shall not apply to regular trading in listed securities on recognized markets.

20. As explained by the Commission in its Order issued August 29, 1988, in Docket No. E-7, Sub 427 (Order approving Duke Power Company's purchase of Aluminum Company of America's stock interest in Nantahala Power and Light Company), N.C.G.S. § 62-111 requires the Commission to determine whether rates and service will be adversely affected by a proposed transaction. (Order, p. 7 *citing North Carolina ex rel. Utilities Comm'n. v. Carolina Coach Company*, 269 N.C. 717, 153 S.E.2d 461 (1967)). By Commission Order issued April 22, 1997, in Docket No. E-7, Sub 596 (Order approving the merger of Duke Power Company and PanEnergy Corp.), the Commission similarly explained that for the public convenience and necessity standard to be met, expected benefits must be at least as great as known and expected costs so that customers are not harmed by the merger. Factors to be considered by the Commission include, but are not limited to, maintenance of or improvement in service quality, the extent to which costs can

be lowered and rates can be maintained or reduced, and the continuation of effective state regulation.

21. By Order issued December 7, 1999, in Docket No. G-5, Sub 400 (Order approving the merger of SCANA Corporation and Public Service Company of North Carolina, Inc.), the Commission found that N.C.G.S. § 62-111 does not require that a proposed business combination transaction be based upon demonstrations of specific cost savings. Cost savings are merely one factor that may be considered in evaluating a request to engage in a business combination transaction. Other factors include, but are not limited to, such non-quantifiable benefits as: a larger, more viable, and more financially diverse company with a broader range of assets and increased ability to provide stable and reliable service; a stronger and more diverse company that is able to compete regionally; and a corporation with a strong presence in North Carolina. Corporate presence directly bears on creation of corporate and other taxes payable to the State of North Carolina, and on the provision of significant employment opportunities.

22. In prior merger proceedings, the Commission has established a three-part test for determining whether a proposed utility merger is justified by public convenience and necessity. That test is: (1) whether the merger would have an adverse impact on the rates and services provided by the merging utilities; (2) whether ratepayers would be protected as much as possible from potential costs and risks of the merger; and (3) whether the merger would result in sufficient benefits to offset potential costs and risks. See Order Approving Merger Subject

to Regulatory Conditions and Code of Conduct (Duke/Progress Merger Order), issued June 29, 2012, in Docket Nos. E-2, Sub 998 and E-7, Sub 986, aff'd, In re Duke Energy Corp., 232 N.C. App. 573, 755 S.E.2d 382 (2014).

23. As explained in this Joint Application and in the Direct Testimony attached hereto, the Proposed Transaction is in the public interest and satisfies the standard contained in N.C. Gen. Stat. 62-111(a) and the “no harm” standard set forth in NCUC precedent. In addition, it presents no adverse impacts to CWSNC, its customers, its employees, or the State of North Carolina. The Joint Applicants expect that the combined expertise of Corix US and SWMAC will better serve CWSNC, its customers, and the State of North Carolina and improve the safety, reliability, and quality of CWSNC’s service. While the Proposed Transaction is not driven by net financial synergies, the Joint Applicants anticipate that the business combination will improve efficiency and the integration of various functions, which should result in cost savings that accrue over time, net of costs to achieve such savings. The Joint Applicants acknowledge that costs and benefits associated with integration will be addressed in future ratemaking proceedings.

Joint Applicants Customer Protection Commitments

24. The Joint Applicants make the following commitments (the “Customer Protection Commitments”):

- a) CWSNC will continue to provide high-quality water and wastewater utility services to CWSNC’s customers.
- b) CWSNC will continue to maintain a strong local presence in North Carolina in terms of employees, facilities and offices, and community support.

- c) The Joint Applicants have incurred and will incur transaction costs. The Joint Applicants will not seek to recover transaction costs from customers.
- d) While the Proposed Transaction is not driven by net financial synergies, the Joint Applicants anticipate that the business combination will improve efficiency and the integration of administrative and general functions should result in cost savings. The integration of CII's water, wastewater, and related businesses with SWMAC's water and wastewater business will be a significant, prolonged undertaking. The Joint Applicants acknowledge that costs and benefits associated with integration will be addressed in future ratemaking proceedings.
- e) Without the Commission's prior approval, CWSNC will not guarantee any debt or credit instrument of Intermediate Newco or any affiliate of CWSNC unless such debt is incurred for the specific purpose of the CWSNC system or operations.
- f) The proceeds of any debt incurred by CWSNC will only be used for purposes specific to the CWSNC system or operations.
- g) Unless it first obtains the Commission's approval, CWSNC will not transfer any material asset to Intermediate Newco or an affiliate except in an arm's length transaction and in compliance with the laws of the State of North Carolina.
- h) The combined business will be established with a target investment grade capital structure profile and operated in a way that is consistent with maintaining an investment grade profile.
- i) The combined company will refrain from any involuntary reductions in force related to the combination for the first 12 months after the Proposed Transaction closes.⁹
- j) CWSNC will present any new affiliated interest and/or shared services agreements for Commission approval pursuant to the NCUC's rules and to N.C.G.S. § 62-153.

⁹ Notably, as mentioned above, this is a highly complementary combination, with little overlap in the combined company's current operations. SWMAC currently has no water or wastewater utility operations in North Carolina.

Public Interest

25. As outlined below and discussed in greater detail in testimony, the Proposed Transaction will result in the combination of two strong water and wastewater utility holding companies that both possess financial, technical, and managerial expertise in the water and wastewater industries while also having a shared mission and values. The Proposed Transaction is highly complementary and allows for sharing of prudent practices to support the creation of a larger, stronger water and wastewater company. The Proposed Transaction satisfies the standard of approval that has been articulated and applied by the Commission: the Proposed Transaction will (1) produce benefits arising from the advantages of a larger, more diversified company; (2) improve CWSNC's access to capital needed to support further investment in facilities and systems that would improve service to North Carolina customers; (3) generate operational benefits to customers; (4) provide additional benefits over time; (5) retain the strong corporate citizenship and presence of CWSNC in North Carolina; and (6) support effective state regulation. Accordingly, the Proposed Transaction is consistent with the public interest and should be approved for, among others, the following reasons.

- a) Shared Mission and Values. The Joint Applicants share a mission to help people enjoy a better life and to help communities thrive. Their shared vision is to be the preferred utility delivering solutions that customers want. The Joint Applicants also share common values centered on safety, environmental stewardship, integrity, employee

empowerment and excellence in how they serve their customers and communities and deliver on their commitments. As the Joint Applicants have expanded their respective businesses over the years, their commitment to customers and the communities they serve has remained unchanged. That commitment continues today and will continue into the future.

b) Continued Local Presence. Consistent with their shared mission and values, the Joint Applicants believe in local governance and community presence. Just as CWSNC today utilizes local employees and facilities to deliver water and wastewater utility services to their customers, after the Proposed Transaction closes, CWSNC will continue to rely on these employees and facilities to provide service to their customers. After the Proposed Transaction is completed, CWSNC will continue to actively support and maintain a presence in the communities they serve. In addition, Corix US and SWMAC have committed to refrain from any involuntary reductions in force related to the combination for 12 months after the Proposed Transaction closes. This commitment to ensuring continuity of service and support for its employees recognizes CWSNC's value as a steward of a precious resource in the communities they serve.

c) Financial, Technical and Managerial Expertise. CII and SWMAC – separately and combined – have the financial, technical, and managerial expertise to own and operate water and wastewater utilities in

the State. CII provides water, wastewater and related utility and municipal services to approximately 800,000 people in 18 U.S. states,¹⁰ including North Carolina and two Canadian provinces.¹¹ CII's subsidiaries employ approximately 800 people in the water, wastewater and related businesses who operate 385 water, 310 wastewater, two electricity distribution, one propane, three geothermal, one municipal, and three natural gas distribution systems in the United States and Canada. Similarly, SWMAC's operating subsidiaries provide water and wastewater utility services to approximately 500,000 people in seven U.S. states – Alabama, California, Florida, Louisiana, Oregon, South Carolina, and Texas. SWMAC's subsidiaries have approximately 500 employees operating approximately 170 water systems and 50 wastewater systems across those seven states. The combined company will have more than 1,300 employees serving more than 1.3 million people across 20 U.S. states and two Canadian provinces.

The Proposed Transaction will provide the relevant employees with access to additional experiences and resources, which will benefit CWSNC's customers. The increased scale and enhanced financial foundation of the combined company will improve CWSNC's ability to make significant, long-term investments required to continue providing quality water and wastewater services to the local communities served by CWSNC.

¹⁰ Alabama, Alaska, Arizona, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maryland, Nevada, New Jersey, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas, and Virginia.

¹¹ Alberta and British Columbia.

The combined company's investments in water and wastewater infrastructure improvements will ensure best-in-class service and high-quality water that is safe, reliable, sustainable and affordable.

d) Benefits to Customers. As noted above, the combined company's financial resources, increased scale, and enhanced financial foundation will benefit customers in North Carolina by enabling significant, long-term investments needed to continue providing best-in-class water and wastewater services. These investments, together with the sharing of prudent practices and operating expertise of both companies, will benefit customers through the continued safe, reliable, and sustainable delivery of critical water and wastewater services and high-quality customer service. The combination will create a more diverse group of employees with more collective knowledge and expertise in providing quality water and wastewater services, which will be shared throughout the combined company, including the employees assigned to North Carolina.

In addition, the combination is expected to produce financial benefits, such as reductions in costs of board governance, senior executives, and audits, which will benefit customers. The combination also is expected to produce longer term financial benefits as the integration of CII's and SWMAC's water and wastewater businesses occurs methodically and systematically over time.

e) Impact on Rates. The combination will have no immediate impact on CWSNC's rates. As mentioned above, as financial benefits from the combination are achieved over time, the Joint Applicants believe that the combination may lead to lower costs and thereby help CWSNC keep their water and wastewater utility rates lower than they otherwise would have been without the combination. In short, customers will realize the benefits of the Proposed Transaction over time when the combined company's cost structure is reflected in CWSNC's revenue requirement.

f) Impact on Commission Regulation of the Company. The combination will have no impact on the Commission's continuing regulation of CWSNC as regulated water and wastewater utilities in North Carolina. CWSNC will remain a public utility subject to regulation by the Commission pursuant to the North Carolina Public Utilities Act and the Commission's regulations.

g) Well-Positioned for Growth. The increased scale, expertise, and financial resources of the combined company will position the Company for continued growth in North Carolina. As the Commission is aware, the Company has continued to expand its presence in North Carolina through acquisitions and emergency operations, such as in the pending acquisitions of:

- the Carteret County water system, under the “Fair Value” statutory mechanism in N.C.G.S. 62-133.1A (Docket No. W-354 Sub 398);
- the Echota/Seven Devils system (Docket No. W-354 Sub 396); and
- the Mountain Air system (Docket No. W-354 Sub 401).

The combination will only improve the Company’s ability to continue to grow its operations in North Carolina and enhance local scale, purchasing power, and operational efficiencies.

Post-Closing Integration Plans

26. In order to achieve an efficient and productive integration of CII’s water, wastewater, and related businesses with SWMAC’s water and wastewater businesses and maximize the longer-term benefits for customers, the combined company plans to methodically and systematically address integration opportunities. This will include in-depth analyses of integration benefits and costs, and the development and implementation of plans for integrating systems, operations, processes, and resources.

27. Although CII and SWMAC do not expect significant net financial synergies to result from the proposed combination, the companies do expect, over time, to be able to identify and achieve cost savings as a result of future integration. The integration of CII’s water, wastewater, and related businesses with SWMAC’s water and wastewater businesses will be a significant undertaking and such savings will occur over time as a result of the combination and the integration of various functions. However, as noted above, there will be costs associated with

integrating certain functions and activities. Customers will receive the benefits of these efforts, net of integration costs, in future rate proceedings.

28. Until CWSNC enters into a new affiliate interest agreement after closing, CWSNC will continue to use their existing affiliate interest agreement to allocate corporate shared services costs. When CWSNC enters into a new affiliate interest agreement, the agreement will be presented to the Commission for its approval pursuant to N.C. Gen Stat. 62-153.

Commitments to the Commission and Stakeholders

29. Consistent with their shared mission and values, the Joint Applicants make the Customer Protection Commitments described above to the NCUC and stakeholders.

WHEREUPON the Joint Applicants hereby respectfully request that the NCUC find that the proposed combination is consistent with the public interest and:

- (1) Grant approval of the Proposed Transaction and any other approvals as may be necessary to effectuate the Proposed Transaction;
- (2) Find that the requirements of N.C. Gen. Stat. 62-111(a) are met;
- (3) Issue a final decision and order to by June 30, 2023; and
- (4) Grant such other relief as may be appropriate and necessary.

[Signature Page Follows]

Respectfully submitted this 23rd day of November, 2022.

Electronically Submitted

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sanford@sanfordlawoffice.com

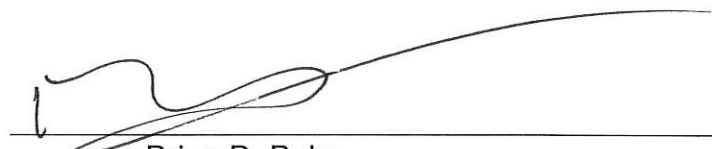
**ATTORNEY FOR CAROLINA WATER
SERVICE, INC. OF NORTH
CAROLINA, AND CORIX
INFRASTRUCTURE (US) INC.**

Mary Lynne Grigg
McGuireWoods LLP
501 Fayetteville St., Suite 500
Raleigh, North Carolina 27601
Telephone: 919-755-6573
mgrigg@mcguirewoods.com

**ATTORNEY FOR SW MERGER
ACQUISITION CORP.**


VERIFICATION

Brian D. Bahr, being duly sworn, deposes and says: that he is the Director of Rates and Regulatory Affairs, SouthWest Water Company, that he is familiar with the facts set out in the attached APPLICATION, filed in NCUC Docket No. W-354 Sub 412; that he has read the foregoing APPLICATION and knows the contents thereof; and that the same is true of his knowledge except as to those matters stated therein on information and belief, and as to those he believes them to be true.



Brian D. Bahr

Sworn to and subscribed before me this
the 21 day of November, 2022.



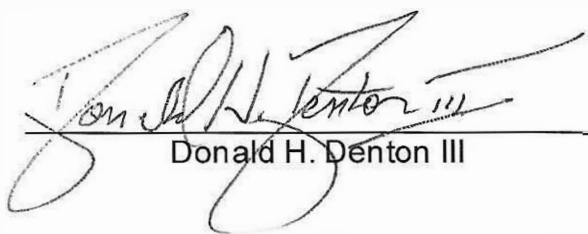
Notary Public



My Commission Expires: 05/05/2026

VERIFICATION

Donald H. Denton III, being duly sworn, deposes and says: that he is the State President, Carolina Water Service, Inc. of North Carolina, that he is familiar with the facts set out in the attached APPLICATION, filed in NCUC Docket No. W-354 Sub 412; that he has read the foregoing APPLICATION and knows the contents thereof; and that the same is true of his knowledge except as to those matters stated therein on information and belief, and as to those he believes them to be true.

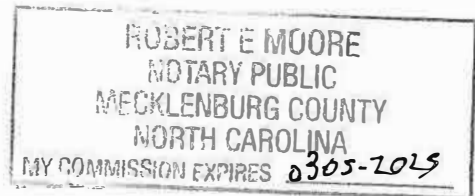


Donald H. Denton III

Sworn to and subscribed before me this
the 21 day of November, 2022.



Notary Public



My Commission Expires: 03-05-2025

The Transaction

A. Overview

On August 26, 2022, Corix Infrastructure Inc. (“CII”), Corix Infrastructure (US) Inc. (“Corix US”), IIF Subway Investment LP (“IIF Subway”), SW Merger Acquisition Corp. (“SWMAC”) and SouthWest Water Company (“SouthWest”) entered into a transaction agreement (the “Transaction Agreement”). The Transaction Agreement provides a framework for combining CII’s water, wastewater, and related businesses, with the water and wastewater businesses owned by SWMAC. When CII and Corix US (the “Corix Parties”) and IIF Subway, SWMAC and Southwest (the “SouthWest Parties”) complete the transactions contemplated by the Transaction Agreement, CII (and an affiliate or affiliates) will own 50% of Corix US and SWMAC Holdco, an affiliate of IIF Subway will own 50% of Corix US. Corix US, in turn, will indirectly own and control all the CII water, wastewater, and related businesses,¹ as well as the SWMAC water and wastewater businesses. To prepare for the transaction, both the Corix Parties and the SouthWest Parties will undertake pre-closing restructuring transactions.

B. CII Pre-closing Restructuring

The CII pre-closing restructuring has two objectives. First, the pre-closing restructuring separates CII’s district energy business from the CII water, wastewater, and related businesses.² Second, the pre-closing restructuring results in the inclusion of the Canadian water, wastewater, and related businesses of CII in the deal perimeter, by making Corix Utilities Inc. and Corix Multi-Utility Services Inc. (both of which own water and wastewater assets or are parties to water and wastewater operation and maintenance contracts), West Shore Environmental Services (GP) Inc. and West Shore Environmental Services Limited Partnership (which provides wastewater services pursuant to a contract with the City of Langford), and Corix Utilities (Foothills Water) Inc. and Corix Utilities (Foothills Wastewater) Inc. indirect, wholly-owned subsidiaries of Corix US. This element of the pre-closing restructuring results in a direct change in control of certain of the Canadian water and wastewater utilities.³ Together, these steps allow the parties to combine their respective water and wastewater businesses to create a platform company focused almost exclusively on the delivery of water and wastewater services to customers.

C. SWMAC Pre-closing Restructuring

Before the business combination occurs, SWMAC’s shareholders will form a new holding company, SWMAC Holdco. SWMAC’s shareholders will contribute certain assets, including all of SWMAC’s stock, to

¹ CII’s related businesses include the electric, natural gas, and propane distribution, geothermal energy delivery and municipal service operations of CII related to its U.S. and Canadian water and wastewater operations.

² This multi-step pre-closing reorganization involves, among other things, the direct or indirect transfer of district energy assets, contracts and liabilities to a new entity or entities indirectly controlled by British Columbia Investment Management Corporation. The district energy business includes CII’s investment in Doyon Utilities, LLC and Entegrus Inc.

³ This part of the pre-closing reorganization involves the formation of a new US holding company (“Intermediate Newco”), a new Canadian corporation (“Canadian Water MidCo”), the conversion of certain entities into unlimited liability companies, and the contribution of Canadian Water MidCo’s equity interests to Intermediate Newco. Corix Utilities Inc., West Shore Environmental Services (GP) Inc., and West Shore Environmental Services Limited Partnership will become wholly owned subsidiaries of Canadian Water MidCo. These steps result in the Canadian water and wastewater utilities becoming indirect, wholly owned subsidiaries of Corix US.

SWMAC Holdco, in exchange for limited partnership interests in SWMAC Holdco. This step will facilitate the contribution of SWMAC's stock to Corix US (in exchange for the issuance of Corix US stock, as described below) and the merger of SWMAC with and into Corix US.

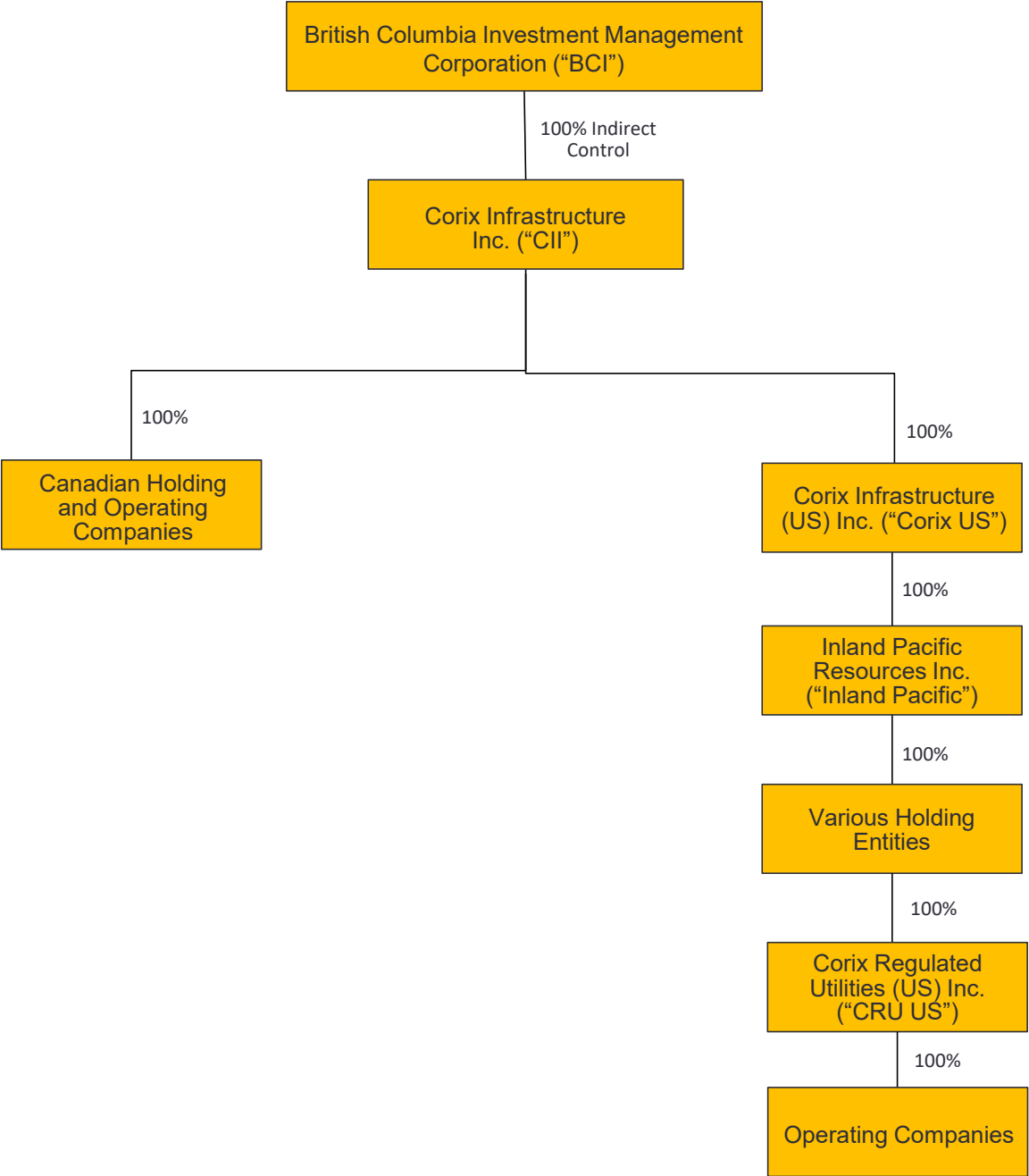
D. The Business Combination

The combination of CII's water, wastewater, and related businesses with SouthWest's water and wastewater business will occur through a series of steps. After the completion of the pre-closing restructurings detailed above, all of the outstanding stock of SWMAC will be contributed to Corix US in exchange for stock issued by Corix US ("Step 1"). Step 1 will result in SWMAC Holdco obtaining a 50% interest in Corix US **and** Corix US obtaining indirect control of SouthWest and its operating subsidiaries because SWMAC will be a subsidiary of Corix US.

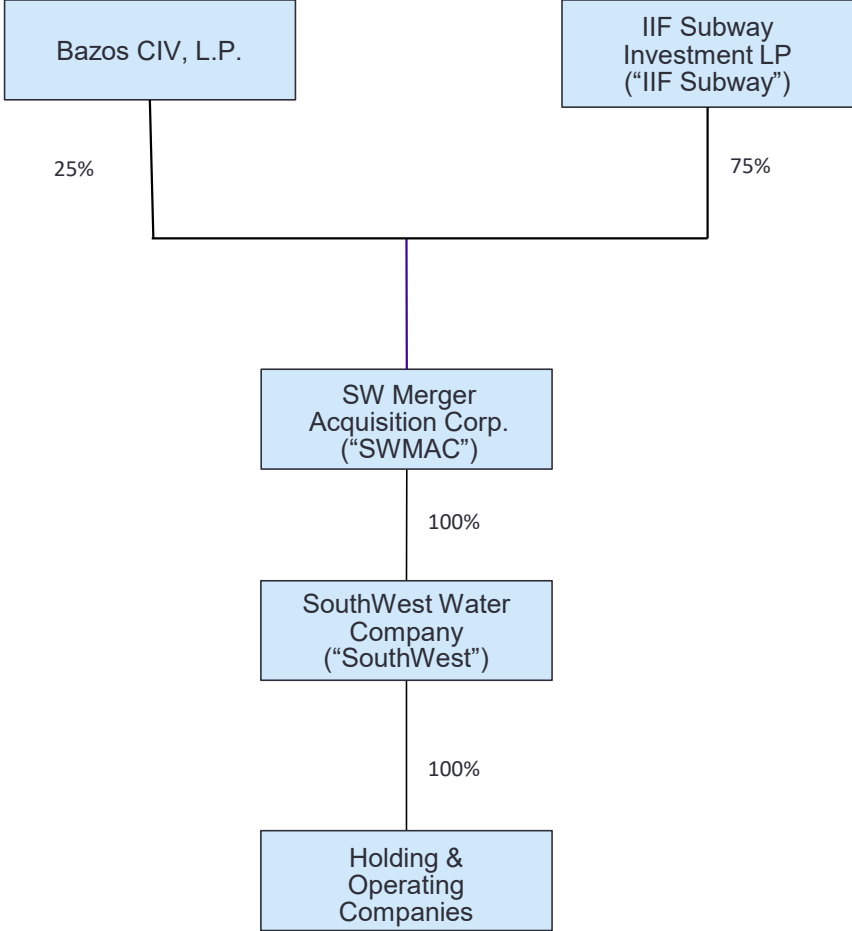
After Step 1 is completed, SWMAC will merge with and into Corix US ("Step 2"). Corix US will survive the merger. As a result of Step 2, Corix US will directly own all of the outstanding stock of SouthWest, and will continue to directly own the shares of Inland Pacific Resources Inc. ("Inland Pacific") and its subsidiaries. Inland Pacific indirectly owns Corix Regulated Utilities (US) Inc. (f/k/a Utilities, Inc.) which in turn owns regulated water and wastewater utilities that provide services to customers within 17 of the contiguous United States. Inland Pacific also owns Fairbanks Sewer and Water Inc.

After Step 2 is completed, Corix US will transfer all of the outstanding equity of SouthWest and Inland Pacific to Intermediate Newco. ("Step 3"). In exchange for this contribution of stock, Intermediate Newco will issue to Corix US common stock of Intermediate Newco and assume all of Corix US's third-party debt. Step 3 is the last step in the transactions contemplated by the Transaction Agreement. As a result of Step 3, Intermediate Newco will directly control SouthWest and Inland Pacific. After these steps are completed, CII and an affiliate or affiliates will own 50% of Corix US's stock, on the one hand, and SWMAC Holdco will own the remaining 50% of Corix US's stock. Corix US will own all of the stock of Intermediate Newco, and Intermediate Newco will indirectly own all of the utility operating subsidiaries comprising the CII and SWMAC water, wastewater, and related businesses, completing the "merger of equals."

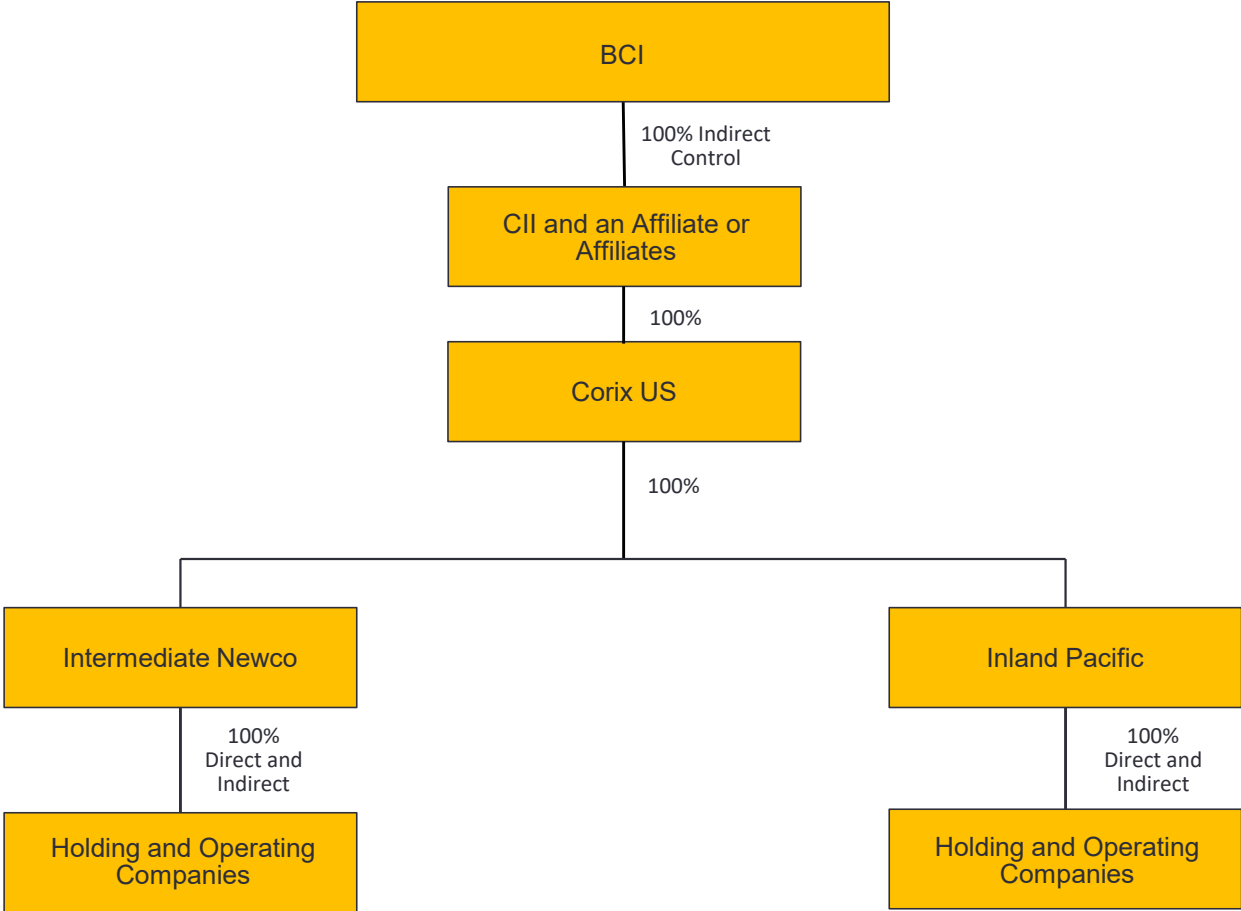
Corix Simplified Current



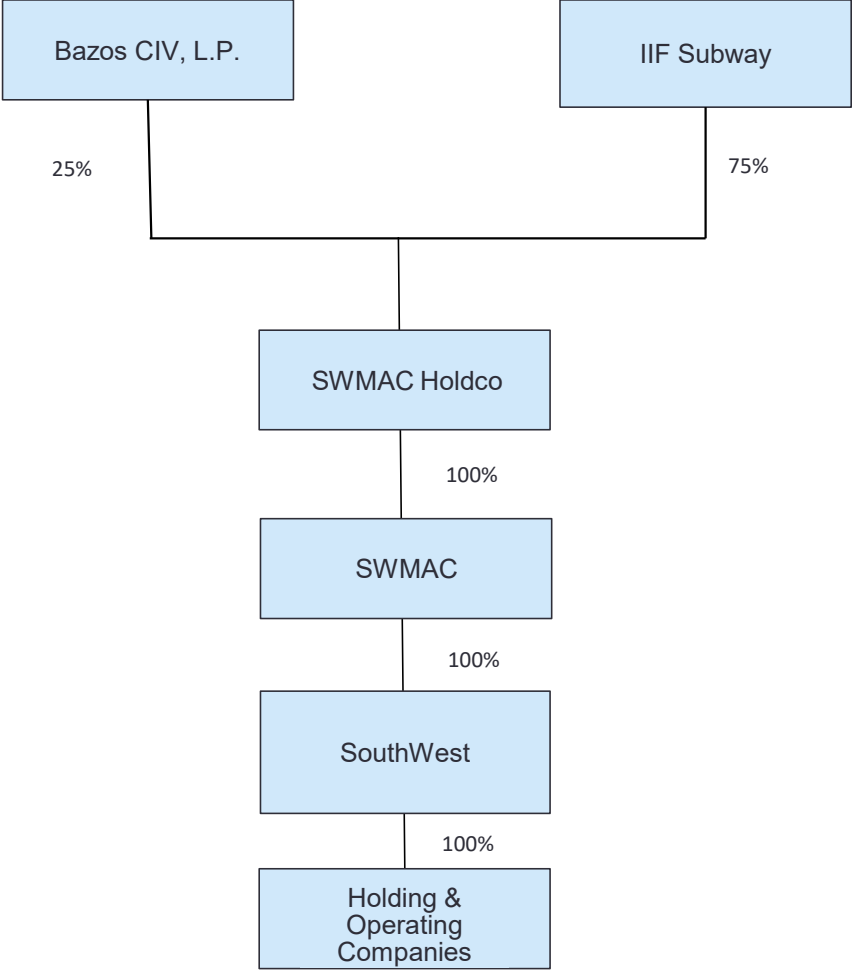
SWMAC Simplified Current



Corix Simplified Pre-Closing, Post-Restructuring



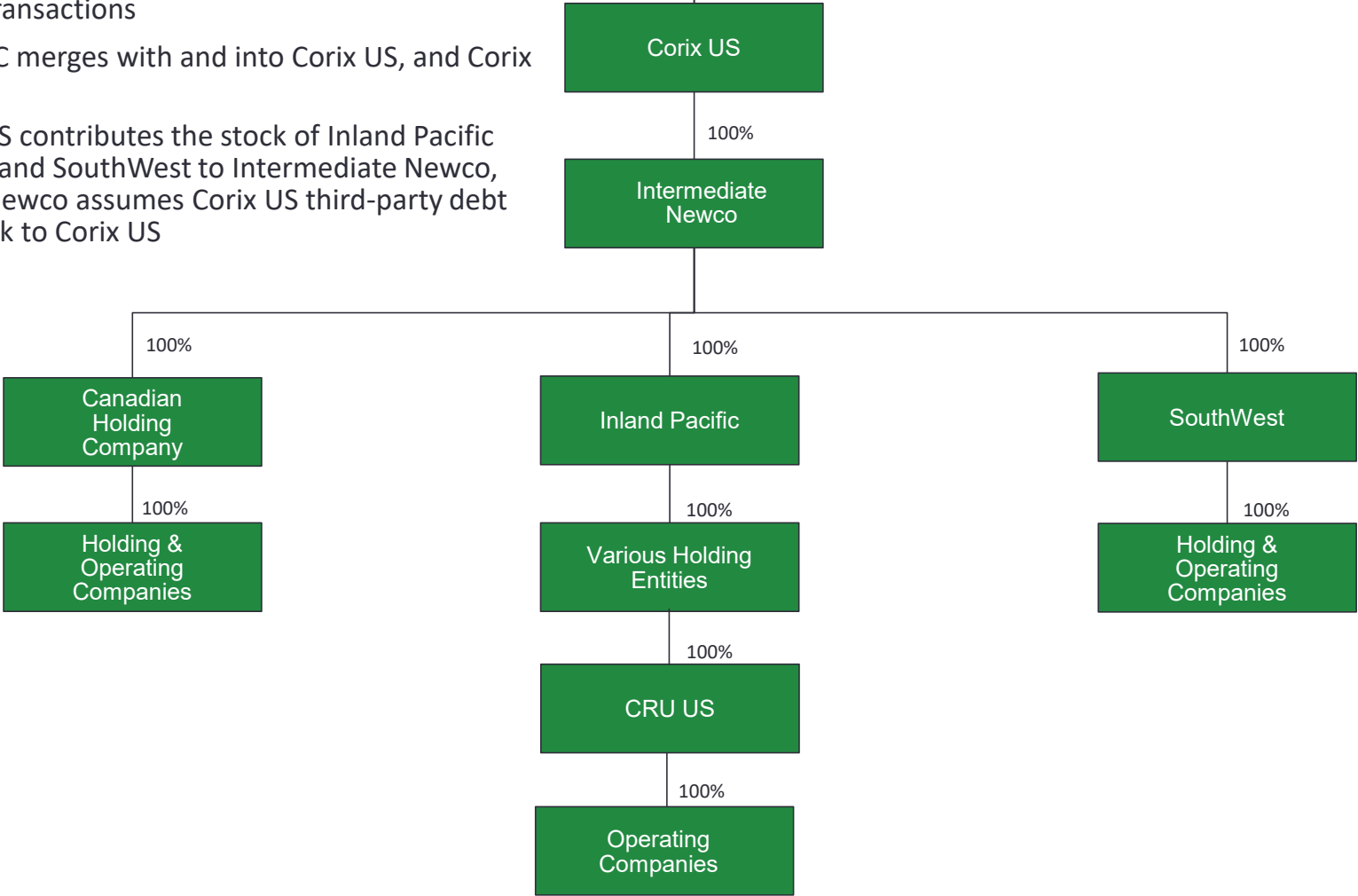
SWMAC Simplified Pre-Closing, Post-Reorganization



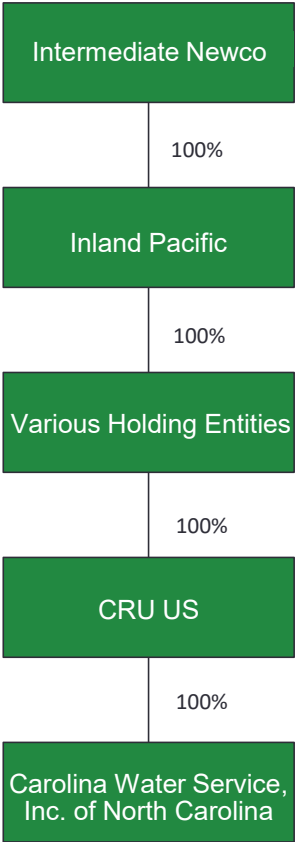
Combined Company – Simplified Post-Closing



- ▶ **Step 1:** CII and SouthWest complete pre-closing restructuring transactions
- ▶ **Step 2:** SWMAC merges with and into Corix US, and Corix US survives
- ▶ **Step 3:** Corix US contributes the stock of Inland Pacific Resources Inc. and SouthWest to Intermediate Newco, Intermediate Newco assumes Corix US third-party debt and issues stock to Corix US



Corix Simplified Post-Closing



EXPERIENCE AND QUALIFICATIONS**ELLEN LAPSON, CFA**

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LAPSON ADVISORY: Financial Consulting. Expert Testimony. Financial Training.

SUMMARY

Expert on financing utilities and infrastructure projects, with over 50 years of professional MBA Accounting and finance, NYU Stern School of Business; Chartered Financial Analyst

EMPLOYMENT HISTORY

Lapson Advisory, Trade Resources Analytics	Financial consulting services to utilities and infrastructure project developers. Financial strategy and credit advisory; expert financial witness.	2012 to present
Fitch Ratings Utilities, Power & Gas Managing Director; Senior Director	Manager or primary analyst on credit ratings of over 200 utility, pipeline, and power generation companies and utility tariff securitizations. Chaired rating committees for energy, utility, and project finance committees. Liaison with major fixed income investors.	1994 - 2011
JP Morgan Chase (formerly Chemical NY Corp.) Vice President, 1975-94 Asst. Vice President, 1974-75	Managed financial advisory transactions, structured debt placements, syndicated credit facilities for utilities, mining and metals, project finance. First of its kind stranded cost securitization for Puget Sound P&L, 1992-94. Led financings for utilities in bankruptcy or reorganizations. Divisional controller, 1981-86.	1974-1994
Argus Research Corp. Equity Analyst, Utilities	Equity analysis of U.S. electric and gas utilities, natural gas pipelines, regulated telephone companies. Research coverage and reports; forecasts and models.	1969-1974

EDUCATION & PROFESSIONAL ORGANIZATIONS

Stern School of Business, New York University, MBA. Accounting major; Finance minor	1975
Barnard College, Columbia University, BA. Earned CFA Institute Charter, 1978	1969
Institute of Chartered Financial Analysts	Since 1978
Wall Street Utility Group	Since 1996

ADVISORY COUNCILS AND BOARD SERVICE

Electric Power Research Institute, Advisory Council, 2004-2011; Chair, 2009 and 2010.
MIT Energy Institute, External Advisory Council, The Future of Solar Energy, 2012-2014.
Represented U.S. fixed income investors in responding to proposed financial accounting rules for rate-regulated utilities by the International Accounting Standards Board (IASB) at a panel sponsored by Edison Electric Institute and American Gas Assoc., December, 2014.

EXPERT TESTIMONY

Jurisdiction	Proceeding	Topic
Federal Energy Regulatory Commission	Docket No. ER22-2379, Southwest Power Pool, Inc., supporting Southwestern Public Service Co.'s right under Generator Interconnection Agreement (2022)	Application by a transmission owner to fund investment in Network Upgrades
Federal Energy Regulatory Commission	Docket No. ER22-2274, Southwest Power Pool, Inc., supporting Southwestern Public Service Co.'s right under Generator Interconnection Agreement (2022)	Application by a transmission owner to fund investment in Network Upgrades
Massachusetts Department of Public Utilities	DPU Docket No. 22-70, 22-71, 22-72; Long-term purchase contracts for offshore wind energy by Eversource, National Grid, Unitil (2022)	Remuneration to distribution utilities for entering into long-term supply contracts
New Jersey Board of Public Utilities	BPU Docket No. GM 2204, Merger Application of South Jersey Industries, Inc. and Boardwalk Merger Sub, Inc. on behalf of Joint Applicants (2022)	Financial strength in the context of merger proceeding and appropriate corporate commitments.
Public Utilities Commission Texas	Docket No. 53601, Application of Oncor Electric Delivery LLC to Change Rates, on behalf of Oncor. (2022)	Financial strength and appropriate capital structure.
Public Utilities Commission Texas	Docket No. 52487, Application of Entergy Texas to Alter its CCN for Orange County Advanced Power Station, on behalf of Entergy Texas, Inc. (2022)	Impact of a power purchase contract on the balance sheet, financial ratios, and credit ratings of the utility purchaser.
Federal Energy Regulatory Commission	Docket No. ER21-2282, Application re Open Access Transmission Tariff, on behalf of PJM Transmission Owners (2022)	Application by Transmission Owners to invest in Network Upgrades
Federal Energy Regulatory Commission	Docket No. EL-20-72, LA Public Service Comm. et al. vs. System Energy Resources, Inc. on behalf of SERI (2022)	Financial impact of the termination of a support agreement; capital structure.
Federal Energy Regulatory Commission	Docket No. RM20-10-000, Electric Transmission Incentive Policy, on behalf of PJM Transmission Owners (2021)	In support of financial incentives for RTO membership
Public Utilities Commission of Colorado	Proceeding No. No. 21R-0314G, NOPR on Purchased Gas Cost Adjustment on behalf of Public Service Company of CO (2021)	Investor and credit rating impact of proposed gas cost recovery rules
New Mexico Public Regulation Commission	Docket No 20-00222-UT, Application of Public Service Co. of NM, PNM Resources, Avangrid Inc., and NM Green Resources on behalf of Applicants (2020-21)	Financial strength and resilience in the context of merger proceeding

Jurisdiction	Proceeding	Topic
Public Utilities Commission Texas	Docket No 51547, Application of Texas-New Mexico Power Co., Avangrid Inc., and NM Green Resources on behalf of the Joint Applicants (2020-21)	Financial strength and resilience in the context of merger proceeding
Massachusetts Department of Public Utilities	DPU 20-16, 20-17, and 20-18, Long-term purchase contract for offshore wind energy, Eversource, National Grid, Unitil (2020)	Remuneration to utilities for entering into long-term contracts
Public Utilities Commission Texas	Docket No. 49849, Joint Application of El Paso Electric, Sun Jupiter Holdings and IIF US Holding 2 to acquire El Paso Electric... (2019-20)	Conditions & commitments for utility merger and formation of holdco; financial strength
New Mexico Public Regulation Commission	Docket No. 19-00234 UT, Joint Application of El Paso Electric, Sun Jupiter Holdings, and IIF US Holding 2 to acquire El Paso Electric (2019-20)	Conditions & commitments for utility merger and formation of holdco; financial strength
Public Utilities Commission of Colorado	Proceeding No. 19AL-0268E, Filing to Revise Electric Tariff, on behalf of Xcel Public Service Co, of Colorado (2019)	Capital structure and cash flow measures
Public Utilities Commission Texas	Docket No. 49421, Application of CenterPoint Energy Houston to change rates, on behalf of CEHE (2019)	Separateness commitments in the context of a rate proceeding; financial strength
Public Utilities Commission Texas	Docket No. 48929, Application of Oncor Electric Delivery Co. LLC, Sharyland Utilities LP, and Sempra Energy, on behalf of Sharyland Utilities (2019)	Appropriate governance conditions and commitments for partner ownership of an electric transmission utility
Public Utilities Commission of Colorado	Proceeding No. 17AL-0363G, Filing to Revise Gas Tariff, on behalf of Xcel Public Service Co, of Colorado (2018)	Cash flow and credit impacts of tax reform; capital structure
South Carolina Public Service Commission	Docket No. 2017-370-E; Joint Application for Merger and for Prudency Determination, on behalf of South Carolina Electric & Gas Company (2018)	Benefits of merger and proposed rate plan; impact on cash flow and access to capital.
U.S. Federal District Court, District of SC	Civil Action No.: 3:18-cv-01795-JMC, Motion for Preliminary Injunction, on behalf of South Carolina Electric & Gas	Financial harm of rate cut compliant with Act
Public Utilities Commission Texas	Docket No. 48401, Texas-New Mexico Power Co. Application to Change Retail Rates, on behalf of TNMP (2018)	Cash flow and credit impacts of tax reform
Public Utilities Commission Texas	Docket No. 48371, Entergy Texas Inc., Application to Change Retail Rates, on behalf of ETI (2018)	Cash flow and credit impacts of tax reform

Jurisdiction	Proceeding	Topic
Public Utilities Commission Texas	Docket No. 47527, Southwestern Public Service Co. Application for Retail Rates, on behalf of SPS Co. (2018)	Adverse cash flow and credit impacts of tax reform; cap structure
New Mexico Public Regulation Commission	Case No. 17-00255-UT, Southwestern Public Service Co. Application for Retail Rates, on behalf of SPS Co. 2018)	Adverse cash flow and credit impacts of tax reform; cap structure
South Carolina Public Service Commission	Docket No. 2017-305-E, Response to ORS Request for Rate Relief, on behalf of S. Carolina Electric and Gas (2017)	Adverse financial implications of rate reduction sought by ORS
DC Public Service Commission	Formal Case No. 1142, Merger Application of AltaGas Ltd. and Washington Gas Light, Inc. (2017)	Financial strength; Conditions and commitments in a utility merger
Public Service Commission of Maryland	Docket No. 9449, In the Matter of the Merger of AltaGas Ltd. and Washington Gas Light, Inc. (2017)	Financial strength; Conditions and commitments in a utility merger
Public Utilities Commission Texas	Docket No. 46957, Application of Oncor Electric Delivery LLC to Change Rates, on behalf of Oncor. (2017)	Appropriate capital structure. Financial strength.
Public Utilities Commission Texas	Docket No. 46416, Application of Entergy Texas, Inc. for a Certificate of Convenience & Necessity, on behalf of Entergy Texas (2016-2017)	Debt equivalence and capital cost associated with capacity purchase obligations (PPA)
U.S. Federal Energy Regulatory Commission	Dockets No. EL16-29 and EL16-30, NCEMC, et al. vs Duke Energy Carolinas and Duke Energy Progress, on behalf of the Respondents (2016)	Capital market environment affecting the determination of the cost of equity capital
Hawaii Public Utilities Commission	Docket No. 2015-0022, Merger Application on behalf of NextEra Energy and Hawaiian Electric Inc. (2015)	Financial strength and conditions & commitments in merger context
U.S. Federal Energy Regulatory Commission	Dockets No. EL14-12 and EL15-45, ABATE, vs MISO, Inc. et al., on behalf of MISO Transmission Owners (2015)	Capital market environment; capital spending and risk
U.S. Federal Energy Regulatory Commission	Dockets No. EL12-59 and 13-78, Golden Spread Electric Coop., on behalf of Southwestern Public Service Co. (2015)	Capital market environment; capital spending and risk
U.S. Federal Energy Regulatory Commission	Dockets No. EL13-33 and EL14-86, on behalf of New England Transmission Owners. (2015)	Capital market environment affecting the cost of equity capital
U.S. Federal Energy Regulatory Commission	Dockets No. ER13-1508 et alia, Entergy Arkansas, Inc. and other Entergy utility subsidiaries, on behalf of Entergy (2014)	Capital market environment affecting the measurement of the cost of equity capital

Jurisdiction	Proceeding	Topic
Delaware Public Service Commission	DE Case 14-193, Merger of Exelon Corp. and Pepco Holdings, Inc. on behalf of the Joint Applicants (2015)	Financial strength and conditions & commitments in merger context
Maryland Public Service Commission	Case No. 9361, Merger of Exelon Corp. and Pepco Holdings, Inc. on behalf of the Joint Applicants (2015)	Financial strength and conditions & commitments in merger context
New Jersey Board of Public Utilities	BPU Docket No. EM 14060581, Merger of Exelon Corp. and Pepco Holdings, Inc., on behalf of the Joint Applicants (2015)	Financial strength and conditions & commitments in merger context
U.S. Federal Energy Regulatory Commission	Docket ER15-572 Application of New York Transco, LLC, on behalf of NY Transmission Owners (2015)	Incentive compensation for electric transmission; capital market access
U.S. Federal Energy Regulatory Commission	Docket EL 14-90-000 Seminole Electric Cooperative, Inc. and Florida Municipal Power Agency vs. Duke Energy FL on behalf of Duke Energy (2014)	Capital market environment affecting the determination of the cost of equity capital
DC Public Service Commission	Formal Case No. 1119 Merger of Exelon Corp. and Pepco Holdings Inc., on behalf of the Joint Applicants (2014-2015)	Financial strength and conditions & commitments in merger context
U.S. Federal Energy Regulatory Commission	Docket EL14-86-000 Attorney General of Massachusetts et. al. vs. Bangor Hydro-Electric Company, et. al., on behalf of New England Transmission Owners (2014)	Return on Equity; capital market environment
Arkansas Public Service Commission	Docket No. 13-028-U. Rehearing on behalf of Entergy Arkansas. (2014)	Investor and rating agency reactions to ROE set by Order.
Illinois Commerce Commission	Docket No. 12-0560 Rock Island Clean Line LLC, on behalf of Commonwealth Edison Company, an intervenor (2013)	Access to capital for a merchant electric transmission line.
U.S. Federal Energy Regulatory Commission	Docket EL13-48-000 Delaware Public Advocate, et. al. vs. Baltimore Gas and Electric Company and PEPCO Holdings et al., on behalf of (i) Baltimore Gas and Electric; (ii) PEPCO subsidiaries (2013)	Return on Equity; capital market view of transmission investment
U.S. Federal Energy Regulatory Commission	Docket EL11-66-000 Martha Coakley et. al. vs. Bangor Hydro-Electric Company, et. al. on behalf of New England Transmission Owners (2012-13)	Return on Equity; capital market view of transmission investment
New York Public Service Commission	Cases 13-E-0030; 13-G-0031; and 13-S-0032 on behalf of Consolidated Edison Company of New York. (2013)	Cash flow and financial strength; regulatory mechanisms

Jurisdiction	Proceeding	Topic
Public Service Commission of Maryland	Case. 9214 re “New Generating Facilities To Meet Long-Term Demand For Standard Offer Service”, on behalf of Baltimore Gas and Electric Co., Potomac Electric Power Co., and Delmarva Power & Light (2012)	Effect of proposed power contracts on the credit and financial strength of MD utility counterparties

CONSULTING & ADVISORY ASSIGNMENTS ⁽¹⁾

Client	Assignment	Objective
Utilities (undisclosed)	Credit advisory. 2022	Plan for financial impacts of a merger.
Xcel Energy/ Public Service Co. of CO	Studied likely investor and credit impact of the PSC’s proposed changes in the recovery of purchased gas cost (Docket 21R-0314G). 2021	Analyze financial impacts of regulatory proposal.
Eversource Energy Inc./Public Service Co. of New Hampshire	White paper analyzing the financial implications of two methods for recovering costs of energy efficiency programs (related to Docket DE 20-092). 2020	Analyze feasibility and financial impacts of regulatory proposal; prepare white paper
Washington Gas Light Co.	Quantified the effect of merger upon the cost of long-term and short-term debt. 2019	Comply with regulatory requirement
Cravath, Swaine & Moore LLP	Evaluated factors that influenced utility spending decisions on operations, maintenance, and capital projects. 2019	Support litigation strategy in bankruptcy proceedings.
NJ American Water Co.	Analyzed impacts of tax reform on water utility’s cash flow and ratings. 2018	Support regulatory strategy
AltaGas Ltd.	Credit advisory on ratings under merger and no-merger cases. 2017	Compare strategic alternatives
Entergy Texas, Inc.	Research study on debt equivalence and capital cost associated with capacity purchase obligations. Impact of new GAAP lease accounting standard on PPAs. 2016	Economic comparison of power purchase obligations and self-build options.
Eversource Energy	Evaluated debt equivalence of power purchase obligations. 2014	Clarify credit impact of various contract obligations.
International Money Center Bank (Undisclosed)	Research study and recommendations on estimating Loss Given Default and historical experience of default and recovery in regulated utility sector. 2014	Efficient capital allocation for loan portfolio.
GenOn Energy Inc.	White Paper on appropriate industry peers for a competitive power generation and energy company. 2012	Appropriate peer comparisons in SEC filings and shareholder communications, compensation studies
Transmission utility (Undisclosed)	Recommended the appropriate capital structure and debt leverage during a period of high capital spending. 2012	Efficient book equity during multi-year capex project; preserve existing credit ratings

Jurisdiction	Proceeding	Topic
Toll Highway (Undisclosed)	Advised on adding debt while minimizing risk of downgrade. Recommended strategy for added leverage and rating agency communications. 2012	Free up equity for alternate growth investments via increased leverage while preserving credit ratings
District Thermal Cooling Project (Undisclosed)	Recommended a project loan structure to deal with seasonal cash flow. Optimized payment schedule, form and timing of financial covenants.	Reduce default risk; efficient borrowing structure

1. Confidential assignments are omitted or client's identity is masked, at client request.

Professional and Executive Training

Southern California Edison Co., Rosemead CA	Designed and delivered in-house training program on evaluation of the credit of energy market counterparties. 2016	
Financial Institution, NYC (Undisclosed)	In-house training. Developed corporate credit case for internal credit training program and coordinated use in training exercise. 2016	
CoBank, Denver CO	Designed and delivered "Midstream Gas and MLPs: Advanced Credit Training". 2014	
Empire District Electric Co., Joppa MO	Designed and delivered in-house executive training session Utility Sector Financial Evaluation. 2014	
PPL Energy Corp, Allentown PA	Designed and delivered in-house Financial Training. 2014	
SNL Knowledge Center Courses, New York NY	Designed and delivered public courses "Credit Analysis for the Power & Gas Sector", 2011-2014	
SNL Knowledge Center Courses, New York NY	Designed and delivered public courses "Analyst Training in the Power & Gas Sectors: Financial Statement Analysis. 2013 -2014	
EEI Transmission and Wholesale Markets	Designed and delivered "Financing and Access to Capital". 2012	
National Rural Utilities Coop Finance Corp.	Designed and delivered in-house training "Credit Analysis for the Power Sector". 2012	
Judicial Institute of Maryland	Designed and delivered "Impact of Court Decisions on Financial Markets and Credit", section of continuing education seminar for MD judges: "Utility Regulation and the Courts", Annapolis MD. 2007	
Edison Electric Institute, New York, NY	"New Analyst Training Institute: Fixed Income Analysis and Credit Ratings", 2008; 2004	

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 412

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Application by Carolina Water Service, Inc. of North Carolina, along with Corix Infrastructure (US) Inc. and SW Merger Acquisition Corp., for Approval of a Business Combination Transaction Under N.C. Gen. Stat. § 62-111)	JOINT SETTLEMENT AGREEMENT AND STIPULATION

Carolina Water Service, Inc. of North Carolina (“CWSNC”), along with Corix Infrastructure (US) Inc. (“Corix US”) and SW Merger Acquisition Corp. (“SWMAC”, collectively, “Joint Applicants”), through counsel, and the Public Staff – North Carolina Utilities Commission (“Public Staff”), through its Executive Director, Christopher J. Ayers (collectively, the “Stipulating Parties”), pursuant to N.C. Gen. Stat. § 62-111 and Commission Rule R1-5, respectfully submit the following Joint Settlement Agreement and Stipulation (“Stipulation”) for consideration by the Commission in this proceeding. The Stipulating Parties hereby stipulate and agree as follows with regard to settling all of the issues in Docket No. W-354, Sub 412:

I. BACKGROUND

A. On November 23, 2022, the Joint Applicants filed the Joint Application for approval of a business combination transaction whereby the water and wastewater businesses of Corix US and SWMAC will be combined (the “Proposed Transaction”), including testimony by the following witnesses:

- 1) Donald H. Denton, President of CWSNC;
 - 2) Ellen Lapson, CFA, founder and principal of Lapson Advisory;
 - 3) Dante M. DeStefano, Director of Regulatory Affairs for Corix Infrastructure Inc. (“CII”), the parent of Corix US; and
 - 4) Brian D. Bahr, Director of Rates and Regulatory Affairs for SouthWest Water Company (“SouthWest”), a subsidiary of SWMAC.
- B. On December 13, 2022, the Joint Applicants filed a confidential copy of the Transaction Agreement.
- C. On April 12, 2023, the Public Staff filed a Proposed Scheduling Order.
- D. On April 25, 2023, the Commission issued an Order Scheduling Hearings, Establishing Discovery Guidelines, and Requiring Customer Notice.
- E. On May 1, 2023, the Commission issued an Order Providing Corrected Notice to Customers.
- F. On May 17, 2023, the Joint Applicants filed a Certificate of Service of Customer Notice.
- G. Subsequent to the filing of the Joint Application in this docket, the Public Staff engaged in substantial discovery of the Joint Applicants regarding the matters addressed by the Joint Application and their testimony.
- H. On June 30, 2023, the Public Staff filed Direct Testimony of the following witnesses:

- 1) Lynn Feasel, Financial Manager, Accounting Division of the Public Staff;
 - 2) June Chui, Public Utilities Regulatory Analyst, Accounting Division of the Public Staff;
 - 3) Lindsay Q. Darden, Public Utilities Engineer, Water, Sewer, and Telephone Division of the Public Staff; and
 - 4) John R. Hinton, Director of the Economic Research Division of the Public Staff.
- I. On July 24, 2023, the Joint Applicants filed Rebuttal Testimony of the following witnesses:
- 1) Donald H. Denton;
 - 2) Dante M. DeStefano;
 - 3) Brian D. Bahr; and
 - 4) Ellen Lapson.
- J. A public hearing was held in this matter remotely via WebEx on July 20, 2023.
- K. Following completion of the Public Staff's investigation of the Joint Application and accompanying documents, review of the Joint Applicants' responses to the Public Staff's Data Requests, and after the Public Staff filed its Direct Testimony and the Joint Applicants filed their Rebuttal Testimony, the Stipulating Parties met and participated in virtual meetings and conference calls to discuss possible settlement.

- L. After settlement negotiations, in which some concessions from their respective litigation positions were made by all Stipulating Parties, the Stipulating Parties were ultimately able to arrive at a joint settlement proposal resolving all of the issues in dispute, the terms of which are reflected in the following sections of this Stipulation and Appendix A attached hereto. The Stipulating Parties agree and stipulate as follows:

II. APPROVAL OF THE PROPOSED TRANSACTION WITH REGULATORY CONDITIONS

The Stipulating Parties agree that the Commission should authorize the Joint Applicants to consummate the Proposed Transaction, subject to the Regulatory Conditions on attached Appendix A. The Stipulating Parties agree that with the attached Regulatory Conditions, the Proposed Transaction is justified by the public convenience and necessity.

III. AGREEMENT TO SUPPORT SETTLEMENT; NON-WAIVER

A. The Stipulating Parties will act in good faith to support the reasonableness of this Stipulation in any hearing before the Commission and any proposed order or brief in this docket. The Stipulating Parties further agree that this Stipulation is in the public interest, in part because it reflects a give-and-take settlement of contested issues.

B. The provisions of this Stipulation do not necessarily reflect any position asserted by any of the Stipulating Parties but reflect instead the

compromise and settlement between the Stipulating Parties as to all of the issues covered hereby. No Stipulating Party waives any right to assert any position in any future proceeding or docket before this or any other Commission and in any court except insofar as the Commission is addressing litigation arising out of the implementation of the terms herein or the approval of this Stipulation. This Stipulation shall not be cited as precedent by any of the Stipulating Parties regarding any issue in any other proceeding or docket before this Commission or in any court.

C. This Stipulation is a product of negotiation between the Stipulating Parties, and no provision of this Stipulation shall be strictly construed in favor of or against any Party.

V. INTRODUCTION OF TESTIMONY AND WAIVER OF CROSS-EXAMINATION

A. The prefiled testimony and exhibits of the Stipulating Parties may be received in evidence without objection, and each Party waives all right to cross-examine any witness with respect to such prefiled testimony and exhibits, If, however, questions are asked by any Commissioner, then any Stipulating Party may respond to such questions by presenting testimony or exhibits and cross-examining any witness with respect to such testimony and exhibits.

B. The Stipulating Parties agree that the Joint Application and the testimony and exhibits of the Stipulating Parties will provide sufficient support for

the Commission's approval of the Proposed Transaction pursuant to N.C. Gen. Stat. § 62-111 and the agreed-upon Regulatory Conditions contained in Appendix A to this Stipulation.

VIII. STIPULATION BINDING ONLY IF ACCEPTED IN ITS ENTIRETY

This Stipulation is the product of negotiation and compromise of a complex set of issues, and no portion of this Stipulation is or will be binding on any of the Stipulating Parties unless the entire Settlement Agreement and Stipulation is accepted by the Commission. If the Commission rejects any part of this Stipulation or approves this Stipulation subject to any change or condition, or if the Commission's approval of this Stipulation is rejected or conditioned by a reviewing court, the Stipulating Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Stipulation consistent with the order. No Stipulating Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any Stipulating Party withdraws from the Stipulation, each Stipulating Party retains the right to seek additional procedures before the Commission, including cross-examination of witnesses, with respect to issues addressed by the Stipulation and shall not be bound or prejudiced by the terms and conditions of the Stipulation.

IX. COUNTERPARTS

This Stipulation may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument. Execution by facsimile signature shall be deemed to be, and shall have the same effect as, execution by original signature.

The foregoing is agreed and stipulated to this the 31st day of July, 2023.

Electronically Submitted

Carolina Water Service, Inc. of North Carolina

Corix Infrastructure (US) Inc.

By: /s/ Jo Anne Sanford
Sanford Law Office, PLLC

SW Merger Acquisition Corp.

By: /s/ Mary Lynne Grigg
McGuire Woods LLP

Public Staff – North Carolina Utilities Commission

By: /s/ Christopher J. Ayers
Executive Director, Public Staff

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These Regulatory Conditions set forth commitments made by Corix Infrastructure (US) Inc. (“Corix US”), Intermediate Newco,¹ and Carolina Water Service, Inc. of North Carolina (“CWSNC” and, together with Corix US and Intermediate Newco, the “Regulatory Condition Parties”), as a precondition of approval of the application by CWSNC, Corix US, and SW Merger Acquisition Corp. pursuant to N.C. Gen. Stat. § 62-111(a) for authority to engage in their proposed business combination transaction (“Proposed Transaction” or “Merger”). These Regulatory Conditions, which become effective only upon the closing of the Proposed Transaction, shall be interpreted in a manner that ensures CWSNC’s customers (a) are protected from any known adverse effects from the Proposed Transaction, (b) are protected as much as possible from potential costs and risks resulting from the Proposed Transaction, and (c) receive sufficient known and expected benefits to offset any potential costs and risks resulting from the Proposed Transaction.

British Columbia Investment Management Corporation (“BCI”), Corix Infrastructure Inc. (“CII”) and any affiliate of CII that, collectively with CII, owns 50% of Corix US upon the closing of the Proposed Transaction, Bazos CIV, L.P. (“Bazos”), IIF Subway Investment LP (“IIF Subway”), and SWMAC Holdco,² as well as any additional or successor entities with control over Corix US, Intermediate Newco or CWSNC (collectively, the “Parent Entities”) hereby acknowledge and consent to these Regulatory Conditions agreed and entered into by the Regulatory Condition Parties. The Parent Entities further commit not to cause the Regulatory Conditions Parties to violate such Regulatory Conditions and not to prevent the Regulatory Condition Parties from taking commercially reasonable actions to comply with the Regulatory Conditions, for so long as such Regulatory Conditions remain in effect and applicable to the Regulatory Condition Parties. This consent and acknowledgement of the Parent Entities does not constitute a general consent to an expansion of, and shall not be interpreted to expand, the North Carolina Utilities Commission’s jurisdiction over the Parent Entities beyond that, if any, established by Chapter 62 of the North Carolina General Statutes.

For purposes of these Regulatory Conditions, the North Carolina Utilities Commission is referred to as “the Commission,” and the Public Staff – North Carolina Utilities Commission is referred to as “the Public Staff.” “Affiliate” shall mean Corix US and any business entity of which ten percent (10%) or more of the voting securities or interests are owned, directly or indirectly, by Corix US, including but not limited to CWSNC and Intermediate Newco.

The “Transaction Agreement” means the Transaction Agreement dated as of August 26, 2022, among Corix Infrastructure Inc., Corix Infrastructure (US) Inc., IIF Subway Investment LP, SW Merger Acquisition Corp. and SouthWest Water Company.

1. **Merger-related Expenses and Capital Costs.** Any expenses or capital costs associated with the Merger will be excluded from the revenue requirement of CWSNC for Commission financial reporting and ratemaking purposes. Merger expenses and capital costs include, but are not limited to, the costs of securing formal written evaluations of the transaction; the costs of structuring the transaction and obtaining tax advice on the structure of the transaction; the costs of negotiating, preparing, and reviewing the Transaction Agreement; the costs of retained consultants and advisors to evaluate the transaction and perform due diligence; legal and other fees of completing pre-closing restructuring; legal and other fees to close the

¹ Intermediate Newco is an entity that has not yet been formed but will be formed prior to the closing of the Proposed Transaction. As the Commission’s approval of the Proposed Transaction will be conditioned on the Regulatory Conditions, the Regulatory Conditions will apply to Intermediate Newco only upon the closing of the Proposed Transaction.

² SWMAC Holdco is an entity that has not been formed but will be formed prior to the closing of the Proposed Transaction. The provisions of the Regulatory Conditions that apply to the Parent Entities shall apply to SWMAC Holdco upon closing the Proposed Transaction.

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Proposed Transaction; financial advisor fees; the costs of securing regulatory approvals; change-in-control payments made to terminated executives, merger-related bonuses, incentive payments, retention payments, and severance payments; and regulatory process costs. Any premium paid related to the Merger will not be “pushed down” to CWSNC and will not be recovered from CWSNC’s ratepayers. The Merger should not result in any writeups, write-offs, or restatements of financial results on CWSNC’s books and records. However, if any such writeups, write-offs, or restatements of financial results do occur, and are required to be recorded on CWSNC’s books and records pursuant to GAAP, then any such writeups, write-offs, or restatements on CWSNC’s books and records will be excluded for ratemaking purposes. CWSNC will file a summary report of its final accounting for Merger-related expenses and capital costs within 150 days after the close of the Merger, and supplemental reports within 90 days after each quarter until such expenses and capital costs cease to be incurred.

2. **Costs to Achieve Merger Savings.** Beginning with the first quarter after the closing of the Proposed Transaction, CWSNC shall track, quantify, and report on a quarterly basis in conjunction with its Quarterly Earnings Reports,³ beginning with the first quarter after the closing of the proposed transaction, the North Carolina portion of actual costs to achieve Merger savings and Merger benefits (both quantitative and qualitative). Additionally, CWSNC will include the information in any future base rate case in which such tracked benefits accrue in the test/rate years applicable to the particular rate filing(s).
3. **Non-Consummation of Merger.** If the Proposed Transaction is not consummated, neither the cost, nor the receipt, of any termination payment or monetary damages shall be allocated to CWSNC or included in regulated expenses of CWSNC for Commission financial reporting and ratemaking purposes. CWSNC’s customers shall not otherwise bear any direct expenses or costs associated with a failed Proposed Transaction.
4. **Inclusion of Cost Savings in Future Rate Proceedings.** Notwithstanding the provisions of Regulatory Condition 1, for purposes of future general rate case proceedings of CWSNC, CWSNC may seek to recover costs to achieve Merger savings to the extent there are Merger savings or cost savings resulting from the Merger. CWSNC and the Public Staff shall not be limited to or constrained by the provisions of these Regulatory Conditions in asserting or sustaining arguments regarding the proper treatment of costs incurred to achieve those savings in setting just and reasonable rates for CWSNC.
5. **Hold Harmless Commitment.** The Proposed Transaction shall be effectuated in a manner designed to prevent harm to CWSNC’s ratepayers, although it is recognized that matters not currently foreseeable could possibly have the potential to negatively impact CWSNC ratepayers in the future. Notwithstanding this, the Regulatory Condition Parties (as well as any successor entities exercising control over CWSNC) shall take commercially reasonable actions to hold CWSNC’s customers harmless from the effects of the Proposed Transaction.⁴

³ Quarterly Earnings reports are filed with the Commission in accordance with Commission Rules R1-17A(j)(1), R7-39, and R10-26.

⁴ CWSNC, Intermediate Newco and Corix US reserve the right to dispute future assertions by the Public Staff that any particular future action or event may cause or represent harm to CWSNC’s

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6. **Distributions.** Absent Commission approval, dividends from CWSNC will be no more than 100 percent of net income. This Regulatory Condition shall continue for the period beginning upon the closing of the Proposed Transaction through the filing of the next general rate case or Water and Sewer Investment Plan ("WSIP") that occurs at least five years after the closing of the Proposed Transaction. The Commission retains the right to impose future limitations on distributions of CWSNC if the public interest requires, as provided pursuant to applicable law and prior Commission orders.
7. **Protection Against Decreased Creditworthiness.**
 - A. Intermediate Newco shall be established with a target investment grade capital structure profile and operated in a way that is consistent with maintaining an investment grade profile. Within 18 months after the Proposed Transaction closes, Intermediate Newco shall, on an annual basis, retain a third-party consultant to prepare a report assessing whether Intermediate Newco has maintained an investment grade profile and shall provide the confidential report to the Public Staff within 30 days after the report is completed. For the period beginning upon the closing of the Proposed Transaction through the filing of the next general rate case or WSIP that occurs at least five years after the closing of the Proposed Transaction, Intermediate Newco shall, on an annual basis, retain a third-party consultant to update such report and provide the confidential updated report to the Public Staff within 30 days after the report is completed. In assessing whether it has maintained an investment grade profile, consideration shall be given, in part, to the financial benchmarks published in S&P Global Rating Criteria,⁵ and the financial ratios noted in the testimony of witness Lapson.⁶ If Intermediate Newco obtains a credit rating from a nationally recognized credit rating agency, this condition shall terminate.
 - B. Within 6 months after the Proposed Transaction closes, representatives of Intermediate Newco, including Intermediate Newco's CFO, shall meet with the Public Staff to discuss Intermediate Newco's approach to financing utility operations.
 - C. Within 18 months after the Proposed Transaction closes, Intermediate Newco shall cause Corix Regulated (US) Inc. ("CRU US") to retain a third-party consultant to prepare a report assessing whether CRU US's capital structure is consistent with an investment grade profile and shall provide the confidential report to the Public Staff within 30 days after the report is completed. For the period beginning upon the closing of the Proposed Transaction through the filing of the next general rate case or WSIP that occurs at least five years after the closing of the Proposed Transaction, Intermediate Newco shall, on an annual basis, retain a third-party consultant to update such report and provide the confidential updated report to the Public Staff within 30 days after the report is completed. In assessing whether it has maintained an investment grade profile, consideration shall be given, in part, to the financial benchmarks

customers was attributed to the Proposed Transaction for which relief could be granted under this Condition.

⁵ S&P Global Ratings, "Criteria | Corporates | General: Corporate Methodology", Nov 19, 2013, republished on December 15, 2021, as amended or republished.

⁶ Testimony of Ms. Ellen Lapson, Docket No. W-354, Sub 412, dated November 23, 2022, page 11.

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- published in S&P Global Rating Criteria,⁷ and the financial ratios noted in the testimony of witness Lapson.⁸ If CRU US obtains a credit rating from a nationally recognized credit rating agency, this condition shall terminate.
- D. Within 36 months after the Proposed Transaction closes, Intermediate Newco shall cause CRU US to evaluate the costs and benefits of accessing debt capital through publicly traded debt instruments instead of private placements.
 - E. CWSNC will continue to identify and evaluate opportunities to apply for SRF funds when possible and where feasible.
 - F. Notwithstanding any time limitation or anything that may appear to the contrary, nothing herein shall be deemed to remove or impair the Public Staff's ability to argue in any subsequent matters that the Merger negatively and inappropriately impacted CWSNC's cost rate of debt or limit the Public Staff's ability to seek to adjust the cost rate of debt.
8. **Notice of Certain Investments.** For the period beginning upon the closing of the Proposed Transaction through the filing of the next general rate case or WSIP that occurs at least five years after the closing of the Proposed Transaction, Corix US and Intermediate Newco shall cause CWSNC to file annually by April 30 with the Commission and serve upon the Public Staff a list of all legal entities directly or indirectly controlled by Corix US; such list shall identify any entity or asset acquisitions representing ten percent (10%) or more of Intermediate Newco's book capitalization.
9. **Notice of Certain Intermediate Newco Investments.** For the period beginning upon the closing of the Proposed Transaction through the filing of the next general rate case or WSIP that occurs at least five years after the closing of the Proposed Transaction, Intermediate Newco shall cause CWSNC to file a notice with the Commission within ten (10) business days after Intermediate Newco makes any application to any state utility regulatory commission to acquire a controlling interest in a public utility.
10. **Notice by CWSNC of Default or Bankruptcy of an Affiliate.** If Corix US, Intermediate Newco or an Affiliate of CWSNC experiences a default on an obligation that is material to Corix US or Intermediate Newco or files for bankruptcy, and such bankruptcy is material to Corix US, Intermediate Newco or CWSNC, CWSNC shall notify the Commission of the event as soon as possible but not later than ten days after such event.
11. **Common Equity Capital.** Until the final order is issued in CWSNC's next general rate case, CWSNC will maintain common equity capital at levels equal to or greater than 45% of total adjusted capital (including common equity, long-term debt, long-term capital leases, and current maturities of long-term debt). No equity distributions, whether by dividend or other form, will be allowed that would result in equity capital falling below this minimum level during the specified period, without prior approval of the Commission. Notwithstanding the foregoing, CWSNC shall maintain the right to petition the Commission for an exception to this Regulatory Condition.
12. **Post-Closing Financial Information.** CWSNC will provide to Public Staff a confidential copy of pre- and post-Proposed Transaction preliminary unaudited closing balance sheets and the proposed closing journal entries,

⁷ S&P Global Ratings, "Criteria | Corporates | General: Corporate Methodology", Nov 19, 2013, republished on December 15, 2021, as amended or republished.

⁸ Testimony of Ms. Ellen Lapson, Docket No. W-354, Sub 412, dated November 23, 2022, page 11.

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including relevant descriptions and disclosures for the transactions recorded, for Intermediate Newco, Corix Regulated Utilities (US) Inc., SouthWest Water Company, and itself, by the end of the second full quarter following the close of the Merger, and final, audited closing balance sheets and closing journal entries, including relevant descriptions and disclosures for the transactions recorded for Intermediate Newco, Corix Regulated Utilities (US) Inc., SouthWest Water Company, and itself as soon as practicable but not later than 30 days after the completion of the first year's audit after the closing of the Proposed Transaction, if such companies have audited financial statements.

13. **Meetings with Public Staff.** CWSNC and key leadership from Intermediate Newco shall meet annually with the Public Staff to discuss CWSNC's financial condition and results, service quality initiatives and results, customer service changes, and potential new tariffs.
14. **Access to Books and Records.** In accordance with and to the extent provided by North Carolina law, the Commission and the Public Staff shall continue to have access to the books and records of CWSNC and its Affiliates.
15. **Changes to Boards of Directors.** For the period beginning upon the closing of the Proposed Transaction through the filing of the next general rate case or WSIP that occurs at least five years after the closing of the Proposed Transaction, CWSNC shall notify the Commission within ten days of any changes to the membership of the Board of Directors of Corix US, Intermediate Newco, or CWSNC.
16. **Notice to Public Staff Regarding Proposed Structural and Organizational Changes.** CWSNC shall promptly inform the Public Staff of any change in CWSNC's corporate structure or the corporate structure of any of its Affiliates. Upon request, the Regulatory Conditions Parties shall meet and consult with, and provide requested relevant data to, the Public Staff (a) regarding plans for material changes in CWSNC's or any of its Affiliates' corporate structure, (b) the expected or potential impact of such changes on CWSNC's rates, operations and service, and (c) plans to mitigate the adverse impacts, if any, such changes might have on CWSNC's customers.
17. **Mergers and Acquisitions.** CWSNC shall file an application for approval pursuant to N.C.G.S. § 62-111(a) at least 180 days before the proposed closing date for such merger or other business combination, except for good cause shown.
18. **Financial Statements.** For the period beginning upon the closing of the Proposed Transaction through the filing of the next general rate case or WSIP that occurs at least five years after the closing of the Proposed Transaction, CWSNC will provide to Public Staff, within 30 days of their completion, a confidential copy of audited financial statements of Corix Regulated Utilities (US) Inc. and Intermediate Newco, if such companies have audited financial statements.
19. **Obligations with Affiliates.** CWSNC will not make a loan to any Affiliate, issue a guarantee for an obligation of any Affiliate, or otherwise assume any obligation of any Affiliate without prior Commission approval.

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20. **Capital Budgets.** CWSNC shall maintain a level of capital and operational support in North Carolina necessary to provide safe, efficient, and reliable service at reasonable rates For the period beginning upon the closing of the Proposed Transaction through the filing of the next general rate case or WSIP that occurs at least five years after the closing of the Proposed Transaction, CWSNC shall provide to the Public Staff, on a confidential basis and for informational purposes, its Board-approved capital budget for new, expanded, or upgraded water and sewer facilities in North Carolina by April 30 of every year.
21. **Regulatory Reporting Requirements.** CWSNC will remain a public utility subject to regulation by the Commission pursuant to the North Carolina Public Utilities Act and the Commission's regulations. CWSNC shall comply with all regulatory reporting requirements.
22. **Regulatory and Operational Staffing.** CWSNC will use prudent business practices to maintain sufficient, adequately trained personnel to ensure that regulatory requirements are complied with in a timely and accurate manner. For the period beginning upon the closing of the Proposed Transaction through the filing of the next general rate case or WSIP that occurs at least five years after the closing of the Proposed Transaction, CWSNC shall notify the Public Staff when there is any change to the Director of Operations or Director of Regulatory Affairs or equivalent roles. Each year by April 30, for the period beginning upon the closing of the Proposed Transaction through the filing of the next general rate case or WSIP that occurs at least five years after the closing of the Proposed Transaction, CWSNC shall provide the Public Staff with an updated directory of personnel, including titles, phone numbers, and e-mail addresses.
23. **Customer Surveys.** CWSNC shall informally survey its customers regarding their satisfaction with CWSNC's public utility service. CWSNC will use prudent business practices to incorporate this information, if necessary, into its processes, programs, and services.
24. **Overall Service Quality.** CWSNC shall continue its commitment to provide safe, reliable, and affordable water and sewer service and effective customer service support.
25. **Cost Allocation Manual.** CWSNC shall keep on file with the Commission a cost allocation manual ("CAM") with respect to goods or services provided between and among CWSNC and its Affiliates. Any change to the CAM's cost allocation methodology or introduction of a new cost allocation methodology shall not become effective until 10 days after CWSNC has filed such changes with the Commission. The CAM shall be updated annually, and the revised CAM shall be filed with the Commission no later than April 30 of the year that the CAM is to be in effect. The CAM shall also be updated, if necessary, whenever the structure of Intermediate Newco or companies below Intermediate Newco changes. Should the CAM be updated more frequently than annually, CWSNC will file the revised version with the Commission within 30 days. The CAM shall include a list of all goods and services that CWSNC provides to an Affiliate or is provided by an Affiliate to CWSNC on a frequent or continuing basis.
26. **Charges for and Allocations of the Costs of Affiliate Transactions.** Affiliate transactions will be directly charged where practicable. The CAM shall encompass transactions, allocations, and the bases for the allocations occurring (a) at the Corix US level and below and (b) with any Affiliate with which CWSNC has a frequent or continuing cost allocation or transaction

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relationship, either directly or indirectly, including any and all service companies.

27. **Transfer Pricing Between Affiliates.**

- A. For untariffed goods and services provided by CWSNC to a non-utility Affiliate, the transfer price paid to CWSNC shall be set at the higher of market value or CWSNC's cost.
- B. For untariffed goods and services provided to CWSNC by a non-utility Affiliate, the transfer price charged by a non-utility Affiliate to CWSNC shall be set at the lower of market value or the non-utility Affiliate's cost.
- C. Services provided by CWSNC to utility Affiliates or by utility Affiliates to CWSNC shall be transferred at the supplier's cost, unless otherwise directed by order of the Commission.
- D. Services or functions provided by a service company to CWSNC shall be provided at cost, except that CWSNC shall not pay (whether directly or through allocation) any amount for a service or function that exceeds the fair market value of that service or function.

28. **Transfer of Services, Functions, Departments, or Assets.** CWSNC shall file notice with the Commission at least 30 days prior to the transfer of any services, functions, departments, or assets from CWSNC to a service company or another Affiliate, or any subsequent transfer of any services, functions, departments, or assets from CWSNC to a service company or another Affiliate that would have a material effect on CWSNC's customers.

29. **Affiliate Agreements.** CWSNC shall file pursuant to N.C.G.S. § 62-153 agreements for the provision and receipt of goods or services between and among CWSNC and its Affiliates. All such agreements that involve payment of fees or other compensation by CWSNC shall require acceptance and authorization by the Commission and shall be subject to any other Commission action required or authorized by North Carolina law and the Rules and orders of the Commission. Prior to making any non-substantive changes to existing agreements, CWSNC shall file such changes with the Commission.

30. **Affiliate Transaction Report.** CWSNC shall file an annual report of affiliated transactions with the Commission in a format prescribed by the Commission. The first such report on affiliated transactions shall be filed on April 30, 2025, for activity through December 31, 2024, and annually thereafter on April 30 for the activity from January 1 through December 31 of the preceding year.

31. **Service Area Reporting.** CWSNC shall file an annual report on April 30 of each year detailing the Company's North Carolina service areas with the associated Commission docket numbers for which a certificate of public convenience and necessity area was granted, or a contiguous extension was recognized.

32. **Geographic Information Systems (GIS) Mapping.** Upon request, CWSNC shall provide the Public Staff and the Commission a confidential downloaded version of CWSNC's GIS map of specifically requested North Carolina service areas. CWSNC will provide Public Staff a direct staff contact as a resource for service area related inquires and mapping functions. CWSNC will collaborate with the Public Staff to develop a process of sharing GIS data.

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33. **Emergency Operator System**. CWSNC shall continue to serve as emergency operator of the following systems: Harrco Utility Corporation (Docket No. W-796, Sub 12); Cross-State Development Company (Docket No. W-408, Sub 9); Outer Banks/Kinnakeet Associates, LLC (Docket Nos. W-1125, Subs 9 and 10); and Mountain Air Utilities Corporation (Docket No. W-1148, Sub 20). This Regulatory Condition shall remain in effect for the lesser of three years after the consummation of the Proposed Transaction or until CWSNC is relieved of its requirement by future Commission order. This condition is not intended to, and does not, modify any of the provisions in the respective Emergency Operator orders issued by the Commission, specifically including the Company's right to petition the Commission at any time to be discharged as the emergency operator, and the Commission's obligation to approve same.
34. **Customer Assistance Program (CAP)**. CWSNC, at its own cost, shall develop a low-income customer assistance program ("CAP") and file it in a separate docket within one year of consummation of the Proposed Transaction. CWSNC shall work with the Public Staff to develop a CAP proposal filing that shall include, but not be limited to, the following information: (1) customer eligibility criteria; (2) number of customers in need; (3) number of customers the program can assist based on funding; (4) summary of similar programs used by CWSNC and its regulated affiliate(s); and (5) description of how the program will be administered. The costs associated with the development and funding of the CAP shall not be included for recovery by CWSNC in any future general rate case or rider proceeding. Additionally, if the CAP is approved by the Commission, determination of the appropriateness of cost recovery for ongoing costs associated with the CAP shall be determined by the Commission in a CWSNC general rate case, and nothing in this condition shall hinder either CWSNC or the Public Staff from making any arguments regarding the appropriateness of inclusion or disallowance of the costs for recovery.
35. **Leadership Retention**. For the period beginning upon the closing of the Proposed Transaction through the filing of the next general rate case or WSIP that occurs at least five years after the closing of the Proposed Transaction, CWSNC, acting in good faith, shall, when possible, notify the Commission before, and in no event more than 10 days after, a change to any officer of CWSNC, Intermediate Newco, or Corix US occurs.
36. **Operator Development and Retention**. CWSNC shall report annually on April 30, for the period beginning upon the closing of the Proposed Transaction through the filing of the next general rate case or WSIP that occurs at least five years after the closing of the Proposed Transaction, on efforts to develop and retain qualified operators.

The Executive Leadership Team for Our New Company



Rob MacLean, Chief Executive Officer (CEO)

Rob MacLean has served as SouthWest Water's President and Chief Executive Officer since 2018. He is based at the company's headquarters in Sugar Land, Texas. Rob's career has spanned over 25 years in the water industry, and he has served as a volunteer leader for various regional and national organizations. During his tenure with SouthWest Water, Rob has led the company's continued expansion and growth while focusing on employee empowerment and service excellence. The Company's internal motto, "We've got this!" is emblematic of the culture at SouthWest Water, where employees are empowered to get the job done for our customers.



Jim Devine, Chief Enterprise Services Officer (CESO)

Jim currently serves as Chief Support Services Officer at Corix. Jim joined Utilities, Inc. in 2010, working in Human Resources until he was promoted to lead Shared Services shortly after the Corix acquisition in 2014, and joined the Corix Executive team in 2018. In his new role, he will oversee the combined company's shared technology platforms, Centers of Expertise and enterprise business services. Jim will continue to reside with his husband, Andrew, in Chicago, IL following close of the transaction.



Shawn Elicegui, Chief Legal Officer (CLO)

Shawn currently serves as CLO at Corix. In his role at the new company, he will maintain similar responsibilities overseeing the legal department. He will also have responsibility for the corporate Rates, Regulatory and Legislative Affairs team. Shawn, who joined Corix in 2019, will continue to reside in Reno, NV with his wife, Jennifer, following the close of the transaction.



Joanne Elliott, Chief Human Resources Officer (CHRO)

Joanne currently serves as CHRO at SouthWest Water. At the newly combined company, she will be responsible for all aspects of people and culture. Joanne joined SouthWest Water in 2019, and she will continue to reside in Los Angeles County, CA with her husband Hal.



Richard Rich, Chief Operating Officer (COO)

Richard is currently the COO of SouthWest Water. As COO of the combined company, he will continue to oversee the operations for all business units. Rich began his career at SouthWest Water as a meter reader 20 years ago, and has served in various roles across several states, including in Operations; Customer Care; Regulatory; Financial Planning and Analysis; and as President of the California business. Rich and his wife Kellie, along with their two children, Jaxon (17) and Ella (11), will continue to be based in the Sugar Land, TX area.



Don Sudduth, Chief Growth Officer (CGO)

Don currently serves as CGO at Corix. At the combined company, he will continue to be responsible for leading and growing the new company's business. Don has been with Corix for 16 years, first with Corix-acquired Utilities, Inc. and then with Corix. He has served as VP Corporate Development; VP Meter To Cash Operations; President of the South Region; and COO of Energy & Contract Utilities. Don will continue to be based in Florida, where he resides with his wife, Kandi, near their two adult sons, Masen and Jacksen.



Alison Zimlich, Chief Financial Officer (CFO)

Alison currently serves as CFO of SouthWest Water and will continue in that same role with the new company. Alison has been with SouthWest Water since May 2021. She and her husband, Josh, live in the Houston area and are recent empty-nesters. They are looking forward to lots of golf and travel in their new free time. Their daughter, Bonnie, is a junior at Texas State University, and their son, Caden, is a freshman at University of Arkansas.

DOCKET NO. W-354, SUB 412 REGULATORY CONDITIONS

These Regulatory Conditions shall apply jointly and severally to British Columbia Investment Management Corporation (BCI), Corix Infrastructure Inc. (CII),¹ Bazos CIV, L.P. (Bazos), IIF Subway Investment LP (IIF Subway), SWMAC Holdco (SWMAC), Corix Infrastructure (US) Inc. (Corix US), Intermediate Newco, and Carolina Water Service, Inc. of North Carolina (CWSNC) (as well as any successor entities), as a precondition of approval of the application by CWSNC, Corix US, and SW Merger Acquisition Corp. pursuant to N.C. Gen. Stat. § 62-111(a) for authority to engage in their proposed business combination transaction (Merger). These Regulatory Conditions, which become effective only upon closing of the Merger, shall be interpreted in the manner that ensures CWSNC's customers (a) are protected from any known adverse effects from the Merger, (b) are protected as much as possible from potential costs and risks resulting from the Merger, and (c) receive sufficient known and expected benefits to offset any potential costs and risks resulting from the Merger.

For purposes of these Regulatory Conditions, the North Carolina Utilities Commission is referred to as "the Commission," and the Public Staff – North Carolina Utilities Commission is referred to as "the Public Staff." "Affiliate" shall mean BCI, CII, Bazos, IIF Subway, SWMAC and any business entity of which ten percent (10%) or more is owned or controlled, directly or indirectly, by BCI, CII, Bazos, IIF Subway, SWMAC, including, but not limited to, CWSNC, Corix US, and Intermediate Newco.

- 1. Merger-related Expenses and Capital Costs.** Any expenses or capital costs associated with the Merger or transitioning to the reorganized entity will be excluded from the regulated expenses of CWSNC for Commission financial reporting and ratemaking purposes. Merger expenses and capital costs include, but are not limited to, change-in-control payments made to terminated executives, Merger-related bonuses, severance payments, regulatory process costs, and transaction fees (such as investment banker and legal fees for transaction structuring, financial market analysis, and fairness opinions based on formal agreements with investment bankers). Any premium paid related to the Merger will not be "pushed down" to CWSNC and will not be recovered from CWSNC's ratepayers. The Merger should not result in any writeups, write-offs, or restatements of financial results on CWSNC's books and records. However, if any such writeups, write-offs, or restatements of financial results do occur, and are required to be recorded on CWSNC's books and records pursuant to GAAP, then any such writeups, write-

¹ It is anticipated that, as of closing, CII and an affiliate or affiliates of CII will collectively own 50% of Corix US's outstanding stock. These Regulatory Conditions will apply to such affiliate or affiliates of CII.

- offs, or restatements on CWSNC's books and records will be excluded for ratemaking purposes. CWSNC will file a summary report of its final accounting for Merger-related expenses and capital costs within 120 days after the close of the Merger, and supplemental reports within 60 days after each quarter until such expenses and capital costs cease to be incurred.
2. **Costs to Achieve Merger Savings.** CWSNC shall report the actual costs to achieve savings from the Merger, if any, on its Quarterly Earnings Reports² in accordance with generally accepted accounting principles and identify the North Carolina portions of these costs beginning with the first quarter after the Merger closes.
 3. **Non-Consummation of Merger.** If the Merger is not consummated, neither the cost, nor the receipt, of any termination payment or monetary damages shall be allocated to CWSNC or included in regulated expenses of CWSNC for Commission financial reporting and ratemaking purposes. CWSNC's customers shall not otherwise bear any direct expenses or costs associated with a failed merger.
 4. **Inclusion of Cost Savings in Future Rate Proceedings.** For purposes of future general rate case proceedings for CWSNC, CWSNC and the Public Staff shall not be limited to or constrained by the provisions of these Regulatory Conditions in asserting or sustaining arguments regarding the proper treatment of Merger cost savings in setting just and reasonable rates for CWSNC. For six years after the closing date, CWSNC will track and quantify all the benefits (both qualitative and quantitative) customers in its service territory are receiving under its new ownership and report on a quarterly basis in conjunction with its Quarterly Earnings Reports. Additionally, CWSNC will include the information in any future base rate case in which such tracked benefits accrue in the test/rate years applicable to the particular rate filing(s).
 5. **Hold Harmless Commitment.** The Merger shall be effectuated in a manner designed to prevent harm to CWSNC's ratepayers, although it is recognized that matters not currently foreseeable could possibly have the potential to negatively impact CWSNC ratepayers in the future. Notwithstanding this, BCI, CII, Bazos, IIF Subway, SWMAC, Corix US, Intermediate Newco, and CWSNC (as well as any successor entities exercising control over or allocating costs to CWSNC) shall take all such actions as may be reasonably necessary and appropriate to hold CWSNC's customers harmless from the effects of the Merger.
 6. **Distributions to BCI, CII, Bazos, IIF Subway, SWMAC, Corix US, Intermediate Newco, and Corix Regulated Utilities (US) Inc. (CRU US).** CWSNC shall not pay to BCI, CII, Bazos, IIF Subway, SWMAC, Corix US, Intermediate Newco, or CRU US any distribution exceeding 100% of CWSNC's net income calculated on

² Quarterly Earnings reports are filed with the Commission in accordance with Commission Rules R1-17A(j)(1), R7-39, and R10-26.

a two-year rolling average basis. In addition, CWSNC shall limit cumulative distributions paid to BCI, CII, Bazos, IIF Subway, SWMAC, Corix US, Intermediate Newco, or CRU US subsequent to closure of the Merger to (i) the amount of its retained earnings on the day prior to the closure of the Merger, plus (ii) any future earnings recorded by CWSNC subsequent to closure of the Merger. CWSNC shall not make any distributions to any Affiliates other than BCI, CII, Bazos, IIF Subway, SWMAC, Corix US, Intermediate Newco, or CRU US unless approved by the Commission. The Commission retains the right to impose future limitations on distributions of CWSNC if the public interest requires, as provided pursuant to applicable law and prior Commission orders.

7. **Protection Against Decrease in Creditworthiness.** To the extent the cost rates of any of Corix US's or CWSNC's long-term debt increase as a result of the Merger, a replacement debt cost rate or an adjustment to the embedded cost of debt should be determined. The decrease in creditworthiness would be indicated by a deterioration of the financial condition of Intermediate Newco, including a sustained decrease in the Funds From Operations (FFO) to Debt ratio.³ This replacement cost rate shall be applicable to all financings, refundings, and refinancings taking place following the change in creditworthiness as well as other proceedings impacted by the cost of debt. In particular, if a decrease in creditworthiness has occurred and has contributed to an increase in the cost of debt, a replacement cost calculation will be determined, as part of CWSNC's future general rate cases. This requirement will continue for six years after the consummation of the Merger. Twelve months following the consummation of the Merger, CRU US or CWSNC shall file an economic analysis of the expected benefits and costs with a competitive public credit rating and debt offering. In addition, CWSNC shall avail itself to lower cost debt capital with State Revolving Funds administered through the North Carolina Department of Environmental Quality.
8. **Notice of Certain Investments.** Whenever BCI, CII, Bazos, IIF Subway, SWMAC, Corix US, or Intermediate Newco makes any new or increased direct or indirect investment in a business entity where such investment appears or will appear on the books of BCI, CII, Bazos, IIF Subway, SWMAC, Corix US, or Intermediate Newco and the amount of such investment is equal to 10% or more of the book capitalization of BCI, CII, Bazos, IIF Subway, SWMAC, Corix US, or Intermediate Newco, the investing entity shall file or cause to be filed, as soon as practicable following Board or other approval of the subject transaction and any public announcement thereof (if one is made), a notice of the investment with the Commission. The notice shall include a full description of the investment and an explanation of how it will be accounted for in the investing entity's books and records.

³ Table 3 on Page 11 of witness Lapson's direct testimony indicates that the FFO to Debt ratio for Intermediate Newco as of December 31, 2021, was 10.2%.

9. **Notice of Certain BCI, CII, Bazos, IIF Subway, SWMAC, Corix US, and Intermediate Newco Investments.** CWSNC shall file a notice with the Commission, subsequent to approval by the Board of CII, Bazos, IIF Subway, SWMAC, Corix US, or Intermediate Newco and as soon as practicable following any public announcement (if one is made), of any new investment in a regulated utility by BCI, CII, Bazos, IIF Subway, SWMAC, Corix US, Intermediate Newco or any Affiliate.
10. **Notice by CWSNC of Default or Bankruptcy of Affiliate.** If BCI, CII, Bazos, IIF Subway, SWMAC, Corix US, Intermediate Newco or an Affiliate of CWSNC experiences a default on an obligation that is material to BCI, CII, Bazos, IIF Subway, SWMAC, Corix US, or Intermediate Newco or files for bankruptcy, and such bankruptcy is material to BCI, CII, Bazos, IIF Subway, SWMAC, Corix US, or Intermediate Newco, CWSNC shall notify the Commission of the event in advance, if possible, or, if not, as soon as possible but not later than ten days after such event. For purposes of this section, materiality shall be any default or bankruptcy that would be required to be disclosed in the audited financial statements of BCI, CII, Bazos, IIF Subway, SWMAC, Corix US, or Intermediate Newco.
11. **Common Equity Capital.** Until the final order is issued in CWSNC's next general rate case, CWSNC will maintain common equity capital at levels equal to or greater than 45% of total adjusted capital (including common equity, long-term debt, long-term capital leases, and current maturities of long-term debt). No equity distributions, whether by dividend or other form, will be allowed that would result in equity capital falling below this minimum level during the specified period, without prior approval of the Commission. Notwithstanding the foregoing, CWSNC shall maintain the right to petition the Commission for an exception to this Regulatory Condition.
12. **Post-Closing Financial Information.** CWSNC shall file pre- and post-Merger closing balance sheets and the closing journal entries, including relevant descriptions and disclosures for the transactions recorded, for BCI, CII, Bazos, IIF Subway, SWMAC, Corix US, Intermediate Newco, and itself, as soon as practicable but not later than the end of the second full quarter following the close of the Merger.
13. **Meetings with Public Staff.** CWSNC and any Affiliates requested by the Public Staff shall meet annually with the Public Staff to discuss CWSNC's financial condition and results, service quality initiatives and results, customer service changes, and potential new tariffs.
14. **Access to Books and Records.** In accordance with and to the extent provided by North Carolina law, the Commission and the Public Staff shall continue to have access to the books and records of CWSNC and its Affiliates.

15. **Changes to Board of Directors or Management.** CWSNC shall notify the Commission within ten days of any changes to the Board of Directors or management of BCI, CII, Bazos, IIF Subway, SWMAC, Corix US, Intermediate Newco, or CWSNC.
16. **Notice and Consultation with Public Staff Regarding Proposed Structural and Organizational Changes.** Upon request, or at least 60 days before such changes are to become effective, BCI, CII, Bazos, IIF Subway, SWMAC, Corix US, Intermediate Newco, and CWSNC shall notify, meet and consult with, and provide requested relevant data to, the Public Staff regarding plans for significant changes in CWSNC's or any of its Affiliates' organization, structure, and activities which are reasonably anticipated to affect CWSNC; the expected or potential impact of such changes on CWSNC's rates, operations and service; and proposals for assuring that such plans do not adversely affect CWSNC's customers.
17. **Mergers and Acquisitions.** For any proposed merger or other business combination⁴ that would affect CWSNC, CWSNC shall file an application for approval pursuant to N.C.G.S. § 62-111(a) at least 180 days before the proposed closing date for such merger or other business combination.
18. **Financial Statements.** By the end of the first quarter of each calendar year, CWSNC will provide to the Public Staff audited financial statements of Corix US, Intermediate Newco, and CWSNC for the preceding calendar year.
19. **Obligations with Affiliates.** CWSNC will not make a loan to any Affiliate, issue a guarantee for an obligation of any Affiliate, or otherwise assume any obligation of any Affiliate without prior Commission approval.
20. **Capital Budgets.** CWSNC shall maintain a level of capital and operational support in North Carolina necessary to provide safe, efficient, and reliable service at reasonable rates. CWSNC shall provide to the Public Staff, on a confidential basis and for informational purposes, its six-year projected capital budget for new, expanded, or upgraded water and sewer facilities in North Carolina by March 31 of every year until relieved of this requirement by future Commission order.
21. **Regulatory Reporting Requirements.** CWSNC shall comply with all regulatory reporting requirements.
22. **Regulatory Staffing.** CWSNC shall maintain sufficient, adequately trained personnel to ensure that regulatory requirements are complied with in a timely and accurate manner. CWSNC shall notify the Public Staff when there is any change

⁴ For purposes of these Regulatory Conditions, a "merger or other business combination" is defined as not simply an investment in a business entity, but as a transaction or other event in which either (1) an acquirer obtains control of one or more business entities, or (2) two or more previously separate business entities merge into one with newly defined or established control authority.

- in regulatory or operational personnel at the management/supervisor level. Each year by June 30, CWSNC shall provide the Public Staff with an updated directory of personnel, including titles, phone numbers, and e-mail addresses.
23. **Customer Surveys.** CWSNC shall informally survey its customers regarding their satisfaction with CWSNC's public utility service and shall incorporate this information into its processes, programs, and services. The survey should include specific questions that capture any changes in utility service and customer service post-merger. The survey results shall be filed with the Commission. Surveys shall be conducted annually for six years after the consummation of the Merger and continue until relieved of this requirement by future Commission order.
 24. **Overall Service Quality.** CWSNC shall continue its commitment to provide safe, reliable, and affordable water and sewer service and effective customer service support.
 25. **Shared Goods and Services.** Within 90 days of Commission approval of these Regulatory Conditions, CWSNC shall provide a list of items determined to be the shared goods and services of CWSNC and all other Affiliates, and the basis for each determination.
 26. **Cost Allocation Manual.** CWSNC shall keep on file with the Commission a cost allocation manual (CAM) with respect to goods or services provided between and among CWSNC and its Affiliates. CWSNC shall not commit to any cost allocation that would result from any changes to such CAM or list of goods and services until ten days after it has filed such changes with the Commission. The CAM shall be updated annually, and the revised CAM shall be filed with the Commission no later than March 31 of the year that the CAM is to be in effect. The CAM shall also be updated whenever the structure of the BCI, CII, Bazos, IIF Subway, SWMAC, Corix US, and Intermediate Newco corporate entities or the relationships between Affiliates are changed.
 27. **Charges for and Allocations of the Costs of Affiliate Transactions.** Affiliate transactions will be directly charged where practicable. The CAM shall encompass transactions, allocations, and the bases for the allocations occurring (a) at the BCI, CII, Bazos, IIF Subway, and SWMAC level and below, and (b) with any Affiliate with which CWSNC has a frequent or continuing cost allocation or transaction relationship, either directly or indirectly through BCI, CII, Bazos, IIF Subway, SWMAC, or a direct or indirect subsidiary of BCI, CII, Bazos, IIF Subway, or SWMAC, including any and all service companies.
 28. **Transfer Pricing Between Affiliates.** For untariffed goods and services provided by CWSNC to a non-utility Affiliate, the transfer price paid to CWSNC shall be set at the higher of market value or CWSNC's cost. For untariffed goods and services provided to CWSNC by a non-utility Affiliate, the transfer price charged by a non-utility Affiliate to CWSNC shall be set at the lower of market value or the non-utility

Affiliate's cost. Services provided by CWSNC to utility Affiliates or by utility Affiliates to CWSNC shall be transferred at the supplier's cost, unless otherwise directed by order of the Commission, except that CWSNC shall not take any service from an Affiliate under circumstances where the costs incurred for that service (whether directly or through allocation) exceed fair market value. Services provided by a service company to CWSNC shall be provided at cost, except that CWSNC shall not pay any amount for a service that exceeds the fair market value of that service.

29. **Transfer of Services, Functions, Employees, or Assets.** CWSNC shall file notice with the Commission 60 days prior to the initial transfer of any services, functions, employees, or assets from CWSNC to a service company or another Affiliate, or any subsequent transfer of any services, functions, employees, or assets from CWSNC to a service company or another Affiliate that would have an effect on CWSNC's ratepayers.
30. **Affiliated Agreements.** CWSNC shall file pursuant to N.C.G.S. § 62-153 agreements for the provision and receipt of goods or services between and among CWSNC and its Affiliates. All such agreements that involve payment of fees or other compensation by CWSNC shall require acceptance and authorization by the Commission and shall be subject to any other Commission action required or authorized by North Carolina law and the Rules and orders of the Commission. Prior to making any changes to existing agreements, CWSNC shall file such changes with the Commission.
31. **Affiliate Transactions Report.** CWSNC shall file an annual report of affiliated transactions with the Commission in a format prescribed by the Commission. The first such report on affiliated transactions shall be filed on March 31, 2024, for activity through December 31, 2023, and annually thereafter on March 31 for the activity from January 1 through December 31 of the preceding year.
32. **Service Area Reporting.** CWSNC shall file an annual report on March 31 of each year detailing the Company's North Carolina service areas with the associated Commission docket numbers for which a certificate of public convenience and necessity area was granted or a contiguous extension was recognized.
33. **Geographic Information Systems (GIS) Mapping.** CWSNC shall grant the Public Staff and Commission view and download access of CWSNC's GIS interactive map of North Carolina service areas.
34. **Emergency Operator Systems.** CWSNC shall continue to serve as emergency operator of the following systems: Harrco Utility Corporation (Docket No. W-796, Sub 12); Cross-State Development Company (Docket No. W-408, Sub 9); Outer Banks/Kinnakeet Associates, LLC (Docket Nos. W-1125, Subs 9 and 10); and Mountain Air Utilities Corporation (Docket No. W-1148, Sub 20). This Regulatory Condition shall remain in effect for three years after the consummation of the

Merger and continue until relieved of this requirement by future Commission order.

35. **Customer Assistance Program (CAP).** CWSNC and its Affiliates, at their own cost, shall develop a low-income customer assistance program and file it in a separate docket within one year of consummation of the Merger. CWSNC shall work with the Public Staff to develop a CAP proposal filing that shall include, but not be limited to, the following information: (1) customer eligibility criteria; (2) number of customers in need; (3) number of customers the program can assist based on funding; (4) summary of similar programs used by CWSNC and its Affiliate(s); and (5) description of how the program will be administered. If the CAP is approved by the Commission, CWSNC and its Affiliates shall make an annual goodwill contribution to fund the CAP pilot program until the effective date of rates in CWSNC's next general rate case or otherwise ordered by the Commission.
36. **Leadership Retention.** For three years after the consummation of the Merger, CWSNC and any Affiliate(s) shall make reasonable efforts to retain key staff serving North Carolina customers, including but not limited to, Donald H. Denton III (Senior Vice President, East Operations for CII) and Anthony Konsul (Director, State Operations). CWSNC shall notify the Commission at least 60 days prior to the separation of any key staff serving North Carolina customers.
37. **Operator Development and Retention.** CWSNC and its Affiliates shall report annually on their efforts to develop and retain qualified operators and research of the operator labor market until relieved of this requirement by future Commission order.

Joint Applicants Rebuttal Exhibit 1**Docket No W-354, Sub 412**

PS Condition #	Public Staff Condition	Bucket No.
1	Transaction Costs and Accounting	2
2	Costs to Achieve Merger Savings	2
3	Non-Consummation of Merger	1
4	Inclusion of Cost Savings in Future Rate Proceedings	2
5	Hold Harmless Commitment	2
6	Distributions	2
7	Protection Against Decrease in Creditworthiness	3
8	Notice of Certain Investments	2
9	Notice of Certain Investments-Intermediate Newco	2
10	Notice by CWSNC of Default or Bankruptcy of an Affiliate	2
11	Common Equity Capital	1
12	Post-Closing Financial Information	2
13	Meetings with Public Staff	2
14	Access to Books and Records	1
15	Changes to Board of Directors or Management	2
16	Notice and Consultation with Public Staff Regarding Proposed Structural and Organizational Changes	2
17	Mergers and Acquisitions	3
18	Financial Statements	2
19	Obligations with Affiliates	2
20	Capital Budgets	2
21	Regulatory Reporting Requirements	1
22	Regulatory and Operational Staffing	2
23	Customer Surveys	2
24	Overall Service Quality	1
25	Shared Goods and Services	3
26	Cost Allocation Manual	2
27	Charges for and Allocations of the Costs of Affiliate Transactions	2
28	Transfer Pricing Between Affiliates	2
29	Transfer of Services, Functions, Employees, or Assets	2
30	Affiliated Agreements	2
31	Affiliate Transactions Report	2
32	Service Area Reporting	2
33	Geographic Information Systems (GIS) Mapping	2
34	Emergency Operator System	2
35	Customer Assistance Program (CAP)	2
36	Leadership Retention	2
37	Operator Development and Retention	2

Notes:

Bucket One – Agreeable Conditions Without Modification

Bucket Two – Agreeable Conditions With Non-Substantive Modifications Or Clarification

Bucket Three – Agreeable Conditions With Substantive Modifications

These Regulatory Conditions set forth commitments made by Corix Infrastructure (US) Inc. (“Corix US”), Intermediate Newco,¹ and Carolina Water Service, Inc. of North Carolina

¹ Intermediate Newco and SWMAC Holdco are entities that have not yet been formed but will be formed prior to the closing of the Proposed Transaction. As the Commission’s approval of the Proposed Transaction will be conditioned on the Regulatory Conditions, the Regulatory Conditions will apply to Intermediate Newco and SWMAC Holdco only upon the closing of the Proposed Transaction.

Joint Applicants Rebuttal Exhibit 1

Docket No W-354, Sub 412

("CWSNC" and, together with Corix US and Intermediate Newco, the "Regulatory Condition Parties"), as a precondition of approval of the application by CWSNC, Corix US, and SW Merger Acquisition Corp. pursuant to N.C. Gen. Stat. § 62-111(a) for authority to engage in their proposed business combination transaction ("Proposed Transaction"). These Regulatory Conditions, which become effective only upon the closing of the Proposed Transaction, shall be interpreted in a manner that ensures CWSNC's customers (a) are protected from any known adverse effects from the Proposed Transaction, (b) are protected as much as possible from potential costs and risks resulting from the Proposed Transaction, and (c) receive sufficient known and expected benefits to offset any potential costs and risks resulting from the Proposed Transaction.

Corix Infrastructure Inc. ("CII") and SWMAC Holdco, as well as any additional or successor entities with control over Corix US, Intermediate Newco or CWSNC (collectively, the "Parent Entities") hereby acknowledge and consent to these Regulatory Conditions agreed and entered into by the Regulatory Condition Parties. The Parent Entities further commit not to cause the Regulatory Conditions Parties to violate such Regulatory Conditions and not to prevent the Regulatory Condition Parties from taking commercially reasonable actions to comply with the Regulatory Conditions, for so long as such Regulatory Conditions remain in effect and applicable to the Regulatory Condition Parties. This consent and acknowledgement of the Parent Entities does not constitute a general consent to an expansion of, and shall not be interpreted to expand, the North Carolina Utilities Commission's jurisdiction over the Parent Entities beyond that, if any, established by Chapter 62 of the North Carolina General Statutes.

For purposes of these Regulatory Conditions, the North Carolina Utilities Commission is referred to as "the Commission," and the Public Staff – North Carolina Utilities Commission is referred to as "the Public Staff." "Affiliate" shall mean Corix US and any business entity of which ten percent (10%) or more of the voting securities or interests are owned, directly or indirectly, by Corix US, including but not limited to CWSNC and Intermediate Newco. "Transaction Costs" shall mean:

- The costs of securing formal written evaluations of the transaction;
- The costs of structuring the transaction and obtaining tax advice on the structure of the transaction;
- The costs of negotiating, preparing, and reviewing the Transaction Agreement;
- The costs of retained consultants and advisors to evaluate the transaction and perform due diligence;
- Legal and other fees of completing pre-closing restructuring;
- Legal and other fees to close the proposed transaction;
- Financial advisor fees; and
- The costs of securing regulatory approvals.

1. **Transaction Costs and Accounting.** Regardless of whether such costs are capitalized, deferred or expensed, Transaction Costs shall be excluded from the regulated expenses of CWSNC for Commission financial and ratemaking purposes. CWSNC shall file a summary report of its financial accounting for Transaction Costs within 180 days after the Proposed Transaction closes and within 180 days after the last quarter in which any additional Transaction Costs are incurred.
 - a. **Incentive and Retention Payments.** CWSNC shall exclude incentive and retention payments directly related to and paid solely because of the Proposed Transaction from the regulated expenses of CWSNC for Commission financial and ratemaking purposes.
 - b. **Accounting.** The Proposed Transaction should not result in any writeups, write-offs, or restatements of financial results on CWSNC's books and

records. However, if any such writeups, write-offs, or restatements of financial results do occur, and are required to be recorded on CWSNC's books and records pursuant to GAAP, then any such writeups, write-offs, or restatements on CWSNC's books and records will be excluded for ratemaking purposes.

2. **Costs to Achieve Merger Savings.**

CWSNC may recover the costs of integrating administrative and general functions ("Integration Costs") to the extent that the benefits of integrating administrative and general functions meet or exceed such costs. To the extent Integration Costs exceed benefits ("Net Costs"), CWSNC, Corix US and Intermediate Newco acknowledge that CWSNC will not recover Net Costs. After Integration Costs and benefits are reflected in the next two general rate cases, CWSNC will discontinue tracking those costs and benefits and will track only costs and benefits incremental to those reflected in rates.

For the purposes of future general rate case proceedings for CWSNC, CWSNC and the Public Staff shall not be limited to or constrained by the provisions of these Regulatory Conditions in asserting or sustaining arguments regarding the proper treatment of integration costs and related cost savings in setting just and reasonable rates for CWSNC.

3. **Non-Consummation of Merger.** If the Proposed Transaction is not consummated, neither the cost, nor the receipt, of any termination payment or monetary damages shall be allocated to CWSNC or included in regulated expenses of CWSNC for Commission financial reporting and ratemaking purposes. CWSNC's customers shall not otherwise bear any direct expenses or costs associated with a failed Proposed Transaction.

4. **Inclusion of Costs Savings in Future Rate Proceedings.** See No. 2 above.

5. **Hold Harmless Commitment.** The Proposed Transaction shall be effectuated in a manner designed to prevent harm to CWSNC's ratepayers, although it is recognized that matters not currently foreseeable could possibly have the potential to negatively impact CWSNC ratepayers in the future. Notwithstanding this, the Regulatory Condition Parties (as well as any successor entities exercising control over CWSNC) shall take commercially reasonable actions to hold CWSNC's customers harmless from the effects of the Proposed Transaction.²

6. **Distributions.** Absent Commission approval, dividends from CWSNC will be no more than 100 percent of net income. This Regulatory Condition shall continue for a period of five years after the Proposed Transaction closes. The Commission retains the right to impose future limitations on distributions of CWSNC if the public interest requires, as provided pursuant to applicable law and prior Commission orders.

7. **Protection Against Decrease Creditworthiness.** Intermediate Newco shall be established with a target investment grade capital structure profile and operated in a way that is consistent with maintaining an investment grade profile. Within three years after the Proposed Transaction closes, Intermediate Newco shall cause Corix Regulated Utilities (US) Inc. to evaluate the costs and benefits of (a) obtaining a credit rating and (b) accessing debt capital through publicly traded debt instruments instead of private placements. CWSNC will continue to evaluate and look for opportunities to apply for SRF funds when possible and where feasible.

² CWSNC, Intermediate Newco and Corix US reserve the right to dispute future assertions by the Public Staff that any particular future action or event may cause or represent harm to CWSNC's customers was attributed to the Proposed Transaction for which relief could be granted under this Condition.

8. **Notice of Certain Investments.** For a period of five years after the Proposed Transaction closes, Corix US and Intermediate Newco shall cause CWSNC to file annually by April 30 with the Commission and serve upon the Public Staff a list of all legal entities directly or indirectly controlled by Corix US; such list shall identify any entity or asset acquisitions representing ten percent (10%) or more of Intermediate Newco's book capitalization.
9. **Notice of Certain Intermediate Newco Investments.** For a period of five years after the Proposed Transaction closes, Intermediate Newco shall cause CWSNC to file a notice with the Commission within ten (10) business days after Intermediate Newco makes any application to any state utility regulatory commission to acquire a controlling interest in a public utility.
10. **Notice by CWSNC of Default or Bankruptcy of an Affiliate.** If Corix US, Intermediate Newco or an Affiliate of CWSNC experiences a default on an obligation that is material to Corix US or Intermediate Newco or files for bankruptcy, and such bankruptcy is material to Corix US, Intermediate Newco or CWSNC, CWSNC shall notify the Commission of the event as soon as possible but not later than ten days after such event.
11. **Common Equity Capital.** Until the final order is issued in CWSNC's next general rate case, CWSNC will maintain common equity capital at levels equal to or greater than 45% of total adjusted capital (including common equity, long-term debt, long-term capital leases, and current maturities of long-term debt). No equity distributions, whether by dividend or other form, will be allowed that would result in equity capital falling below this minimum level during the specified period, without prior approval of the Commission. Notwithstanding the foregoing, CWSNC shall maintain the right to petition the Commission for an exception to this Regulatory Condition.
12. **Post-Closing Financial Information.** CWSNC shall file pre- and post-Proposed Transaction closing balance sheets and the closing journal entries, including relevant descriptions and disclosures for the transactions recorded, for Intermediate Newco, Corix Regulated Utilities (US) Inc., SouthWest Water Company, and itself, as soon as practicable but not later than 30 days after the completion of the first year's audit after the closing of the Proposed Transaction.
13. **Meetings with Public Staff.** For five years following the closing of the Proposed Transaction, if requested, CWSNC and key leadership from Intermediate Newco shall meet annually with the Public Staff to discuss CWSNC's financial condition and results, service quality initiatives and results, customer service changes, and potential new tariffs.
14. **Access to Books and Records.** In accordance with and to the extent provided by North Carolina law, the Commission and the Public Staff shall continue to have access to the books and records of CWSNC and its Affiliates.
15. **Changes to Boards of Directors.** For a period of five years following the closing of the Proposed Transaction, CWSNC shall notify the Commission annually by April 30 of any changes to the membership of the Board of Directors of Corix US, Intermediate Newco, or CWSNC.
16. **Notice to Public Staff Regarding Proposed Structural and Organizational Changes.** Upon request, the Regulatory Condition Parties shall meet and consult with, and provide requested relevant data to, the Public Staff (a) regarding plans for material changes in CWSNC's or any of its Affiliates' corporate structure, (b) the expected or potential impact of such changes on CWSNC's rates, operations

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and service, and (c) plans to mitigate the adverse impacts, if any, such changes might have on CWSNC's customers. CWSNC shall promptly inform the Public Staff after any material change in CWSNC's corporate structure or the corporate structure of any of its Affiliates.

17. **Mergers and Acquisitions**. CWSNC will comply with N.C. Gen. Stat. § 62-111(a).
18. **Financial Statements**. For five years following the closing of the Proposed Transaction, CWSNC will provide to Public Staff, within 30 days of their completion, a confidential copy of audited financial statements of Corix Regulated Utilities (US) Inc. and Intermediate Newco, if such companies have audited financial statements.
19. **Obligation with Affiliates**. Without the Commission's prior approval, CWSNC will not guarantee any debt or credit instruments of Intermediate Newco or any Affiliate unless such debt is incurred for the specific purpose of CWSNC's systems or operations. The proceeds of any debt incurred by CWSNC will only be used for purposes specific to its systems or operations.
20. **Capital Budgets**. CWSNC shall maintain a level of capital and operational support in North Carolina necessary to provide safe, efficient, and reliable service at reasonable rates. For a period of five years after the Proposed Transaction closes, CWSNC shall provide to the Public Staff, on a confidential basis and for informational purposes, its internally approved capital budget for new, expanded, or upgraded water and sewer facilities in North Carolina by April 30 of every year.
21. **Regulatory Reporting Requirements**. CWSNC shall comply with all regulatory reporting requirements set forth in Attachment A.
22. **Regulatory and Operational Staffing**. CWSNC will use prudent business practices to maintain sufficient, adequately trained personnel to ensure that regulatory requirements are complied with in a timely and accurate manner. For five years following the closing of the Proposed Transaction, CWSNC shall notify the Public Staff when there is any change to the Director of Operations or shared services Director of Regulatory Affairs. Each year by April 30, for five years following the closing of the Proposed Transaction, CWSNC shall provide the Public Staff with an updated directory of personnel, including titles, phone numbers, and e-mail addresses.
23. **Customer Surveys**. CWSNC shall informally survey its customers regarding their satisfaction with CWSNC's public utility service. CWSNC will use prudent business practices to incorporate this information, if necessary, into its processes, programs, and services.
24. **Overall Service Quality**. CWSNC shall continue its commitment to provide safe, reliable, and affordable water and sewer service and effective customer service support.
25. **Shared Goods and Services**. See No. 30.
26. **Cost Allocation Manual**. CWSNC shall keep on file with the Commission a cost allocation manual ("CAM") with respect to goods or services provided between and among CWSNC and its Affiliates. The CAM shall be updated annually, and the revised CAM shall be filed with the Commission no later than April 30 of the year that the CAM is to be in effect. The CAM shall also be updated, if necessary, whenever the structure of Intermediate Newco or companies below Intermediate Newco changes. The CAM shall include a list of all goods and services that

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CWSNC provides to an Affiliate or is provided by an Affiliate to CWSNC on a frequent or continuing basis.

27. **Charges for and Allocations of the Costs of Affiliate Transactions.** Affiliate transactions will be directly charged where practicable. The CAM shall encompass transactions, allocations, and the bases for the allocations occurring (a) at the Intermediate Newco level and below and (b) with any Affiliate with which CWSNC has a frequent or continuing cost allocation or transaction relationship, either directly or indirectly, including any and all service companies.
28. **Transfer Pricing Between Affiliates.** For untariffed goods and services provided by CWSNC to a non-utility Affiliate, the transfer price paid to CWSNC shall be set at the higher of market value or CWSNC's cost. For untariffed goods and services provided to CWSNC by a non-utility Affiliate, the transfer price charged by a non-utility Affiliate to CWSNC shall be set at the lower of market value or the non-utility Affiliate's cost. Services provided by CWSNC to utility Affiliates or by utility Affiliates to CWSNC shall be transferred at the supplier's cost, unless otherwise directed by order of the Commission. Services provided by a service company to CWSNC shall be provided at cost.
29. **Transfer of Services, Functions, Department or Assets.** CWSNC shall file annually by April 30 with the Commission notice of the transfer of any services, functions, departments, or assets from CWSNC to a service company or another Affiliate, or any subsequent transfer of any services, functions, employees, or assets from CWSNC to a service company or another Affiliate that would have a material effect on CWSNC's customers.
30. **Affiliate Agreements.** CWSNC shall file pursuant to N.C.G.S. § 62-153 agreements for the provision and receipt of goods or services between and among CWSNC and its Affiliates. All such agreements that involve payment of fees or other compensation by CWSNC shall require acceptance and authorization by the Commission and shall be subject to any other Commission action required or authorized by North Carolina law and the Rules and orders of the Commission. Prior to making any material changes to existing agreements, CWSNC shall file such changes with the Commission.
31. **Affiliate Transaction Report.** CWSNC shall file an annual report of affiliated transactions with the Commission in a format prescribed by the Commission. The first such report on affiliated transactions shall be filed on April 30, 2025, for activity through December 31, 2024, and annually thereafter on April 30 for the activity from January 1 through December 31 of the preceding year.
32. **Service Area Reporting.** CWSNC shall file an annual report on April 30 of each year detailing the Company's North Carolina service areas with the associated Commission docket numbers for which a certificate of public convenience and necessity area was granted or a contiguous extension was recognized during the prior calendar year.
33. **Geographic Information Systems (GIS) Mapping.** CWSNC shall provide the Public Staff and the Commission a confidential downloaded version of CWSNC's GIS interactive map of North Carolina service areas.
34. **Emergency Operator System.** CWSNC shall continue to serve as emergency operator of the following systems: Harrco Utility Corporation (Docket No. W-796, Sub 12); Cross-State Development Company (Docket No. W-408, Sub 9); Outer Banks/Kinnakeet Associates, LLC (Docket Nos. W-1125, Subs 9 and 10); and Mountain Air Utilities Corporation (Docket No. W-1148, Sub 20). This Regulatory Condition shall remain in effect for the lesser of three years after the consummation

of the Proposed Transaction or until CWSNC is relieved of its requirement by future Commission order. This condition is not intended to, and does not, modify any of the provisions in the respective Emergency Operator orders issued by the Commission, specifically including the Company's right to petition the Commission at any time to be discharged as the emergency operator, and the Commission's obligation to approve same.

35. **Customer Assistance Program (CAP)**. CWSNC, at its own cost, shall develop a low-income customer assistance program ("CAP") and file it in a separate docket within one year of consummation of the Proposed Transaction. CWSNC shall work with the Public Staff to develop a CAP proposal filing that shall include, but not be limited to, the following information: (1) customer eligibility criteria; (2) number of customers in need; (3) number of customers the program can assist based on funding; (4) summary of similar programs used by CWSNC and its regulated affiliate(s); and (5) description of how the program will be administered.
36. **Leadership Retention**. For a period of five years following the closing of the Proposed Transaction, CWSNC shall notify the Commission within 10 business days after a change to the President, any Vice President and Corporate Secretary of CWSNC.
37. **Staff No. 37. Operator Development and Retention**. CWSNC shall report annually on April 30, for the next five years, on efforts to develop and retain qualified operators.

ATTACHMENT A

1. CWSNC will remain a public utility subject to regulation by the Commission pursuant to the North Carolina Public Utilities Act and the Commission's regulations.
2. CWSNC's Quarterly Reports as Emergency Operator of the Harrco (W-796, Sub 12), Cross-State (W-408, Sub 9), Mountain Air (W-1148, Sub 20), and Outer Banks/Kinnakeet Associates, LLC (W-1125, Subs 9 and 10) systems for the July - September 2021 calendar quarter are due to be filed by Monday, October 31st.
3. CWSNC's Quarterly WSIC/SSIC Reports for the July - September 2022 calendar quarter are due to be filed in Docket No. W-354, Sub 384A by Tuesday, November 15th.
4. M-100, Sub 179 - NCUC Online Monthly Survey on Public Utility Delinquencies in Payments and Disconnections of Service - These electronic reports are due by no later than the 15th day of each month.
5. CWSNC's Quarterly Reports as Emergency Operator of the Harrco (W-796, Sub 12), Cross-State (W-408, Sub 9), Mountain Air (W-1148, Sub 20), and Outer Banks/Kinnakeet Associates, LLC (W-1125, Subs 9 and 10) systems for the October – December 2022 calendar quarter are due to be filed by Tuesday, January 31, 2023.
6. CWSNC's Quarterly WSIC/SSIC Reports for the October – December 2023 calendar quarter are due to be filed in Docket No. W-354, Sub 384A by Wednesday, February 15, 2023.
7. CWSNC's annual report regarding the Company's Sub 384 Water Efficiency Pilot Program should be filed by a target date of Monday, April 17, 2023.
8. CWSNC's Quarterly Reports as Emergency Operator of the Harrco (W-796, Sub 12), Cross-State (W-408, Sub 9), Mountain Air (W-1148, Sub 20), and Outer Banks/Kinnakeet Associates, LLC (W-1125, Subs 9 and 10) systems for the January - March 2023 calendar quarter are due to be filed by Friday, April 28, 2023.
9. CWSNC's Quarterly WSIC/SSIC Reports for the January - March 2023 calendar quarter are due to be filed in Docket No. W-354, Sub 384A by Monday, May 15, 2023.
10. CWSNC's Semi-Annual Report regarding the Company's fee-free payment option for residential customers is due to be filed by Wednesday, May 31, 2023.
11. M-100, Sub 179 - NCUC Online Monthly Survey on Public Utility Delinquencies in Payments and Disconnections of Service - These electronic reports are due by no later than the 15th day of each month.
12. In addition, I assume that because of your pending multi-year rate case, the Company does not intend to file an application for a WSIC/SSIC surcharge by Monday, January 30, 2023, for WSIC/SSIC rates proposed to become effective on April 1, 2023, for eligible water and sewer system improvements which were complete and in-service by December 31, 2023
13. CWSNC's first Quarterly Danby, South Carolina service area Progress Report (to be jointly filed with the Public Staff) required by Ordering Paragraph No. 27 of the Sub 400A Rate Case Order is due to be filed in Docket No. W-354, Sub 400A by Friday, July 28, 2023. This report will cover the three-month period ending June 30, 2023.

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14. CWSNC's Quarterly Reports as Emergency Operator of the Harrco (W-796, Sub 12), Cross-State (W-408, Sub 9), Mountain Air (W-1148, Sub 20), and Outer Banks/Kinnakeet Associates, LLC (W-1125, Subs 9 and 10) systems for the April - June 2023 calendar quarter are due to be filed by Monday, July 31, 2023.
15. CWSNC's first Quarterly WSIP Report required by Ordering Paragraph No. 16 of the Sub 400 Rate Case Order and NCUC Rule R1-17A(j) is due to be filed in Docket No. W-354, Sub 400A by Monday, August 14, 2023. This report will cover the three-month period ending June 30, 2023.
16. CWSNC's Quarterly WSIC/SSIC Reports for the April - June 2023 calendar quarter are due to be filed in Docket No. W-354, Sub 400A by Tuesday, August 15, 2023.

Note:

These Regulatory Reporting Requirements will remain in effect until such time that CWSNC is relieved from such requirement.