

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. W-354, SUB 400

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by Carolina Water Service, Inc. of)
North Carolina for Authority to Adjust and) JOINT PARTIAL
Increase Rates and Charges for Water and) SETTLEMENT AGREEMENT
Sewer Utility Service in All Service Areas of) AND STIPULATION
North Carolina and Approval of a Three-Year)
Water and Sewer Investment Plan)

Carolina Water Service, Inc. of North Carolina (CWSNC or Company), 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. § 62-130 et seq., N.C. Gen. Stat. § 62-133.1B, and Rules R1-15, R1-17, and R1-17A of the Rules and Regulations of the North Carolina Utilities Commission (Commission or NCUC), respectfully submit the following Joint Partial 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 many of the issues in Docket No. W-354, Sub 400:

I. BACKGROUND

- A. On May 25, 2022, CWSNC gave 30-days' notice of its intent to file a general rate case in Docket No. W-354, Sub 400.

- B. On July 1, 2022, CWSNC filed its Application for general rate relief and for approval of a multi-year rate plan or water and sewer investment plan (WSIP), including testimony by the following witnesses:
- 1) Donald H. Denton, President of CWSNC;
 - 2) Dana Hill, Director of State Operations for CWSNC;
 - 3) Philip J. Drennan, Regional Director of Financial Planning and Analysis for CWSNC;
 - 4) Matthew P. Schellinger II, Manager of Financial Planning and Analysis for CWSNC; and
 - 5) Dylan D'Ascendis, Partner at ScottMadden, Inc.
- C. On July 26, 2022, the Commission issued its Order Establishing a General Rate Case and Suspending Rates.
- D. On September 2, 2022, the Commission issued an Order Scheduling Hearing, Establishing Intervention and Testimony Due Dates and Discovery Guidelines, and Requiring Notice.
- E. On September 15, 2022, CWSNC filed a Certificate of Customer Notice.
- F. On September 15 and 16, 2022, Motions for Admission Pro Hac Vice were filed by Mark Alson and Kay Pashos, respectively, both with Ice Miller LLP in Indianapolis, Indiana, and Jo Anne Sanford, Sanford Law Office, PLLC, requesting admission of Ms. Pashos and Mr. Alson in order to participate

in these proceedings. On September 19, 2022, the Commission granted the motions.

- G. On September 19, 2022, CWSNC filed its rate case updates, schedules, and supporting data.
- H. Subsequent to the filing of the Company's Application in this docket, the Public Staff engaged in substantial discovery of CWSNC regarding the matters addressed by the Company's Application, its testimony, and its updates. The Public Staff further examined the relevant books and records of CWSNC with respect to the Company's Application.
- I. Public hearings were held in this matter in Raleigh on October 3, 2022, via videoconference on October 19, 2022, in Boone on October 20, 2022, via videoconference on October 24, 2022, in Jacksonville on October 25, 2022, and in Charlotte on October 26, 2022. Numerous witnesses testified, and responses to concerns raised at the public hearings were filed by CWSNC, on October 24, November 8, 10, and 15, 2022.
- J. On October 26, 2022, the Public Staff filed Direct Testimony of the following witnesses:
- 1) Darrell Brown, Financial Analyst III, Accounting Division of the Public Staff;
 - 2) Lynn Feasel, Financial Manager, Accounting Division of the Public Staff;

- 3) Lindsay Q. Darden, Engineer, Water, Sewer, and Telephone Division of the Public Staff;
 - 4) D. Michael Franklin, Engineer, Water, Sewer, and Telephone Division of the Public Staff;
 - 5) Evan M. Houser, Engineer, Water, Sewer, and Telephone Division of the Public Staff;
 - 6) Jay B. Lucas, Manager of the Electric Section of the Public Staff;
 - 7) Shashi M. Bhatti, Engineer, Water, Sewer, and Telephone Division of the Public Staff;
 - 8) John R. Hinton, Director of the Economic Research Division of the Public Staff;
 - 9) Charles M. Junis, Director of the Water, Sewer, and Telephone Division of the Public Staff;
 - 10) Kuei Fen Sun, Financial Analyst III, Accounting Division of the Public Staff; and
 - 11) Fenge Zhang, Financial Manager, Accounting Division of the Public Staff.
- K. On November 8, 2022, the Public Staff filed a Verified Response to CWSNC's Report on Customer Comments from the Raleigh Public Hearing.
- L. On November 9, 2022, the Commission issued a Notice of Prehearing Conference.

M. On November 10, 2022, CWSNC filed a Notice of Substitution of Witnesses.

N. On November 10, 2022, CWSNC filed Rebuttal Testimony of the following witnesses:

- 1) Donald H. Denton;
- 2) Dante M. DeStefano, Director of Regulatory Affairs;
- 3) Matthew P. Schellinger, II;
- 4) Tony J. Konsul, Director, State Operations; and
- 5) Dylan W. D'Ascendis.

O. On November 15, 2022, the Prehearing Conference was held as scheduled. On the same date, the Commission issued an Order Providing Additional Hearing Procedures.

P. Following completion of the Public Staff's investigation of the Company's Application and accompanying documents, review of the results of its examination of the Company's books and records, review of the Company's responses to the Public Staff's Data Requests, and after the Public Staff filed its direct testimony, the Stipulating Parties met and participated in virtual meetings and conference calls to discuss possible settlement.

Q. After settlement negotiations, in which some concessions from their respective litigation positions were made by both Stipulating Parties, the Stipulating Parties were ultimately able to arrive at a joint settlement

proposal addressing many¹ of the issues in dispute, the terms of which are reflected in the following sections of this Stipulation and the schedules and exhibits attached hereto. The Stipulating Parties agree and stipulate as follows:

II. Water and Sewer Investment Plan (“WSIP”)

The Stipulating Parties agree that CWSNC should be authorized to implement a multi-year rate plan or WSIP, according to the following parameters:

- A. Term of WSIP. The WSIP should be implemented for a three year-period. WSIP Rate Year 1 will begin on April 1, 2023, and end on March 31, 2024. WSIP Rate Year 2 will begin on April 1, 2024, and end on March 31, 2025; WSIP Rate Year 3 will begin on April 1, 2025, and end on March 31, 2026. The WSIP may be terminated prior to the end of WSIP Rate Year 3 as permitted by N.C. Gen. Stat. § 62-133.1B(f) and Rule R1-17A(f).
- B. WSIP Revenue Requirements. The Stipulating Parties have reached agreement regarding certain revenue requirement issues that are identified on Public Staff Settlement Exhibit 1, which is incorporated herein by reference and attached hereto. The revenue requirement effects of this Stipulation provide sufficient support for the annual

¹ As is noted in Section V of this Stipulation, the Stipulating Parties have not reached agreement as to the return on equity (ROE) to be authorized in this proceeding, nor have they reached agreement as to whether the WSIP statute’s 5% cap on annual revenue requirement increases under a WSIP should be applied on a company basis or on a rate division basis.

revenue required on the issues agreed to in this Stipulation for WSIP Rate Years 1, 2, and 3. No Stipulating Party waives any right to assert any position in any future proceeding or docket before the Commission or in any court, as the adjustments agreed to in this Stipulation are strictly for purposes of compromise and are intended to show a rational basis for reaching the agreed-upon revenue requirement adjustments without either party conceding any specific adjustment. The Stipulating Parties agree that settlement on these issues will not be used as a rationale for future arguments on contested issues brought before the Commission. The areas of agreement are as follows:

- a. Base Case and Base Case Revenue Requirements. The Base Case test period for this rate case is the 12 months ending March 31, 2022, adjusted for certain changes in plant, revenues, and costs that were not known at the time the case was filed but are based upon circumstances occurring or becoming known through the close of the evidentiary hearing. The Base Case revenue requirements are used as the starting point for the revenue requirements for WSIP Rate Years 1, 2, and 3. The starting point for revenue requirements utilizes the Public Staff exhibits adjusted for certain mutually agreed upon corrections such as Miscellaneous Regulatory Commission Expenses, depreciation on regional cost centers, and consistent calculations of the five-year uncollectibles rate. Further, the Stipulating Parties agree

that Chemicals should be adjusted upwards by \$31,000 for known changes to test year incurred expenses, Sludge hauling expenses should be adjusted to reflect a three-year average after adjustment for nonrecurring projects, and insurance expense should be updated to reflect known and measurable changes related to the most recent policy renewals.

- b. Calculation of WSIP Rate Year 1 Revenue Requirements. The starting point for the revenue requirements utilizes the Public Staff exhibits adjusted for additional mutually agreed upon corrections to Accumulated Depreciation due to retirements. To arrive at WSIP Rate Year 1 revenue requirements, the Base Case revenue requirements are mainly escalated by 3.4%, except for salaries and wages, pension and other benefits, and purchased water. Certain adjustments are made for plant, rate base, revenues, and costs through the end of the Rate Year. WSIP Rate Year 1 salaries and wages and pension and other benefits revenue requirements are escalated by 3%, and WSIP Rate Year 1 purchased water and sewer treatment revenue requirements are those stated in the Base Case, with future expenses to be offset through the pass-through mechanism.
- c. Calculation of WSIP Rate Year 2 Revenue Requirements. To arrive at WSIP Rate Year 2 revenue requirements, the Rate Year

1 revenue requirements are escalated by 2.40%, except for salaries and wages, pension and other benefits, and purchased water. WSIP Rate Year 2 salaries and wages and pension and other benefits revenue requirements are escalated by 3% and WSIP Rate Year 2 purchased water and sewer treatment revenue requirements are those stated in the Base Case, with future expenses to be offset through the pass-through mechanism.

- d. Calculation of Rate Year 3 Revenue Requirements. To arrive at WSIP Rate Year 3 revenue requirements, the Rate Year 3 revenue requirements are escalated by 2.40%, except for salaries and wages, pension and other benefits, and purchased water. WSIP Rate Year 3 salaries and wages and pension and other benefits revenue requirements are escalated by 3% and WSIP Rate Year 3 purchased water and sewer treatment revenue requirements are those stated in the Base Case, with future expenses to be offset through the pass-through mechanism.
- e. Plant in Service and Accumulated Depreciation Amounts and Methodology. CWSNC's capital improvement plan costs for WSIP Rate Years 1, 2, and 3 shall be as projected by CWSNC in its update filing on September 19, 2022, to Form W-1, Item 10,

Schedule 2 but with project estimates reduced by 10%, with adjustment for retirements related to The Pointe secondary interconnect, and inclusive of annual recurring spend net of CIAC. The plant in service and accumulated depreciation amounts for WSIP Rate Years 1, 2, and 3 shall be calculated under the Public Staff's methodology of assuming that in each WSIP Rate Year, both plant in service and accumulated depreciation for the WSIP Rate Year occurs on Day 1 of such WSIP Rate Year.

- f. Resulting WSIP Rate Year 1 Revenue Requirements. The Stipulating Parties mutually agree and stipulate that the basis upon which the Company's revenue requirement will be derived in WSIP Rate Year 1 is shown in Public Staff Settlement Exhibit 1. Public Staff Settlement Exhibit 1 shows the agreed upon rate base and operating deductions for Rate Year 1 for Uniform Water, Uniform Sewer, Bradfield Farms/Fairfield Harbour/Treasure Cove (BF/FH/TC) Water, and BF/FH/TC Sewer to which the Commission-ordered ROE should apply with all appropriate fallout calculations to arrive at the revenue requirements determined by the authorized net income.
- g. Resulting WSIP Rate Year 2 Revenue Requirements. The Stipulating Parties mutually agree and stipulate that the basis for

which the Company's revenue requirement will be derived in WSIP Rate Year 2 is shown in Public Staff Settlement Exhibit 1. Public Staff Settlement Exhibit 1 shows the agreed upon rate base and operating deductions for Rate Year 2 for Uniform Water, Uniform Sewer, BF/FH/TC Water, and BF/FH/TC Sewer to which the Commission ordered ROE should apply with all appropriate fallout calculations to arrive at the revenue requirements determined by the authorized net income. Revenue requirements are therefore derived from the Commission's decision on the applicability of rate caps.

- h. Resulting WSIP Rate Year 3 Revenue Requirements. The Stipulating Parties mutually agree and stipulate that the basis for which the Company's revenue requirement will be derived in WSIP Rate Year 3 is shown in Public Staff Settlement Exhibit 1. Public Staff Settlement Exhibit 1 shows the agreed upon rate base and operating deductions for Rate Year 3 for Uniform Water, Uniform Sewer, BF/FH/TC Water, and BF/FH/TC Sewer for which the Commission ordered ROE should apply with all appropriate fallout calculations to arrive at the revenue requirements determined by the authorized net income. Revenue requirements are therefore derived from the Commission's decision on the applicability of rate caps.

C. Capital Structure and Cost of Debt. The agreed upon rate base and operating deductions are derived from the Public Staff's October 26, 2022 filing, as corrected, as a starting point, using the Base Case adjusted as follows:

- 1) A capital structure and weighted average cost of debt as follows:
 - i. Capital structure consisting of 50.00% debt and 50.00% equity; and
 - ii. Cost of debt of 4.64%.
- 2) Other specific adjustments to the Public Staff's filing as detailed on Public Staff Settlement Exhibit 1.

CWSNC and the Public Staff both accept the rate base and adjusted operating deductions as the basis for revenue requirements on the Public Staff Settlement Exhibit 1.

D. Regulatory Commission Expense. The Stipulating Parties have agreed to a methodology for calculating regulatory commission expense, also known as rate case expense, and will update the number for actual and estimated costs through the end of this proceeding, once supporting documentation is provided by CWSNC. Rate case expense (both the unamortized portion from previous case(s) and the current rate case expense for this proceeding) will be amortized over a 4-year period without a return or carrying costs. CWSNC agrees to establish a

regulatory liability with no carrying costs to record recovery associated with rate case expense over amortization after year 4.

- E. Echota and Seven Devils. Water Resource Management, Inc.'s Echota and Seven Devils systems in Watauga County shall not be included in the Company's revenue requirements in this proceeding.
- F. ROE Banding. For WSIP Rate Year 1, the banding of authorized ROEs required by N.C.G.S. § 62-133.1B(g) shall be 100 basis points – 50 basis points above the authorized ROE and 50 basis points below the authorized ROE. Within this 100 basis points band, CWSNC will not overearn if within the high-end range and will not underearn if within the low-end range. For Rate Years 2 and 3, the banding of authorized ROEs required by N.C.G.S. § 62-133.1B(g) shall be 50 basis points – 0 basis points above the authorized ROE and 50 basis points below the authorized ROE. Within this 50 basis points band, CWSNC will not overearn if it is earning at or below its authorized return and will not underearn if within the low-end range.
- G. Performance Metrics. The following performance metrics shall be adopted in this case and reported on a basis consistent with R1-17A Rules:

Description	Measure
Safe Drinking Water Compliance	% days in compliance – (sum of all days – sum of all days out of compliance) / sum of all days Sum of all days = No. of systems x 365 days
Clean Wastewater Compliance	% days in compliance – (sum of all days – sum of all days out of compliance) / sum of all days
Timely Answering of Customer Calls	Telephone service factor – calls answered within 60 seconds / total calls answered (tracked by quarter)
Water Service Quality Customer Complaints	Non-bill related customer complaints in specific categories (no water, air in water, discolored water, high/low pressure, mineral amount, taste/odor, and water quality) / (active accounts / 1,000) Underlying data should incorporate subdivision and system name.
Water Service Disruptions	Unplanned water service disruption – recorded Lucity water main breaks / 1,000 accounts
Sewer Overflows	Number of sanitary sewer overflows (SSOs) – wastewater SSOs / (100 miles of gravity line)
Employee Safety	OSHA incident rate – (number of injuries and illnesses *200,000 / 4) / employee hours worked
Employee Training	Employee training – hours of employee training / employee
Timely Completion of CIP Projects	Percentage of CIP Program projects in the approved WSIP incomplete during the planned rate year on a Company basis
Completion of CIP Projects on Budget	Percentage of CIP Program projects that cost in excess of 110% of the estimate in the approved WSIP on a Company basis
Expense Efficiency	Operation & Maintenance expense per Equivalent Residential Connection (ERC) on a Company basis, excluding certain accounts outside of management control (Purchased Water / Sewer Treatment, Purchased Power, etc.)
Utilization of the SRF Program	Whether the Company applied for SRF funds for certain eligible projects approved in the WSIP.
Water Loss	Water produced/purchased – water sold / water produced/purchased
Employee Turnover	Number of employees that leave / total number of employees for same time period

The Stipulating Parties agree to work together to develop incentives or penalties to accompany these performance metrics, as applicable. The Stipulating Parties shall file any such adjusted and agreed-upon performance metrics and penalties/incentives with the Commission no

later than 180 days after the date of the Commission's order in this proceeding and shall request that the Commission approve the same. If agreement cannot be reached, the Stipulating Parties shall notify the Commission by that same date of their respective recommendations and the Commission shall set the matter for further hearing. Any penalties/incentives for performance metrics approved by the Commission shall be retroactive to the beginning of WSIP Rate Year 1.

H. Reporting Requirements. CWSNC will provide the quarterly and annual reports outlined in the WSIP Statute and the WSIP Rules.

III. TARIFF RATE DESIGN AND OTHER PROGRAMS

- A. Fixed/Volumetric Rate Design. The Stipulating Parties agree that rate design in this case should be based on a 40/60 ratio of fixed/volumetric (or base/usage) revenues for Uniform Water and BF/FH/TC Water. The Stipulating Parties further agree that rate design in this case should be based on a 60/40 ratio of fixed/volumetric (or base/usage) revenues for Uniform Sewer. The BF/FH/TC residential sewer rate should remain flat.
- B. Purchased Water and Sewer Rate Design. The Stipulating Parties agree that, consistent with the Public Staff's recommendation, purchased water and sewer rates should be updated as proposed by the Public Staff.
- C. Purchased Water and Sewer Services Rate Adjustment Mechanisms. The Stipulating Parties understand and agree that CWSNC will continue to

utilize the bulk purchased water and sewer services pass-through mechanism.

D. WSIC and SSIC Mechanisms. The Stipulating Parties understand and agree that CWSNC will suspend its use of the Water System Improvement Charge (WSIC) and the Sewer System Improvement Charge (SSIC) during the term of the WSIP but should be authorized to begin using such rate mechanisms immediately upon the end of the WSIP.

E. Water Efficiency Program and Fee-Free Billing Program. In its last base rate case (W-354, Sub 384), the Commission approved a water efficiency program and a fee-free payment program for CWSNC. The Stipulating Parties agree that CWSNC should be authorized to continue these programs following this case, including deferral of efficiency rebates applied to customer bills, subject to the following conditions:

- CWSNC should continue to regularly report to the Commission and the Public Staff concerning the fee-free payment option, on a twice a year basis. The reports should detail the number of fee-free payments made by customers by month, along with levels of CWSNC uncollectibles expense by month.
- The water efficiency program should continue to be treated as a pilot program and re-evaluated in CWSNC's next rate case. CWSNC should continue to be authorized to defer and subsequently recover

in a future rate case the water efficiency rebates applied to customer bills in a regulatory asset account; this regulatory asset should not earn a return or carrying charges.

- CWSNC should continue to report to the Commission and the Public Staff about the water efficiency program on an annual basis. Such reports should detail the amount of rebates applied to customer bills, the size of the regulatory asset, the type of water efficiency measures for which rebates were applied, and estimates or ranges of water efficiency impacts of such measures from an authoritative, third-party source.

F. Modification of Sewer Tariff. CWSNC's Sewer Tariff shall be modified to include a new Sewer Use Rule, intended to protect its wastewater systems from damaging industrial and nondomestic contaminants. Specifically, the note section on the Uniform Sewer tariff and the BF/FH Sewer tariff shall be modified to include the following:

- All nondomestic and industrial waste is subject to the Sewer Use Rule. The Sewer Use Rule can be accessed at [URL for CWSNC website page that posts the Rule] and is also available upon request. The Sewer Use Rule requires Users (utility customers) to provide advance notice of any nondomestic or industrial waste discharge into the Utility's sanitary sewer systems, and to meet certain effluent limitations and pretreatment requirements. Violations of the Sewer

Use Rule may result in disconnection. Reconnection will require reimbursement of the Utility's actual costs incurred as a result of the violation. Repeat violations may result in permanent disconnection.

As part of the Sewer Use Rule, the Utility may require installation and/or proper operation of grease traps or other pre-treatment devices on grease producing commercial facilities. Failure to properly operate grease traps will result in disconnection of service pursuant to Commission Rule R10-16.

IV. OTHER ISSUES

A. State Revolving Fund Program. CWSNC agrees to apply for State Revolving Fund grants for the following proposed projects:

- 2023017 - NC - 2023 - High Meadows - Replace all of Tree Top and other sections of the distribution system main and valves
- 2024010 - NC - 2024 - Elk River - Drill New Well
- 2024022 - NC - 2024 - Ski Mountain - Drill new well - Property acquisition, engineering, test well house, etc.
- 2022023 - NC - 2022 - Pinnacle Shores - Water Main Relocation - DOT road widening
- 2025025 - NC - 2025 - Whispering Pines - Water Main Replacement (Thagards Lake)

- 2023029 - NC - 2023 - Whispering Pines - Water Main Replacement 10,600LF (Pine Lake and Country Club)
- AMI Meter Projects in WSIP Years 2 and 3

B. Danby System. The Stipulating Parties agree to work toward resolution of certain South Carolina customers in CWSNC's Danby service area and plant that have historically been included in CWSNC revenues and revenue requirements.

C. Impending Business Combination Approval Proceeding. The Stipulating Parties understand that the Public Staff will fully examine all merger-related issues in the context of the upcoming merger case between Corix Infrastructure Inc. and SouthWest Water Company, which is expected to be filed in November 2022 and will be denominated Docket No. W-354 Sub 412.

D. Future Rate Case Filings. CWSNC agrees to use its best efforts to communicate with the Public Staff, Commission and other Class A water and sewer utilities regarding scheduling of future rate case filings in an effort to avoid pancaked filings going forward.

**V. ISSUES TO BE LITIGATED IN EVIDENTIARY HEARING BEGINNING
NOVEMBER 28, 2022**

The Stipulating Parties have not resolved, and agree to litigate, the following issues before the Commission commencing on November 28, 2022: (1) the ROE

to be authorized for CWSNC during the term of the WSIP; and (2) whether the 5% revenue requirement increase cap required by N.C.G.S. § 62-133.1B(c), should be applied on a per company or per rate division basis.

VI. 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 because it reflects a give-and-take settlement of contested issues.

B. The provisions of this Stipulation do not 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.

VII. 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, except for Company witnesses DeStefano and D'Ascendis, on issues relating to the ROE and 5% cap, respectively; and except for Public Staff witness Zhang (regarding the 5% cap) and Hinton (regarding ROE). 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 CWSNC's Application and the testimony and exhibits of the Stipulating Parties will provide sufficient support for the annual revenue requirement amounts to be derived from rate base and operating deductions in 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 either 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 22nd day of November,
2022.

Electronically Submitted

**Carolina Water Service, Inc. of North
Carolina**

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

**Public Staff – North Carolina Utilities
Commission**

By: /s/ John D. Little
Staff Attorney, Public Staff