

STATE OF NORTH CAROLINA

UTILITIES COMMISSION

RALEIGH

Docket No. W-354, Sub 412

In the Matter of

Application by Carolina Water Service, Inc.	)	DIRECT TESTIMONY OF
of North Carolina, along with Corix	)	DANTE M. DESTEFANO FOR
Infrastructure (US) Inc. and SW Merger	)	JOINT APPLICANTS
Acquisition Corp., for Approval of a Business	)	
Combination Transaction	)	

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**Direct Testimony of**

**Dante M DeStefano**

**on behalf of**

**JOINT APPLICANTS**

**November 23, 2022**

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1 **I. WITNESS INTRODUCTION AND BACKGROUND**

2 **Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.**

3 A. My name is Dante M. DeStefano, and I am the Director of Regulatory Affairs  
4 for Corix Infrastructure Inc. ("CII"). My business address is 500 W. Monroe,  
5 Suite 3600, Chicago, Illinois 60661.

6 **Q. PLEASE DESCRIBE YOUR DUTIES IN YOUR CURRENT POSITION.**

7 A. As Director of Regulatory Affairs, I am responsible for supporting CII's  
8 regulatory activities by providing leadership and oversight of the regulatory  
9 performance of the operating companies and managing standards,  
10 strategies, and procedures across CII.

11 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL  
12 BACKGROUND.**

13 A. I have been employed by CII or an affiliate since October 2018. I graduated  
14 from Rutgers University with a Major in Accounting and am a Certified  
15 Public Accountant in the State of New Jersey. Prior to joining CII, I was  
16 employed by American Water for 10 years - first as a Senior Accountant in  
17 the Accounting Department for two years, then in the Rates and Regulatory  
18 Department for eight years. During my last eight years with American  
19 Water, my duties consisted of preparing and assisting in regulatory filings  
20 and related activities for the Eastern Division. My responsibilities included  
21 preparing work papers and exhibits, providing testimony in support of rate  
22 applications and other regulatory filings, and addressing rate and tariff

1 related matters. I also assisted with preparation of multi-year budgets and  
2 other budget modeling responsibilities.

3 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY PUBLIC UTILITY**  
4 **COMMISSIONS?**

5 A. Yes. I have provided testimony before regulatory commissions in New  
6 Jersey, New York, North Carolina, Tennessee, and South Carolina.

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
8 **PROCEEDING?**

9 A. My testimony describes the proposed merger of SW Merger Acquisition  
10 Corp. (“SWMAC”) with and into Corix Infrastructure (US) Inc. (“Corix US”,  
11 which together with SWMAC, are referred to as the “Companies”). Corix US  
12 indirectly owns Corix Regulated Utilities (US) Inc. (“CRU US”), the direct  
13 parent of Carolina Water Service, Inc. of North Carolina (“CWSNC”, which  
14 together with the Companies, are referred to as the “Joint Applicants”). The  
15 merger results in the combination of the water, wastewater, and related  
16 businesses currently owned by CII,<sup>1</sup> with the water and wastewater  
17 businesses currently owned by SWMAC (none of which are located in North  
18 Carolina) through SouthWest Water Company (“SouthWest”). This merger  
19 of equals joins two highly complementary businesses to create a leading  
20 water and wastewater utility with the scale and financial foundation

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<sup>1</sup> CII owns Corix US. 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.

1 necessary to better facilitate long-term investments needed to serve  
2 customers.

3 My testimony explains why the combination is consistent with the  
4 public interest, will assist the employees supporting CWSNC, has no impact  
5 on competition within its service area, and should allow CWSNC to better  
6 balance the needs for capital investment with the rates needed to support  
7 those investments. The testimony also supports the request for North  
8 Carolina Utilities Commission (“NCUC”) approval of the combination. My  
9 testimony describes the CII business involved in the transaction, the  
10 Proposed Transaction<sup>2</sup>, the rationale behind the proposed combination,  
11 governance of the combined company, and other regulatory approvals  
12 required for effectuating the Proposed Transaction. My testimony also  
13 addresses CII’s mission, vision and values and how they are consistent with  
14 those of SouthWest. I further discuss the benefits of the Proposed  
15 Transaction, CWSNC’s continuing commitment to North Carolina  
16 customers, and its commitment to provide reliable, safe, and high-quality  
17 utility service.

18 **Q. PLEASE IDENTIFY THE OTHER WITNESSES SUBMITTING**  
19 **TESTIMONY IN THIS CASE.**

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<sup>2</sup> As defined in Section IV (Proposed Transaction) on page 8.

1 A. In addition to my testimony, the following witnesses provide testimony in  
2 this case:

- 3 • Brian D. Bahr, Director of Rates and Regulatory Affairs for  
4 SouthWest, who will introduce SouthWest to the NCUC, support the  
5 commitments of the Companies in this combination, and discuss  
6 certain requests for confidential treatment in this proceeding;
- 7 • Donald H. Denton III, State President of CWSNC, who will discuss in  
8 greater detail the operational benefits the Proposed Transaction is  
9 expected to produce, as well as CWSNC's commitment to its local  
10 community; and
- 11 • Ellen Lapson of Lapson Advisory, an expert witness who will discuss  
12 the future financial strength of the combined company, the expected  
13 impact of the Proposed Transaction upon the utility, and the utility's  
14 future access to equity and debt capital.

15 **Q. ARE YOU SPONSORING ANY APPENDICES TO THE VERIFIED JOINT**  
16 **APPLICATION WHICH IS BEING FILED IN CONNECTION WITH THIS**  
17 **PROCEEDING ("JOINT APPLICATION")?**

18 A. Yes, I am sponsoring the following Appendices in this proceeding:

- 19 • **Appendix A – Summary of Proposed Transaction with**  
20 **Simplified Pre- and Post-Closing Organizational Charts**

- 1 • **Appendix B – Transaction Agreement<sup>3</sup>**

2 **Q. WERE THESE APPENDICES PREPARED BY YOU OR UNDER YOUR**  
3 **SUPERVISION?**

4 A. Yes, they were, except for Appendix B.

5 **II. CII**

6 **Q. PLEASE DESCRIBE CII.**

7 A. CII is the direct parent of Corix US. CII currently has its primary offices in  
8 Vancouver, British Columbia, Canada, and Chicago, Illinois. The utility  
9 subsidiaries of CII provide safe, reliable, and cost-effective water and  
10 wastewater services to approximately 800,000 people in 18 U.S. states<sup>4</sup>  
11 and two Canadian provinces<sup>5</sup>, making CII one of the largest privately-owned  
12 water and wastewater utilities in the U.S. CII's subsidiaries employ  
13 approximately 800 people in the water, wastewater, and related  
14 businesses. CII also owns and operates several district energy businesses,  
15 which are not part of the proposed combination. British Columbia  
16 Investment Management Corporation ("BCI") indirectly controls CII.

17 **Q. PLEASE DESCRIBE BCI.**

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<sup>3</sup> 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.

<sup>4</sup> Alabama, Alaska, Arizona, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maryland, Nevada, New Jersey, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas, and Virginia.

<sup>5</sup> Alberta and British Columbia.

1 A. Founded in 1999, BCI is a statutory corporation created by the Public Sector  
2 Pension Plans Act for the purpose of providing investment management  
3 services to British Columbia's public sector. BCI manages approximately  
4 \$211 billion (CAD) of assets on behalf of its clients, which include 11 public  
5 sector pension plans, three insurance funds and various special purpose  
6 funds. Through its infrastructure and renewable resources program, BCI  
7 seeks long-term, stable investments around the world in regulated utilities,  
8 transportation, telecommunications, and other infrastructure-based  
9 industries.

10 **Q. PLEASE DESCRIBE CII'S PURPOSE, VISION, AND VALUES.**

11 A. CII's purpose is: "We help people enjoy a better life and communities thrive."  
12 Our vision is: "We are the preferred utility delivering solutions our customers  
13 want." CII enables its customers and stakeholders to enjoy a better life by  
14 improving utility infrastructure and operations, while ensuring strong  
15 environmental stewardship in each community served. CII's values  
16 emphasize safety, integrity, connection, and excellence. As Mr. Bahr's  
17 direct testimony illustrates, the mission and values of CII and SouthWest  
18 are similar, including our shared commitment to local management and  
19 decision-making, supported by broad corporate-wide resources.

20 **Q. PLEASE EXPLAIN THE STRENGTHS CII BRINGS TO THE PROPOSED**  
21 **COMBINATION IN TERMS OF FINANCIAL RESOURCES.**



1 A. For the 12-month period ending December 31, 2021, CII had revenue of  
2 approximately \$307 million and \$1.55 billion in assets. In 2021, CII  
3 supported approximately \$114 million in capital investments across its  
4 operating areas in North America.

5 **Q. PLEASE DESCRIBE CII'S OPERATIONAL AND TECHNICAL**  
6 **EXPERTISE.**

7 A. CII has experience in virtually every aspect of water and wastewater system  
8 operation. CII has experienced operational employees dedicated to safely  
9 providing high-quality water and wastewater services to our customers in  
10 an environmentally compliant manner. Our state-certified water and  
11 wastewater technicians pump and treat millions of gallons of water for  
12 hundreds of communities, assisted by our in-house operations  
13 management and quality control professionals. We also have extensive  
14 construction and project management experience and expertise.

15 **Q. DOES CII ALSO BRING MANAGEMENT EXPERTISE TO THE**  
16 **PROPOSED COMBINATION?**

17 A. Yes. CII has a strong management team that cumulatively has decades of  
18 experience owning and operating water and wastewater utilities. As  
19 described more fully in my testimony, the Proposed Transaction will result  
20 in an executive leadership team that draws from the strong existing talent  
21 pools of both CII and SouthWest. Please see Exhibit DMD-1 for

1 background information on members of the announced executive  
2 leadership team to be effective upon closing of the Proposed Transaction.

3 **Q. IN SUMMARY, DOES CII BRING FINANCIAL, OPERATIONAL/  
4 TECHNICAL, AND MANAGERIAL STRENGTHS TO THE PROPOSED  
5 COMBINATION?**

6 A. Yes, CII's financial resources, strong leadership team, and extensive  
7 managerial expertise make it an ideal owner of water and wastewater  
8 utilities.

9 **III. RESTRUCTURING PRIOR TO CLOSING**

10 **Q. PLEASE DESCRIBE THE CII AND CORIX US ("CORIX PARTIES")  
11 RESTRUCTURING THAT WILL TAKE PLACE PRIOR TO CLOSING.**

12 A. The Corix Parties pre-closing restructuring has two objectives. First, the pre-  
13 closing restructuring separates CII's district energy business from the CII  
14 water, wastewater and related businesses. Second, the pre-closing  
15 restructuring results in the inclusion of CII's Canadian water, wastewater,  
16 and related businesses in the deal perimeter by making the Canadian  
17 companies that provide water, wastewater, and related services indirect,  
18 wholly-owned subsidiaries of Corix US. Together, these steps allow the  
19 parties to combine their respective water and wastewater businesses to  
20 create a platform company focused almost exclusively on the delivery of  
21 water and wastewater services to customers.

1 **IV. PROPOSED TRANSACTION**

2 **Q. PLEASE SUMMARIZE THE PROPOSED BUSINESS COMBINATION OF**  
3 **CORIX US AND SWMAC.**

4 A. On August 26, 2022, CII, Corix US, IIF Subway Investment LP (“IIF  
5 Subway”), SWMAC, and SouthWest entered into a Transaction Agreement  
6 (the “Transaction Agreement”). The Transaction Agreement provides a  
7 framework for combining CII’s water, wastewater businesses and related  
8 businesses with the water and wastewater businesses owned by SWMAC.  
9 When the transactions contemplated by the Transaction Agreement are  
10 completed, CII and an affiliate or affiliates of CII will own 50% of Corix US,  
11 and SWMAC Holdco, an entity to be formed by SWMAC’s shareholders  
12 before closing, will own the other 50% of Corix US (the “Proposed  
13 Transaction”). Corix US, in turn, will indirectly own and control all the CII  
14 water, wastewater, and related businesses and the SWMAC water and  
15 wastewater businesses. To prepare for the Proposed Transaction, both the  
16 Corix Parties and IIF Subway, SWMAC, and SouthWest (the “SouthWest  
17 Parties”) will undertake pre-closing restructuring transactions.

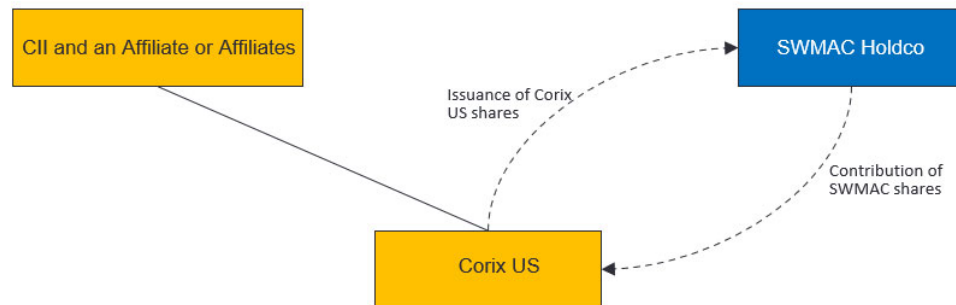
18 **Q. HOW WILL THE BUSINESS COMBINATION BE EFFECTUATED?**

19 A. Before the business combination occurs, CII will complete the Corix Parties’  
20 pre-closing restructuring, which is described in Appendix A to the Joint  
21 Application. Likewise, SWMAC will complete a pre-closing restructuring.  
22 Then, the Proposed Transaction will be completed in a series of steps.

1           **Step 1:** SWMAC Holdco will contribute 100% of the outstanding  
2 stock of SWMAC to Corix US in exchange for shares of stock issued by  
3 Corix US. Step 1 will result in CII and an affiliate or affiliates of CII and  
4 SWMAC Holdco each holding a 50% interest in Corix US, which will hold  
5 100% of the outstanding stock of SWMAC and also continue to hold 100%  
6 of the outstanding stock of Inland Pacific Resources Inc. (“Inland Pacific”).

7           **Figure 1** depicts this step.

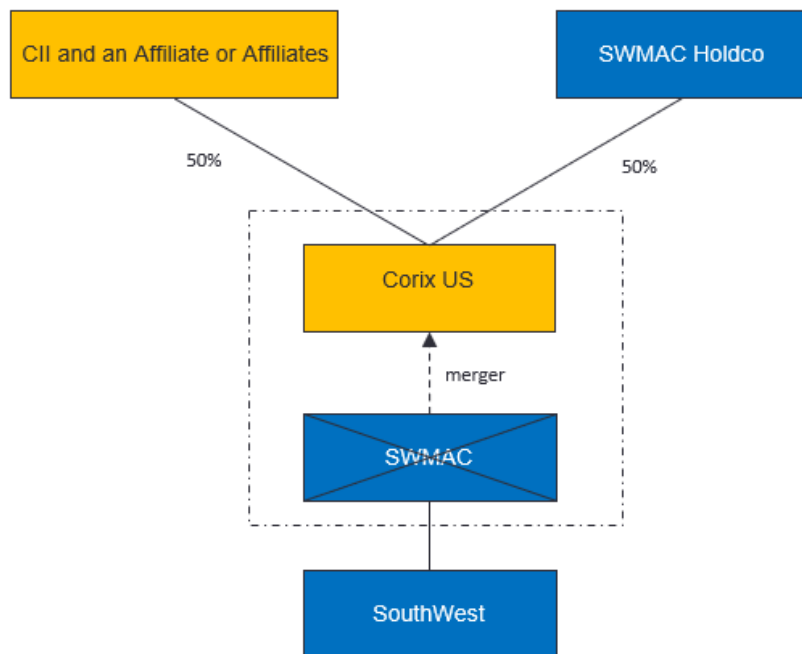
8           **Figure 1**



9  
10           **Step 2:** After Step 1 is completed, SWMAC will merge with and into  
11 Corix US. Corix US will survive the merger. As a result of Step 2, Corix US  
12 will directly hold 100% of the outstanding stock of SouthWest, previously  
13 held by SWMAC, and Corix US will also continue to hold 100% of the shares  
14 of Inland Pacific. **Figure 2** shows this step.

15

1 **Figure 2**



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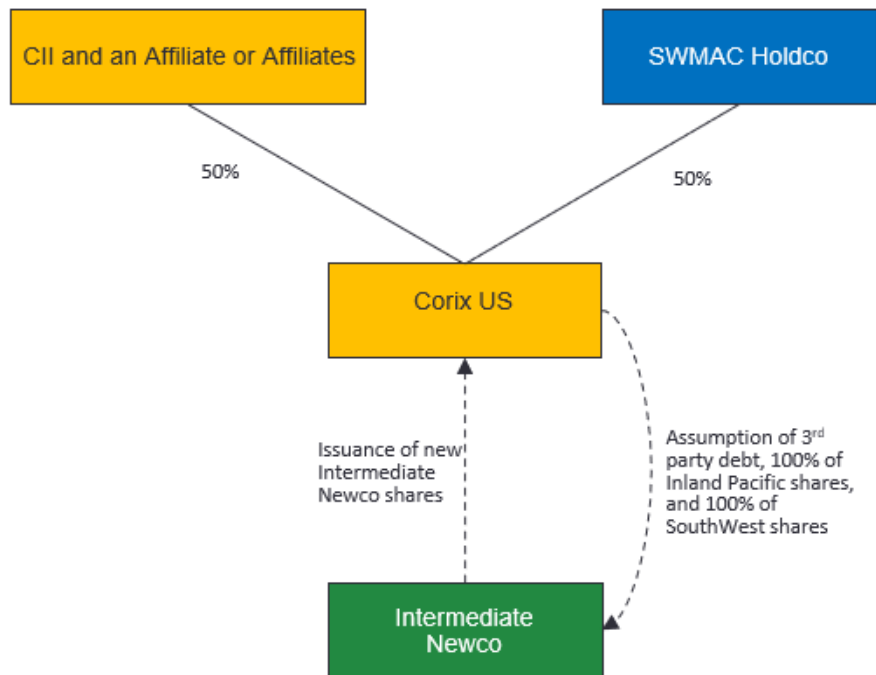
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**Step 3:** After Step 2 is completed, Corix US will transfer 100% of the outstanding stock of SouthWest and Inland Pacific to Intermediate Newco. In exchange for this contribution of stock, Intermediate Newco will issue to Corix US common stock of 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. **Figure 3** illustrates this step.

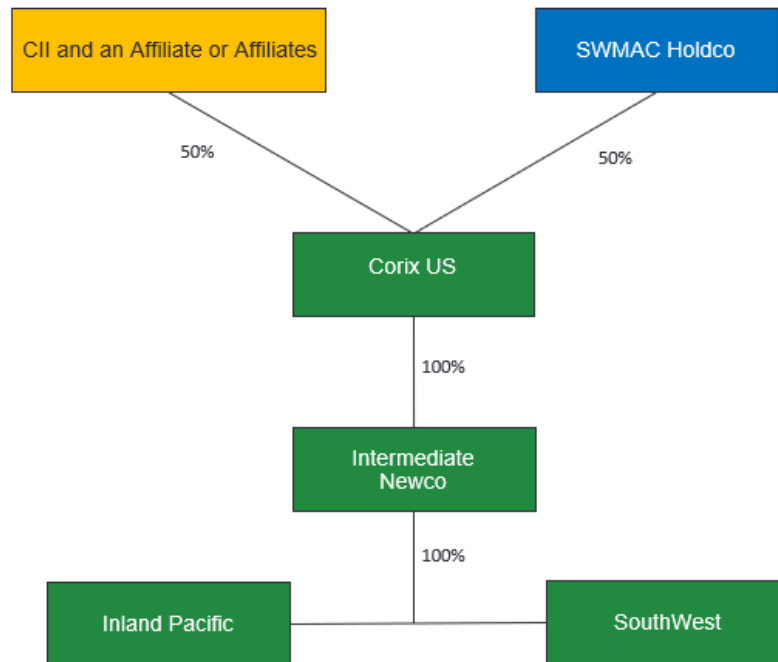
1 **Figure 3**



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As a result of Steps 1 through 3, CII (and an affiliate or affiliates) and SWMAC Holdco will each hold 50% of the outstanding stock of Corix US, which will hold 100% of the outstanding stock of Intermediate Newco, which will hold 100% of the outstanding stock of both SouthWest and Inland Pacific. **Figure 4** illustrates the resulting structure following Steps 1 through 3.

1 **Figure 4**



2

3 **Q. HAVE THE JOINT APPLICANTS PROVIDED A SUMMARY OF THE PRE-**  
4 **AND POST-CLOSING ORGANIZATION CHARTS CONSISTENT WITH**  
5 **THE ABOVE-DESCRIBED CHANGES?**

6 **A.** Yes. Please see Appendix A attached to the Joint Application, which  
7 provides a simplified view of the current, pre-closing, post-restructuring and  
8 post-closing organizational structures of CII's and SWMAC's holdings  
9 applicable to the Transaction Agreement.

10 **Q. AFTER THE PROPOSED TRANSACTION CLOSES, HOW WILL THE**  
11 **COMBINED COMPANY BE GOVERNED AND MANAGED?**

12 **A.** The combined company will be managed by a board comprised of nine  
13 directors (the "Board");

- 14 • The combined company's CEO (i.e., Rob MacLean);

- 1 • Four shareholder representatives; and
- 2 • Four independent directors, one of whom will be the chair

3 The management team of the combined company will be led by Rob  
4 MacLean and will consist of the following senior executives:

- 5 • Chief Operating Officer – Richard Rich
- 6 • Chief Financial Officer – Alison Zimlich
- 7 • Chief Legal Officer – Shawn Elicegui
- 8 • Chief Enterprise Services Officer – Jim Devine
- 9 • Chief Growth Officer – Don Sudduth
- 10 • Chief Human Resources Officer – Joanne Elliott

11 CWSNC will continue to be managed locally. Please see the testimony of  
12 Donald H. Denton, III for more details on our local commitments with this  
13 Proposed Transaction.

14 **Q. WHAT OTHER APPROVALS ARE REQUIRED IN ORDER TO CLOSE**  
15 **THE PROPOSED TRANSACTION?**

16 A. In addition to the NCUC's approval, similar approvals are being requested  
17 from regulatory commissions in other jurisdictions in which the utility  
18 subsidiaries of CII and SouthWest operate across the US and Canada. The  
19 Proposed Transaction also is subject to review by federal agencies in  
20 Canada and the United States.

21 **V. RATIONALE AND BENEFITS OF THE PROPOSED TRANSACTION**

22 **Q. WHAT WAS THE IMPETUS FOR THE PROPOSED TRANSACTION?**



1 A. As the testimony demonstrates, both CII and SouthWest are strong  
2 companies – financially, technically, operationally, and managerially – that  
3 share consistent missions and values. At the same time, CII and SouthWest  
4 are geographically diverse. This Proposed Transaction will allow our  
5 approximately 1,300 employees to provide quality water and wastewater  
6 services to our customers across 20 U.S. states and 2 Canadian provinces,  
7 building a larger platform to facilitate needed investments in the  
8 communities served by the CII and SouthWest operating companies, while  
9 continuing to add scale and grow in the future. Intermediate Newco, in short,  
10 will have the scale to enhance the ability of the operating utilities, including  
11 CWSNC, to make important infrastructure investments that provide long-  
12 term benefits for the communities they serve.

13 **Q. WHAT ARE THE OVERALL BENEFITS OF THE PROPOSED**  
14 **TRANSACTION TO CII, SOUTHWEST, CWSNC'S CUSTOMERS, AND**  
15 **THE STATE OF NORTH CAROLINA?**

16 A. The Proposed Transaction joins two highly complementary businesses to  
17 create a leading water and wastewater utility. As one company,  
18 SouthWest's and CII's water and wastewater utilities will have deeper  
19 resources and capabilities to invest and operate in the water and  
20 wastewater sector for the long term. The investments that the combined  
21 company can make, together with the leveraging of prudent practices and  
22 operating experience of both companies, will support the safe, reliable and

1 sustainable delivery of critical resources and services and will enhance the  
2 customer experience.

3 As I will discuss in greater detail in my testimony, and as shown in  
4 the testimony of the Joint Applicants' other witnesses, the Proposed  
5 Transaction will benefit CWSNC and its customers in several ways. First,  
6 the Proposed Transaction will create greater diversity and depth of  
7 resources through the combining of two large water and wastewater utilities,  
8 allowing a sharing of prudent practices (both at the corporate level and  
9 regionally/locally) and an increase in emergency response resources, which  
10 will benefit customers and the State. Mr. Denton discusses these benefits  
11 in greater detail. Second, the combination of two boards of directors into the  
12 Board and the combination of two executive leadership teams into a single  
13 team is expected to reduce costs. We also expect a reduction in overall  
14 audit expenses (when the separate audit costs of the two companies are  
15 compared to the audit costs of the combined company). Because these  
16 costs – board governance, senior executive, and audit – are subsequently  
17 allocated through the corporate allocation process to individual utilities  
18 (including CWSNC) and reflected in customer rates, customers will benefit  
19 as the net savings are allocated to individual utilities and reflected in rates  
20 in future proceedings.

21 Third, the combination will increase the financial resources and  
22 flexibility of the combined company and its subsidiaries. This will facilitate

1 needed infrastructure investments and continued growth in the water and  
2 wastewater industry. The Companies anticipate their combined financial  
3 strength will allow for improved financing terms compared to present day.  
4 The testimony of Ellen Lapson discusses these benefits – future financial  
5 strength of the combined company and the expected impact of the proposed  
6 combination upon the utility and the utility's future access to equity and debt  
7 capital – in more detail.

8 Fourth, while the Proposed Transaction is not driven by synergies,  
9 we do anticipate that the business combination will improve efficiency and  
10 the integration of administrative and general functions should eventually  
11 result in cost savings. Yet, the integration of CII's water, wastewater, and  
12 related businesses with SouthWest's water and wastewater business will  
13 be a significant, prolonged undertaking. We anticipate that integration will  
14 lead, over time, to additional efficiencies and reduced operating costs in  
15 various functional areas. We expect that the costs and benefits of  
16 integration will be addressed in future ratemaking proceedings and our  
17 utility customers will benefit from even more efficient operations.

18 **Q. HAVE THE COMPANIES INCURRED, OR WILL THE COMPANIES**  
19 **INCUR, COSTS ASSOCIATED WITH THE COMBINATION?**

20 **A.** Yes, the Companies are incurring “transaction costs” and will also incur  
21 “integration costs.” The Joint Applicants will not seek to recover transaction  
22 costs from customers.

1 Q. HAVE THE COMPANIES IDENTIFIED SPECIFIC AREAS OF  
2 INTEGRATION?

3 A. As detailed above, the Companies plan to consolidate their respective  
4 boards and senior executive team into the Board and a single executive  
5 team, effective at Proposed Transaction closing. All other areas of the  
6 Companies' respective businesses have not identified potential integration  
7 at this time; however, the Companies anticipate integration activities to be  
8 undertaken and implemented over an extended time in the future. To the  
9 extent that any savings are generated from future integration, the  
10 Companies anticipate integration costs will be incurred in order to achieve  
11 such savings. Customers will receive the benefits of these efforts, net of  
12 integration costs, in future rate proceedings.

13 Q. DOES CWSNC PROPOSE ANY RATE CHANGES TO CUSTOMERS AS  
14 A RESULT OF THE PROPOSED TRANSACTION?

15 A. CWSNC does not propose any changes to customer rates in this Joint  
16 Application. As noted above, to the extent any net savings are generated  
17 through integration, such savings should be reflected through the regular  
18 ratemaking process.

19 VI. SATISFACTION OF PUBLIC INTEREST

20 Q. IS THE PROPOSED COMBINATION OF CORIX US AND SWMAC  
21 CONSISTENT WITH THE PUBLIC INTEREST?

1 A. Yes. The Proposed Transaction will not adversely impact competition,  
2 employment, or CWSNC's quality of service. In fact, the Proposed  
3 Transaction should provide a positive benefit by improving service over time  
4 due to the sharing of industry expertise and prudent practices between  
5 Corix US and SouthWest. In addition, the combined financial resources of  
6 Corix US and SouthWest will facilitate needed utility infrastructure  
7 investments. Further, the Proposed Transaction will have no immediate  
8 impact on CWSNC's rates. As future rate cases are processed, reductions  
9 in board governance positions and costs, senior executive positions and  
10 costs, and other functional areas will be allocated to our local operating  
11 utilities and reflected in those utilities' rates.

12 CWSNC will continue to be locally managed, with local employees,  
13 offices and facilities consistent with its obligations to serve customers. For  
14 all the reasons identified in my testimony and in the other witnesses'  
15 testimony, I believe this combination is consistent with the public interest.

16 **Q. DOES THE PROPOSED TRANSACTION INVOLVE ANY TRANSFER OF**  
17 **CWSNC'S STOCK OR ASSETS?**

18 A. No, it does not.

19 **Q. DOES THE PROPOSED TRANSACTION INVOLVE ANY PLEDGE,**  
20 **ENCUMBRANCE, OR CROSS-COLLATERALIZATION OF CWSNC'S**  
21 **ASSETS?**

1 A. No, it does not. CWSNC will not guarantee any debt for Intermediate Newco  
2 or other affiliated companies unless the debt is incurred for purposes  
3 specific to its system or operations. Any debt incurred by the CWSNC will  
4 only be used for purposes specific to its system or operations.

5 **Q. WHAT ARE THE COMPANIES' GOALS WITH RESPECT TO CREDIT**  
6 **QUALITY?**

7 A. The combined business will be established with a target investment grade  
8 capital structure profile and operated in a way that is consistent with  
9 maintaining an investment grade profile.

10 **Q. DO THE COMPANIES PROPOSE OTHER CUSTOMER PROTECTIONS?**

11 A. Yes, our customer protection commitments are discussed in the testimony  
12 of Mr. Bahr.

13 **Q. DOES THE PROPOSED TRANSACTION REQUIRE A CHANGE IN, OR**  
14 **IS CWSNC PROPOSING TO CHANGE, ITS EXISTING AFFILIATE**  
15 **AGREEMENT?**

16 A. No, the Proposed Transaction does not require a change in CWSNC's  
17 affiliate agreement, and no change is proposed in this Application. As noted  
18 above, although the process of planning for integration has begun,  
19 implementation cannot begin until after closing. Therefore, because affiliate  
20 activities directly involving CWSNC are not changing for some time,  
21 CWSNC has no need to change its existing affiliate agreement. CWSNC

1 will file any amendments or new agreements with the NCUC pursuant to  
2 N.C.G.S. § 62-153 at the appropriate time in the future.

3 **Q. PLEASE SUMMARIZE THE REQUEST FOR RELIEF IN THE CURRENT**  
4 **JOINT APPLICATION.**

5 A. The Joint Applicants request approval of the merger of equals contemplated  
6 in the Transaction Agreement as it is consistent with the public interest.  
7 Specifically, the Commission should find that the requirements of N.C.G.S.  
8 § 62-111 have been met.

9 **Q. DOES THIS CONCLUDE YOUR PREPARED DIRECT TESTIMONY?**

10 A. Yes, it does.

## 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.