

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 412

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application for Approval of Business)	ORDER SCHEDULING HEARINGS,
Combination between Carolina Water)	ESTABLISHING DISCOVERY
Service, Inc. of North Carolina/Corix)	GUIDELINES, AND REQUIRING
Infrastructure (US) Inc., and SW Merger)	CUSTOMER NOTICE
Acquisition Corp.)	

BY THE COMMISSION: On November 23, 2022, Carolina Water Service, Inc. of North Carolina (CWSNC), Corix Infrastructure (US) Inc. (Corix US), and SW Merger Acquisition Corp. (SWMAC) (collectively, Applicants), filed with the Commission an Application for Approval of a Business Combination (Application). Filed with the Application were the Direct Testimonies of Donald H. Denton, III, Ellen Lapson, Dante M. DeStefano, and Brian D. Bahr.

SWMAC and Corix US request the Commission authorize a merger between the two. The Applicants state that the proposed merger between SWMAC and Corix US does not involve a change in the direct control of CWSNC and does not involve transfer of CWSNC's stock.

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.

Corix US is a corporation incorporated under the laws of Delaware. Corix US is owned by Corix Infrastructure Inc. (CII). Corix US indirectly owns 100% of CWSNC.

SWMAC is a Delaware corporation that owns 100% of SouthWest Water Company (SouthWest). SWMAC is owned by IIF Subway Investment LP (IIF Subway) and Bazos CIV, L.P.¹ At the end of the restructuring process, CII will own 50% of Corix US's stock and SWMAC Holdco (an entity created during the restructuring process) will own the remaining 50% of Corix US's stock. As part of the business combination, Corix US will organize Intermediate Newco under the laws of Delaware (Intermediate Newco). Intermediate Newco will be a holding company that will acquire indirect control of

¹ 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).

CWSNC. 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 businesses, as well as the SWMAC water and wastewater businesses, completing the merger of equals.

On April 12, 2023, the Public Staff filed a letter and proposed order recommending that the matter be scheduled for a public witness hearing for the sole purpose of receiving testimony from customers; that the matter should also be scheduled for an expert witness hearing for the sole purpose of receiving expert witness testimony from the Applicants, the Public Staff, and intervenors, if any; and that CWSNC should be required to provide notice to all affected customers of the Application, including the applied for rates and the scheduled hearings.

Based upon a review of the Application and the recommendation of the Public Staff, the Commission finds good cause to set the Application for hearing, establish deadlines for petitions to intervene and the filing of testimony, establish appropriate discovery rules, and require CWSNC to provide public notice of the Application.

The guidelines regarding discovery in this docket, subject to modification for good cause shown, are as follows:

1. Any deposition shall be taken before the deadline for the filing of the Public Staff and other intervenor testimony. Notice of deposition shall be served on all parties at least seven days prior to the taking of the deposition. Notice of deposition and all other discovery notices, requests and motions shall be served on the appropriate parties by hand delivery or facsimile, or by electronic delivery if the receiving party has agreed to receipt by electronic delivery.

2. Any motion for subpoena of a witness to appear at the expert witness hearing shall be filed with the Commission before the deadline for the filing of the Public Staff and intervenor testimony, shall be served on the person sought to be subpoenaed at or before the time of filing with the Commission, and shall make a reasonable showing that the evidence of such person will be material and relevant to an issue in the proceeding. See N.C. Gen. Stat. § 62-62. Unless an objection is filed, the Chief Clerk shall issue the requested subpoena within 2 business days after such a motion is filed.

3. Formal discovery requests related to the Application and Applicants' prefiled direct and supplemental testimony shall be served on CWSNC and SWMAC no later than 14 calendar days prior to the filing of the Public Staff and other intervenor testimony. The party served shall have up to ten calendar days to file with the Commission objections to the discovery requests on an item-by-item basis, but in no event shall objections be filed later than ten calendar days prior to the deadline for the filing of Public Staff and other intervenor testimony.

4. Formal discovery requests related to the prefiled testimony of the Public Staff or intervenors shall be served no later than five calendar days after the filing of that party's testimony. The party served shall have up to three business days to file with the Commission objections to the discovery requests on an item-by-item basis, but in no event shall objections be filed later than nine calendar days after the filing of that party's testimony.

5. Formal discovery requests related to prefiled rebuttal testimony shall be served no later than three business days after such testimony is filed. The party served shall have up to three calendar days to file with the Commission objections to the discovery requests on an item-by-item basis, but in no event shall objections be filed later than three business days after rebuttal testimony was filed. Discovery related to rebuttal testimony shall be limited to new material introduced in such rebuttal testimony and will be carefully scrutinized upon objection that such discovery should have been sought during the initial period of discovery.

6. Discovery requests need not be filed with the Commission when served; however, any party filing objections shall attach a copy of the relevant discovery request to the objections. Each discovery request, or part thereof, to which no objection is filed shall be answered by the time objections are due, subject to other agreement of the affected parties or other order of the Commission. Upon the filing of an objection, the party seeking discovery shall have two calendar days to file with the Commission a motion to compel, and the party objecting to discovery shall have one calendar day thereafter to file a response. All objections, motions to compel, and responses shall be served on the other affected party at or before the time of filing with the Commission.

7. A party shall not be granted an extension of time to pursue discovery due to that party's late intervention or other delay in initiating discovery.

The Commission urges all parties to work in a cooperative manner and to try to accommodate discovery within the time available. The Commission recognizes that in the past most discovery has been conducted in an informal manner without the need for Commission involvement or enforcement, and that such has been generally successful. The above guidelines are without prejudice to the parties conducting informal discovery or exchanging information by agreement at any time with the understanding that such will not be enforceable by the Commission if outside these guidelines.

Further, the Commission finds good cause to require CWSNC, SWMAC, and all other parties who file exhibits and workpapers that include tables of numbers and calculations to provide the Commission Staff, Public Staff, and any other party upon request an electronic version of all such exhibits and workpapers, with formulas intact.

Finally, the Commission finds good cause to require CWSNC and SWMAC to consult with all of the parties and file, no later than Wednesday, July 26, 2023, a list of witnesses to be called at the expert witness hearing, the order of witnesses, and each party's estimated time for cross-examination of each witness. If the parties cannot agree, the remaining parties

shall, no later than Friday, July 28, 2023, make a filing indicating their points of disagreement with CWSNC and SWMAC's filing.

IT IS, THEREFORE, ORDERED as follows:

1. That a hearing for the purpose of receiving public witness testimony on the Application shall be, and is hereby, scheduled to begin at 7:00 p.m. on Thursday, July 20, 2023, to be held remotely via Webex. This hearing will be held remotely to facilitate participation from the public. A link to view the hearing will be available at www.ncuc.gov. Members of the public that would like to testify must register in advance of the hearing, no later than 5:00 p.m. on Thursday, July 13, 2023.

To register, please complete the electronic Remote Public Witness Registration form located on the Commission's website at www.ncuc.gov/hearings/remotepublicregister.html. If assistance is needed, please contact 919-733-0837.

Only the first 20 individuals registered by 5:00 p.m. on Thursday, July 13, 2023, will be allowed to testify at the July 20, 2023, remote public witness hearing. This hearing will be canceled if no one registers to testify by 5:00 p.m. on July 13, 2023;

2. That the public witness hearing will be conducted solely for the purpose of receiving the testimony of customers in accordance with Commission Rule R1-21(g). The Commission reserves the right to limit testimony at the public witness hearing pursuant to Commission Rule R1-21(g)(5).

3. That CWSNC is required to file a verified report addressing all customer service and service quality complaints expressed during the public witness hearing held on Thursday, July 20, 2023, on or before Thursday, August 3, 2023. The Public Staff shall, and other intervenors may, file a verified response and any comments to CWSNC's report on or before Thursday, August 17, 2023;

4. That a hearing for the purpose of receiving expert witness testimony on the Application is scheduled to begin at 10:00 a.m. on Wednesday, August 2, 2023, and continuing as necessary until conclusion. The hearing will be held in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina;

5. That the parties shall comply with the discovery guidelines established herein and shall work in a cooperative manner as to discovery;

6. That the Public Staff and intervenors, if any, shall file their testimony on or before Friday, June 30, 2023, and the Applicants shall file their rebuttal testimony, if any, on or before Friday, July 14, 2023;

7. That on or before Friday, June 30, 2023, any persons having an interest in this matter may file petitions to intervene in this proceeding pursuant to Commission Rules R1-5, R1-7, and R1-19;

8. That the Applicants shall consult with all other parties and file, no later than Wednesday, July 26, 2023, a list of witnesses to be called at the expert witness hearing, the order of witnesses, and each party's estimated time for cross-examination. If the parties cannot agree, the remaining parties shall, no later than Friday, July 28, 2023, make a filing indicating their points of disagreement with the Applicants' filing;

9. That an officer or representative of SWMAC and CWSNC are required to appear before the Commission at the time and place of the expert witness hearing to testify concerning any of the information contained in the Application;

10. That all parties filing supporting exhibits in Excel format shall provide the Commission Staff electronic versions of the exhibits filed in native Excel format, including all of the supporting tabs and formulas, within three days of the filing of such exhibits; and that, Applicants, and all other parties filing exhibits and workpapers that include tables of numbers and calculations, shall provide the Public Staff and any other party upon request an electronic version of all such exhibits and workpapers, with formulas intact;

11. That all parties filing supporting exhibits in PDF format shall provide to the Commission Staff electronic versions of the exhibits filed in native Excel format via email at NCUCexhibits@ncuc.net, where applicable, including all of the supporting tabs and formulas, within three days of the filing of such exhibits; and that the Applicants, and all other parties filing exhibits and workpapers that include tables of numbers and calculations, shall provide the Public Staff and any other party upon request an electronic version of all such exhibits and workpapers, with formulas intact; and

12. That CWSNC, at its expense, shall provide the Notice to Customers, attached hereto as Appendix A, which shall be mailed with sufficient postage or hand delivered by CWSNC to all affected customers no later than ten days after the date of this Order, and that CWSNC shall submit to the Commission the attached Certificate of Service, properly signed and notarized, not later than 20 days after the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the 25th day of April 2023.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "A. Shonta Dunston". The signature is written in a cursive, flowing style.

A. Shonta Dunston, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**NOTICE TO CUSTOMERS
DOCKET NO. W-354, SUB 412
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

Notice is hereby given that Carolina Water Service, Inc. of North Carolina (CWSNC), Corix Infrastructure (US) Inc. (Corix US), and SW Merger Acquisition Corp. (SWMAC) (collectively Applicants), filed with the Commission an Application for Approval of a Business Combination (Application).

EFFECT ON RATES:

The present water utility rates for CWSNC were approved in Docket No. W-354, Sub 384 on April 4, 2022. No rate changes are proposed in this docket.

HEARING PROCEDURES:

The Commission has scheduled the following hearings on the Application:

Public witness hearing. That the public witness hearing on the Application shall be, and is hereby, scheduled to begin at 7:00 p.m. on Thursday, July 20, 2023, to be held remotely via Webex. This hearing will be held remotely to facilitate participation from the public. The public witness hearing will be conducted solely for the purpose of receiving the testimony of customers in accordance with Commission Rule R1-21(g). The Commission reserves the right to limit testimony at the public witness hearing pursuant to Commission Rule R1-21(g)(5). The public witness hearing will begin at 7:00 p.m. and end at the earlier conclusion of the last witness' testimony or 10:00 p.m. A link to view the hearing will be available at www.ncuc.gov.

To register, please complete the electronic Remote Public Witness Registration form located on the Commission's website at www.ncuc.gov/hearings/remotepublicregister.html. A confirmation email will be sent to the email provided after the registration form is submitted. Further instructions, including the call-in number, will be provided to you by email approximately one week before the hearing. Witnesses calling from a different number than provided at registration may experience delays or other difficulties in providing their testimony. If assistance is needed, please contact 919-733-0837.

Only individuals registered by 5:00 p.m. on Thursday, July 13, 2023, will be allowed to testify at the public witness hearing; this hearing will be canceled if no one registers to testify by 5:00 p.m. on Thursday, July 13, 2023.

Expert witness hearing beginning at 2:00 p.m., on Wednesday, August 2, 2023, and continuing as necessary until conclusion. The hearing will be held in the Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina. The hearing scheduled for Wednesday, August 2, 2023, shall be conducted solely for the purpose of receiving testimony of the Applicants, the Public Staff, and any other parties of record.

Consumer statements may be submitted to the Commission via the web form at <https://www.ncuc.gov/contactus.html>. Consumer statements are not evidence unless those persons appear at a public witness hearing and testify concerning the information contained in their consumer statements.

The Public Staff is authorized by statute to represent consumers in proceedings before the Commission. Consumer statements to the Public Staff should include the customer's name, contact information, and any information that the writer wishes to be considered by the Public Staff in its investigation of the matter, and such statements should be addressed to Mr. Christopher J. Ayers, Executive Director, Public Staff, 4326 Mail Service Center, Raleigh, North Carolina 27699-4326. Consumer statements may also be faxed to (919) 715-6704.

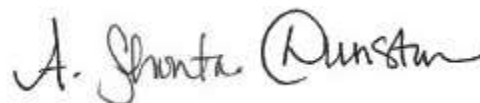
The Attorney General is also authorized by statute to represent the consumers in proceedings before the Commission. Statements to the Attorney General should be addressed to The Honorable Josh Stein, Attorney General, c/o Utilities Section, 9001 Mail Service Center, Raleigh, North Carolina 27699-9001. Written statements may also be e-mailed to utilityAGO@ncdoj.gov.

Persons desiring to intervene in this matter as formal parties of record should file a petition pursuant to North Carolina Utilities Commission Rules R1-5, R1-7, and R1-19, on or before Friday, June 30, 2023. Any such petition should be filed with the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300.

Information regarding this proceeding can also be accessed from the Commission's website at www.ncuc.gov under Docket Number "W-354 Sub 412."

This the 25th day of April, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "A. Shonta Dunston". The signature is written in a cursive, flowing style.

A. Shonta Dunston, Chief Clerk

CERTIFICATE OF SERVICE

I, _____, mailed with sufficient postage or hand delivered to all affected customers copies of the attached Notice to Customers issued by the North Carolina Utilities Commission in Docket No. W-354, Sub 412 and the Notice was mailed or hand delivered by the date specified in the Order.

This the ____ day of _____ 2023.

By: _____
Signature

Name of Utility Company

The above named Applicant, _____, personally appeared before me this day and, being first duly sworn, says that the required Notice to Customers was mailed or hand delivered to all affected customers, as required by the Commission Order dated _____ in Docket No. W-354, Sub 412.

Witness my hand and notarial seal, this the ____ day of _____ 2023.

Notary Public

Address

(SEAL) My Commission Expires: _____
Date