

# **SANFORD LAW OFFICE, PLLC**

Jo Anne Sanford, Attorney at Law

April 30, 2024

Ms. A. Shonta Dunston, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4325

**Via Electronic Filing**

Re: 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  
Filings Made Pursuant to Order Approving Merger Subject to Regulatory Conditions---April 30, 2024  
Docket W-354 Sub 412

Dear Ms. Dunston:

Attached for filing with the Commission please find the responses concerning certain regulatory commitments made by Carolina Water Service, Inc. of North Carolina (CWSNC), plus by Corix Infrastructure (US) Inc. and SW Merger Acquisition Corp.---(hereinafter, Joint Applicants). These commitments were accepted and made part of the conditions contained in the Order of the North Carolina Utilities Commission which approved the Merger, issued on November 13, 2023 (the Order).

The relevant "Regulatory Conditions" from the Order's Appendix B will be described herein, along with a description of the responses, which are attached, beginning with:

## **Attachment A.**

"Notice of Certain Investments," from the Order's Regulatory Conditions, Appendix B, Paragraph 8, page 5 of 11, provides:

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.

**Response:** See Attachment A. Please note Corix US is now Nexus Water Group Holdings, Inc. and Intermediate Newco is now Nexus Water Group, Inc.

**Attachment B**

"Cost Allocation Manual," from the Order's Regulatory Conditions, Appendix B, Paragraph 25, page 8 of 11 provides:

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.

**Response:** See Attachment B-1, Corix Group of Companies Cost Allocation Manual For Fiscal Year: 2023, and Attachment B-2, Corix Group of Companies Cost Allocation Manual For Q1 2024.

**\*\*\* MARKED & FILED CONFIDENTIALLY\*\*\***

#### **Attachment C**

“Service Area Reporting”, from the Order’s Regulatory Conditions, Appendix B, Paragraph 31, page 9 of 11, provides:

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.

**RESPONSE:** See Attachment C.

#### **Attachment D.**

“Operator Development and Retention” from the Order’s Regulatory Condition, Appendix B, paragraph 36, page 11 of 11 provides:

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.

**RESPONSE:** See Attachment D, labeled “First Annual Report on Efforts to Develop and Retain Qualified Operators”.

As always, thank you and your staff for your assistance; please feel free to contact us if there are questions or suggestions.

Sincerely,

**Electronically Submitted**

**/s/Jo Anne Sanford**

Sanford Law Office, PLLC

N.C. State Bar # 6831

Attorney for Carolina Water Service,  
Inc. of North Carolina

## CERTIFICATE OF SERVICE

I hereby certify that I have today served a copy of the April 30, 2024 Report on the Public Staff of the North Carolina Utilities Commission, in accordance with North Carolina Utilities Commission Rule R1-39, by means of electronic delivery upon agreement of the receiving party.

This the 30th day of April, 2024.

**Electronically Submitted**  
**/s/Jo Anne Sanford**  
N.C. State Bar No. 6831

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