



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

April 12, 2023

Ms. A. Shonta Dunston, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: Docket No. W-354, Sub 412

Dear Ms. Dunston:

On November 23, 2022, pursuant to N.C. Gen. Stat. § 62-111, Carolina Water Service, Inc. of North Carolina Corix infrastructure (US) Inc., and SW Merger Acquisition Corp. (collectively, the Applicants), filed an Application for Approval of a Business Combination the above-referenced docket.

The Public Staff, after consultation with the Applicants, hereby submits for the Commission's consideration the attached proposed order scheduling hearings, establishing discovery deadlines, and requiring customer notice.

The Public Staff respectfully requests that the Commission issue an order consistent with the Public Staff's recommended procedural schedule.

Sincerely,

Electronically submitted
/s/ Gina C. Holt
Manager, Public Staff Legal
gina.holt@psncuc.nc.gov

Electronically submitted
/s/ Elizabeth D. Culpepper
Staff Attorney
elizabeth.culpepper@psncuc.nc.gov

cc: Parties of Record

Attachment

Executive Director
(919) 733-2435

Accounting
(919) 733-4279

Consumer Services
(919) 733-9277

Economic Research
(919) 733-2267

Energy
(919) 733-2267

Legal
(919) 733-6110

Transportation
(919) 733-7766

Water/Telephone
(919) 733-5610

**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)
Combination between Carolina Water Service,)
Inc. of North Carolina/Corix Infrastructure (US))
Inc., and SW Merger Acquisition Corp.)
ORDER SCHEDULING
HEARINGS, ESTABLISHING
DISCOVERY GUIDELINES,
AND REQUIRING
CUSTOMER NOTICE

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 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

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).

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. A notice of deposition shall be served on all parties at least seven business days prior to the taking of the deposition.

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 other intervenor testimony, shall be served by hand delivery or facsimile to 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. N.C. Gen. Stat. § 62-62. Unless an objection is filed, the Chief Clerk shall issue the requested subpoena within one business day of the filing of such motion.

3. Formal discovery requests related to the Application and Applicants' prefiled direct and supplemental testimony shall be served on CWSNC and SWMAC by hand delivery, facsimile, or electronic delivery with Applicants' agreement, no later than 14 calendar days prior to the filing of the Public Staff and other intervenor testimony. The Applicants shall have up to ten calendar days to file with the Commission objections to 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 other intervenors shall be served by hand delivery, facsimile, or electronic delivery (with the agreement of the receiving party), no later than six *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 by hand delivery, facsimile, or electronic delivery with CWSNC's agreement, no later than three *business* days after the filing of such testimony. The party served shall have up to two *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 three business days after the filing of such rebuttal testimony. 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, objections shall be filed with the Commission and the objecting party 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 objections, the party seeking discovery shall have two business days to file with the Commission a motion to compel, and the party objecting to discovery shall have one business day thereafter to file a response. All objections, motions to compel, and responses shall be served on the other affected party by hand delivery, facsimile, or electronic delivery with the agreement of the receiving 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.

IT IS, THEREFORE, ORDERED as follows:

1. That the public witness hearing on the Application shall be, and is hereby, scheduled for Tuesday, June 20, 2023, at 6:00 p.m., and shall be held remotely via WebEx. 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 6:00 p.m. and end at the earlier conclusion of the last witness' testimony or 8:00 p.m. A link to view the hearing will be available at www.ncuc.net. Members of the public that would like to testify must register in advance of the hearing, no later than 5:00 p.m. on Tuesday, June 13, 2023, either by email at ncucpublichearing@ncuc.net or by calling 919-733-0837. Individuals registering to testify must provide their name, the docket number (W-354, Sub 412), the exact telephone number they will use to participate in the hearing, and the topic of their testimony. Witnesses calling from any number different from the number provided at registration may be delayed or experience other difficulty in providing their testimony.

Only individuals registered by 5:00 p.m. on Tuesday, June 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 Tuesday, June 13, 2023;

2. 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 Tuesday, June 20, 2023, on or before Wednesday, July 5, 2023. The Public Staff shall, and other intervenors may, file a verified response and any comments to CWSNC's report on or before Thursday, July 20, 2023;

3. That the Application is scheduled for an expert witness hearing beginning at 10:00 a.m., on Tuesday, August 1, 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;

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

5. The Public Staff and intervenors, if any, shall file their testimony on or before Thursday, June 29, 2023, and the Applicants shall file their rebuttal testimony, if any, on or before Friday, July 14, 2023;

6. That on or before Thursday, June 29, 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;

7. That the Applicants shall consult with all other parties and file, no later than Tuesday, July 25, 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

Thursday, July 27, 2023, make a filing indicating their points of disagreement with the Applicants' filing;

8. 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;

9. 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;

10. 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

11. 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 ____ day of April 2023.

NORTH CAROLINA UTILITIES COMMISSION

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 for Tuesday, June 20, 2023, at 6:00 p.m., and shall be held remotely via WebEx. 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 6:00 p.m. and end at the earlier conclusion of the last witness' testimony or 8:00 p.m. A link to view the hearing will be available at www.ncuc.net. Members of the public that would like to testify must register in advance of the hearings, no later than 5:00 p.m. on Tuesday, June 13, 2023, either by email at ncucpublichearing@ncuc.net or by calling 919-733-0837. Individuals registering to testify must provide their name, the docket number (W-354, Sub 412), the exact telephone number they will use to participate in the hearing, and the topic of their testimony. Witnesses calling from any number different from the number provided at registration may be delayed or experience other difficulty in providing their testimony.

Only individuals registered by 5:00 p.m. on Tuesday, June 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 Tuesday, June 13, 2023.

Expert witness hearing beginning at 2:00 p.m., on Tuesday, August 1, 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 Tuesday, August 1, 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.net/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 Thursday, June 29, 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.net under Docket Number "W-354 Sub 412."

This the ____ day of _____, 2023.

NORTH CAROLINA UTILITIES COMMISSION

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