

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE**

IN RE:)	
)	
Petition of Tennessee Water Service, Inc.)	
Along with Corix Infrastructure (US) Inc.,)	DOCKET NO. 22- <u>00114</u>
for Approval of Authority to Transfer)	
Control)	

**DIRECT TESTIMONY
OF
BRIAN D. BAHR**

**ON BEHALF OF
SW MERGER ACQUISITION CORP.**

November 9, 2022

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WITNESS INTRODUCTION AND BACKGROUND

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

2 A. My name is Brian D. Bahr. I am employed by SouthWest Water Company (“SouthWest”),
3 a subsidiary of SW Merger Acquisition Corp. (“SWMAC”), as Director of Rates and
4 Regulatory Affairs. My business address is 1620 Grand Avenue Parkway, Suite 140,
5 Pflugerville, Texas 78660.

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

7 A. My duties primarily consist of preparing and managing regulatory applications and
8 compliance filings for certain regulated operating subsidiaries of SouthWest.

9 **Q. PLEASE SUMMARIZE YOUR PROFESSIONAL AND EDUCATIONAL**
10 **BACKGROUND.**

11 A. My professional and educational experience includes the areas of accountancy, audit,
12 analysis, regulation, and management. I graduated from Brigham Young University with
13 a BA in Accountancy and subsequently earned the Certificate of Public Management from
14 Willamette University. I received a Master of Business Administration from the University
15 of La Verne with an emphasis in Finance. I also hold Grade II certifications as a Water
16 Distribution Operator and Water Treatment Operator in the State of California. Prior to
17 joining SouthWest, I was employed by the Oregon Public Utility Commission as a Senior
18 Utility Analyst, and previous to that, I worked in the audit/assurance practice of
19 PricewaterhouseCoopers LLP in the field of alternative investments.

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

21 A. My testimony supports the petition (“Petition”) for approval of the proposed merger of
22 Corix Infrastructure (US) Inc. (“Corix US”) and SWMAC (which together with Corix US,

are referred to as the “Companies”). Corix US indirectly owns Corix Regulated Utilities US Inc. (“CRU US”), the direct parent of Tennessee Water Service, Inc. (“TWS”). The merger results in the combination of the water, wastewater, and related businesses currently owned by Corix Infrastructure Inc. (“CII”),¹ with the water and wastewater businesses currently owned by SouthWest Water Company (“SouthWest”).

My testimony describes the SouthWest organization, SouthWest’s mission and values, and the strengths SouthWest brings to the proposed combination. I support the conclusion that the business combination is consistent with the public interest. My testimony will also verify the accuracy of the information and exhibits submitted in the Petition.

SOUTHWEST

Q. PLEASE DESCRIBE SOUTHWEST.

A. SouthWest’s roots go back over 100 years. We are currently headquartered in Sugar Land, Texas, with approximately 500 employees. Our utility subsidiaries own and operate water and wastewater systems serving over half a million residential and business customers in seven states: Alabama, California, Florida, Louisiana, Oregon, South Carolina, and Texas. Customer rates, service, and water quality are generally regulated by state agencies.

Q. PLEASE DESCRIBE SOUTHWEST’S OWNERSHIP.

A. SouthWest is a wholly owned subsidiary of SWMAC. The Infrastructure Investments Fund (“IIF”), through IIF Subway Investment LP (“IIF Subway”), indirectly owns 75% of SWMAC. Bazos CIV, L.P. (“Bazos”) owns the remaining 25%. Bazos is indirectly owned

¹ CII’s related businesses include the electric, natural gas, and propane distribution, geothermal energy and municipal service operations of CII related to its U.S. and Canadian water and wastewater operations businesses.

by the German reinsurer, Munich RE (Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München).

IIF is an approximately \$26 billion² open-ended private investment vehicle focused on investing in critical infrastructure assets. IIF is responsible for investing and growing the retirement money of more than 60 million families. IIF is a long-term owner of companies that provide essential services, including water, natural gas and electric utility services, renewable energy, and transportation infrastructure, which are all vital to the communities in which they operate. As of June 30, 2022, IIF owned 20 companies throughout North America, Europe, and Australia.

Since acquiring SouthWest in 2010, IIF has been an outstanding partner to SouthWest, including supporting over \$500 million in capital expenditures for critical infrastructure.

Q. PLEASE DESCRIBE SOUTHWEST’S MISSION AND VALUES.

A. SouthWest’s mission is to provide life-sustaining water and wastewater services to our customers, empowering the communities we serve. We accomplish this mission by embracing our values, which are as follows:

- Safety – we make safety our #1 priority by continuously monitoring and improving our safety practices, protecting the wellness of our most valuable assets—our people—and safeguarding the public health in delivering safe, reliable water and wastewater services;
- Environmental Stewardship – environmental compliance and protection of natural resources is achieved through striving to meet all compliance and regulatory public

² As of June 30, 2022.

safety requirements, reducing our carbon footprint, and meeting the demands of our customers by infrastructure improvement and efficiency;

- Customer Care – our commitment to customer care is achieved by supporting our customers in a timely manner, treating every customer with respect and honesty, and providing safe and reliable water and wastewater services;
- Employee Empowerment – we encourage all employees to participate in the decisions around their work, providing training and resources for development, and creating a culture that encourages communication, collaboration, and inclusiveness;
- Integrity – this value is demonstrated by showing respect for peers and customers at all times, building trust, acting with responsibility and accountability, and leading by example; and
- Community Partnership – we support the communities we serve by committing to volunteer in the communities, investing in solutions to improve communities, and supporting business partners whose efforts mirror our mission.

As Mr. Lubertozi's direct testimony notes, the mission and values of CII and SouthWest are similar, including our shared commitment to local management and decision-making, supported by corporate-wide resources.

Q. PLEASE DESCRIBE THE STRENGTHS SOUTHWEST BRINGS TO THE PROPOSED COMBINATION IN TERMS OF FINANCIAL RESOURCES.

A. In 2021, SouthWest had annual revenues of \$248.9 million and had over \$1.4 billion in assets on its balance sheet. The Companies intend to establish the combined business with a target investment grade capital structure profile and operate the business in a way that is consistent with maintaining an investment grade profile.

Q. PLEASE DESCRIBE SOUTHWEST'S OPERATIONAL AND TECHNICAL EXPERTISE.

A. SouthWest has experience in virtually every aspect of water and wastewater system operation. SouthWest has approximately 450 experienced operational employees dedicated to safely providing high-quality water and wastewater services to our customers in an environmentally compliant manner. Our state-certified water and wastewater technicians provide service to hundreds of communities, assisted by our in-house professional engineering and quality control. We also have extensive construction and project management experience and expertise. SouthWest is committed to providing excellent customer and operational service.

Q. DOES SOUTHWEST ALSO BRING MANAGEMENT EXPERTISE TO THE PROPOSED COMBINATION?

A. Yes. SouthWest has a strong management team that cumulatively has decades of experience owning and operating water and wastewater utilities. As described more fully in Mr. Lubertozi's testimony, the proposed business combination will result in an executive leadership team that draws from the skilled management of both CII and SouthWest. Please see Exhibit SML-1 to Mr. Lubertozi's direct testimony for background information on members of the announced executive leadership team to be effective upon closing of the proposed business combination.

Q. IN SUMMARY, DOES SOUTHWEST BRING FINANCIAL, OPERATIONAL/TECHNICAL, AND MANAGERIAL STRENGTHS TO THE PROPOSED COMBINATION?

A. Yes, SouthWest's financial resources, strong leadership team, managerial expertise, and commitment to providing safe, adequate, and proper utility service to its customers make it an ideal owner of water and wastewater utilities.

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

A. Yes. The combination involves two strong, complementary water and wastewater utility holding companies that will combine to create an even stronger new company. Through the combined financial, managerial, and operational resources of the two companies, the transaction will better facilitate needed infrastructure investments across our service territories, as well as continued growth of our businesses. The combination will allow the sharing of expertise and prudent practices across the various utility companies.

RESTRUCTURING PRIOR TO CLOSING

Q. PLEASE DESCRIBE THE SWMAC RESTRUCTURING THAT WILL TAKE PLACE PRIOR TO CLOSING.

A. Before the business combination occurs, SWMAC's shareholders will form a new holding company ("SWMAC Holdco"). SWMAC's shareholders will contribute certain assets, including SWMAC's stock, to SWMAC Holdco in exchange for limited partnership interests in SWMAC Holdco. This step will facilitate the contribution of SWMAC's stock to Corix US in exchange for the issuance of Corix US stock, and the merger of SWMAC with and into Corix US, as described in Mr. Lubertoizzi's testimony.

VERIFICATION OF THE PETITION

Q. HAVE YOU REVIEWED THE PETITION, EXHIBITS, AND DIRECT TESTIMONY BEING FILED BY TENNESSEE WATER SERVICE, INC. AND

134 **CORIX INFRASTRUCTURE (US) INC., AND CAN YOU VERIFY THE**
135 **ACCURACY OF THE INFORMATION PRESENTED?**

136 A. Yes. I have reviewed the Petition, exhibits, and the other pre-filed direct testimony, and I
137 can verify that the information presented in these documents is accurate and consistent with
138 representations being made.

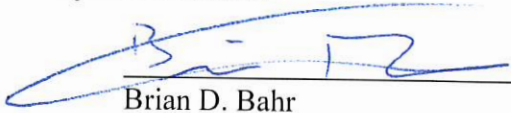
139 **Q. DOES THIS CONCLUDE YOUR PREPARED DIRECT TESTIMONY?**

140 A. Yes, it does.

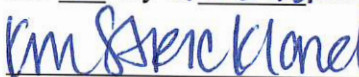
STATE OF TEXAS
COUNTY OF TRAVIS

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Brian D. Bahr, being by me first duly sworn deposed and said that:

He is appearing as a witness on behalf of SW Merger Acquisition Corp. before the Tennessee Public Utility Commission, and if present before the Commission and duly sworn, his testimony would be as set forth in his pre-filed testimony in this matter.


Brian D. Bahr

Sworn to and subscribed before me
this 7 day of NOVEMBER, 2022.


Notary Public KIMBERLY STRICKLAND

My Commission Expires: JUNE 19, 2023

