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October 25, 2022

VIA Electronic Filing to the Office of Commission Clerk

Attn: Melinda Watts, Engineering Specialist  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: Docket No. 20220064-WS - Application for transfer of water and wastewater facilities of Tymber Creek Utilities, Inc., water Certificate No. 303-W, and wastewater Certificate No. 252-S to CSWR-Florida Utility Operating Company, LLC, in Volusia County.**

Dear Ms. Watts:

CSWR-Florida Utility Operating Company, LLC (“CSWR-Florida UOC”) submits the following responses to Staff’s September 21, 2022 Second Data Request.

1. Would CSWR agree that its equity investors expect to earn a reasonable return on their investment?

**RESPONSE:** Yes, equity investors tend to expect to earn a reasonable return on their investment.

2. Would CSWR agree that any amount of goodwill on its balance sheet represents an amount on which its equity investors are not earning a return? If not, please explain.

**RESPONSE:** Yes.

3. Could the level of goodwill potentially impact an entity’s ability to attract capital? If not, please explain.

**RESPONSE:** In the abstract, as this question is phrased, it may or may not. CSWR-Florida UOC does not expect any level of “goodwill” in this transaction to impact its ability to attract capital.



4. Would CSWR agree that, when an entity has a fiduciary duty to another entity, the entity with the duty must act in a way that will benefit that party?

**RESPONSE:** CSWR-Florida UOC objects to this question as irrelevant to any issue in this docket. Subject to that objection, in the abstract as this question is phrased, in a fiduciary relationship the one with the duty has an obligation to act in the other's best interests.

5. Would you agree that CSWR management has a fiduciary responsibility to its equity investors?

**RESPONSE:** CSWR-Florida UOC objects to this question as irrelevant to any issue in this docket and unclear as to what is meant by "CSWR management." Subject to those objections, CSWR-Florida UOC is a Florida utility operating company that acts in the best interests of its equity investors, regardless of whether a fiduciary relationship is present.

6. Has CSWR management considered any measures to reduce the level of goodwill on its balance sheet? If so, please describe the measures considered in detail.

**RESPONSE:** The goodwill on the consolidated balance sheet of CSWR, LLC and its subsidiaries is subject to impairment yearly as part of the annual audit procedure. To date, no impairments have been recorded or suggested by auditors.

7. Could CSWR management, acting in its fiduciary responsibility role to the equity investors, decide to divest systems to recoup some of the investment on which it is not earning a return via the denial of a positive acquisition adjustment(s)? If not, please explain.

**RESPONSE:** CSWR-Florida UOC objects to this question as irrelevant to any issue in this docket, calling for speculation, unclear as to what is meant by "CSWR management," and presupposing a fiduciary relationship between CSWR-Florida UOC, a state-specific utility operating company (see Application Exhibit E), and unidentified "equity investors." Subject to the foregoing objections, CSWR-Florida UOC could in theory divest systems for any appropriate business purpose. Nonetheless, as is evident from CSWR-Florida UOC's recent acquisitions, the company is doing quite the opposite by making significant investments in Florida systems, including after the denial of positive acquisition adjustments by the Commission relating to those systems.



8. Could its equity investors advise CSWR management to divest systems to recoup some of its investment on which it was not earning a return via the denial of a positive acquisition adjustment(s)? If not, please explain.

**RESPONSE:** See response to question 7.

Thank you for providing CSWR-Florida UOC the opportunity to submit additional information in support of the application.

Sincerely,

*/s/ Thomas A. Crabb*

Thomas A. Crabb  
Attorney for CSWR-Florida UOC

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