

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase in water and)
wastewater rates in Brevard, Citrus, Duval,) DOCKET NO. 20250052-WS
Highlands, Marion, and Volusia Counties by)
CSWR-Florida Utility Operating Company, LLC.)

REBUTTAL TESTIMONY OF

BRENT THIES

on behalf of

CSWR-Florida Utility Operating Company, LLC

April 17, 2026

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Brent G. Thies, and my business address is 1630 Des Peres Rd., Suite 140,
4 St. Louis, Missouri 63131.

5 **Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY IN THIS CASE?**

6 A. Yes. I have previously presented direct testimony on behalf of CSWR-Florida Utility
7 Operating Company, LLC. (“CSWR-Florida” or “Company”).

8 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

9 A. The purpose of my rebuttal testimony is to respond to the direct testimony of Public
10 Service Commission Staff (“Staff”) witness Curt Mouring regarding Staff’s Audit.
11 Additionally, I will respond to three of the recommendations contained in the direct
12 testimony of the Florida Office of Public Counsel (“OPC”) witness Ralph Smith.,
13 regarding return on equity, Net Operating Losses (NOL) and a disallowance of
14 American Water Works Association (AWWA) and National Association of Water
15 Companies (NAWC) membership dues.

16 **II. STAFF’S AUDIT FINDINGS**

17 **Q. PLEASE EXPLAIN STAFF’S AUDIT FINDING NO. 1.**

18 A. In its audit, Staff conducted a testing of plant additions made by the Company between
19 January 31, 2022, and January 31, 2023. In this finding, Staff noted some discrepancies
20 in Accounts 331 and 360 for the North Peninsula, Neighborhood, and Rolling Oaks
21 systems related to several invoices. As a result, Staff recommends a total increase to
22 plant balances of \$4,796.
23

24 **Q. WHAT ARE YOUR COMMENTS REGARDING STAFF’S AUDIT FINDING**
25 **NO. 1?**

1 A. I agree with Audit Finding No. 1.

2 **Q. PLEASE EXPLAIN STAFF’S AUDIT FINDING NO. 2.**

3 A. In its audit, Staff reviewed the plant retirements made by the Company at its various
4 systems. In this finding, Staff noted that the Company failed to reduce retirements for
5 the proscribed net salvage value for the various accounts. Given this, Staff
6 recommended a total plant reduction of \$65,857.

7 **Q. WHAT ARE YOUR COMMENTS REGARDING STAFF’S AUDIT FINDING**
8 **NO. 2?**

9 A. I agree with Audit Finding No. 2.

10 **Q. PLEASE EXPLAIN STAFF’S AUDIT FINDING NO. 3.**

11 A. In its audit, Staff compared the values that the Company assigned to land and land
12 rights to the Commission decisions in the various acquisition orders. Specifically, this
13 finding recommends: (1) an increase of \$33,672 to land and land rights accounts for
14 the Tymber Creek, Rolling Oaks, and Sebring Ridge systems and (2) a reduction of
15 \$32,768 for the Ponderosa Pines and Quail Run systems of the Sunshine Utilities
16 acquisition.

17 **Q. WHAT ARE YOUR COMMENTS REGARDING STAFF’S AUDIT FINDING**
18 **NO. 3?**

19 A. While I agree with Staff’s finding regarding the Tymber Creek, Rolling Oaks, and
20 Sebring Ridge systems, I disagree with its finding regarding land and land rights values
21 for the Ponderosa Pines, and Quail Run systems of the Sunshine Utilities acquisition.

22 **Q. WHY DO YOU DISAGREE WITH STAFF’S AUDIT FINDING REGARDING**
23 **THE LAND VALUES OF THE PONDEROSA PINES AND QUAIL RUN**
24 **SYSTEMS?**

1 A. In its acquisition decision for the Sunshine utilities transaction, the Commission did not
2 break down land and land rights values between the individual Sunshine systems.
3 Based on that decision, the Company recorded a total value of \$173,304 for the
4 Sunshine transaction.¹ The Company then split this amount among the 23 service areas
5 acquired in the Sunshine acquisition. Recognizing that these costs were associated with
6 land and land rights for the Ponderosa Pines and Qual Run systems and are consistent
7 with the values recognized in the Commission’s acquisition decision, the Commission
8 should reject Audit Finding No. 3.

9 **Q. PLEASE EXPLAIN STAFF’S AUDIT FINDING NO. 4.**

10 A. In Audit Finding No. 4, Staff claims that the Company “did not appropriately record
11 certain water and wastewater additions as Contributions in Aid of Construction
12 (“CIAC”)” and suggests that CIAC balances should be increased \$3,375,771. This
13 increase in CIAC serves to decrease the rate base upon which the Company is permitted
14 to earn its authorized rate of return. As discussed below, Audit Finding No. 4 is in
15 error.

16 **Q. WHAT ARE YOUR COMMENTS REGARDING STAFF’S AUDIT FINDING**
17 **NO. 4?**

18 A. The Company has reviewed the workpapers underlying Staff Audit Finding No.
19 4. The Company believes that the discrepancy between the Company’s
20 calculation of the CIAC balance and the Staff’s calculation is due to two errors
21 in Staff’s calculation. First, in Table 4-1 (Ending Balances Variances of CIAC
22 – Water), Staff has transposed the third (Ending Balance as of 01/31/2025 per
23 MFR) and fourth column (Variance). This has the effect of inflating the CIAC

¹ This includes \$80,777 of Commission approved land value, \$73,143 of closing costs, and costs of \$19,384 associated with obtaining two easements.

1 balance. Accounting for just this error, Staff’s Table 4-1 should be restated as
2 follows:

Table 4-1 Ending Balances Variances of CIAC – Water

Company	Ending Balance as of 01/31/2025 per Audit	Ending Balance as of 01/31/2025 per MFR	Variance
Aquarina Utilities	\$549,950	421,159	128,791
Neighborhood Utilities	\$308,102	269,576	38,526
Rolling Oaks Utilities	\$2,632,351	2,315,859	316,492

3
4 Staff’s calculation of CIAC balances had an additional error. During the test
5 year, the Company mistakenly entered a CIAC debit for several utilities. At the end of
6 the month review, the Company realized its error and entered a correcting credit. In its
7 audit, Staff picked up the initial CIAC debit but failed to recognize the correcting credit
8 for that month. The recognition of this correcting amount would eliminate the
9 discrepancy between the Staff and Company’s CIAC balance and should be
10 recognized.

11 The Company has had an ongoing dialogue with the Staff regarding these errors
12 in its CIAC calculation. It is my understanding that, on April 14, Staff filed its memo
13 revising Audit Finding 4. As a result of this revision, Staff’s CIAC adjustment has
14 been changed to a reduction in CIAC of \$22,811. Given this revision, CSWR-Florida
15 agrees with Staff’s revised Audit Finding 4.

16 **Q. PLEASE EXPLAIN STAFF’S AUDIT FINDING NO. 5.**

17 A. At the time that it filed this rate case, the Company asked that its various systems be
18 consolidated. That consolidation would result in a single Class A utility. CSWR-
19 Florida then applied the Commission prescribed depreciation rates for Class A water
20 and wastewater utilities to the rate base for these systems. However, prior to

1 consolidation, many of the systems (BFF, CFAT, Neighborhood, Sebring Ridge,
2 TKCB, and Tymber Creek) were more appropriately classified as Class C utilities on a
3 stand-alone basis. Recognizing that the Class C depreciation rates recommended by
4 Staff to calculate depreciation expense are higher than those for Class A utilities, the
5 Company's depreciation expense using Class A depreciation rates was too low. For
6 this reason, Staff applied the depreciation rates for Class C utilities to these systems
7 and recommended an increase of \$21,520 in depreciation expense.

8 **Q. WHAT ARE YOUR COMMENTS REGARDING STAFF'S AUDIT FINDING**
9 **NO. 5?**

10 A. I agree with the classification of these utilities as Class C based on their history as well
11 as the consequent increase to depreciation expense in Audit Finding No. 5. However,
12 the Company requests that each of the systems owned by CSWR-Florida be treated as
13 part of a consolidated whole which would then qualify as a Class A utility, and that the
14 depreciation rates going forward be based on a consolidated Class A utility.

15 **Q. PLEASE EXPLAIN STAFF'S AUDIT FINDING NO. 7.**

16 A. In its rate case filing, the Company utilized the balance sheet method for calculating
17 working capital. In its audit report, however, Staff pointed out that Class C utilities
18 generally use the 1/8 of Operation and Maintenance expenses for calculating working
19 capital. For this reason, the Staff made findings regarding the calculation of working
20 capital for the Company's systems. In total, the Staff's Audit Finding serves to increase
21 the working capital portion of rate base by \$42,624.

22 **Q. WHAT ARE YOUR COMMENTS REGARDING STAFF'S AUDIT FINDING**
23 **NO. 7?**

24 A. I agree with Audit Finding No. 7.

25 **Q. PLEASE EXPLAIN STAFF'S AUDIT FINDING NO. 8.**

1 A. In Audit Finding No. 8, Staff recommended a reduction in common equity of \$9,538
2 associated with a related-party credit agreement. This results in a capital structure that
3 is slightly more leveraged with a lower amount of common equity. Additionally, the
4 Staff noted that the Company had recommended a return on equity of 8.77%. Staff
5 pointed out that this differs from the return on equity authorized by the current leverage
6 formula approved by the Commission in Order No. PSC-2025-0213-PAA-WS.

7 **Q. WHAT ARE YOUR COMMENTS REGARDING STAFF'S AUDIT FINDING**
8 **NO. 8?**

9 A. I agree with Audit Finding No. 8. At the time that it filed this case, the Commission's
10 leverage formula dictated a return on equity of 8.77%. During the pendency of this
11 case, however, the Commission issued Order No. PSC-2025-0213-PAA-WS which
12 reduced the authorized return on equity for utilities with the Company's capital
13 structure. The Company does not object to utilizing the updated return on equity.

14 **Q. PLEASE EXPLAIN STAFF'S AUDIT FINDING NO. 9.**

15 A. In its audit, Staff sought to replicate the Company's calculation of operating revenues.
16 While Staff recommends significant reductions in its operating revenue calculation,
17 Staff has not provided any workpapers to support the calculation. Nevertheless Staff
18 recommends a reduction in operating revenues of \$1,403,815.

19 **Q. WHAT ARE YOUR COMMENTS REGARDING STAFF'S AUDIT FINDING**
20 **NO. 9?**

21 A. As indicated, given the lack of workpapers supporting Staff's calculation of operating
22 revenues, the Company has been unable to determine the appropriateness of any of
23 Staff's reductions in operating revenues for any of the Company systems. Given Staff's
24 failure to provide support for its adjustment, the Company must disagree with the Audit
25 Finding No. 9. Nevertheless, the Company points out that Staff's reduction in

1 operating revenues would only serve to decrease net operating income by \$1.4 million
2 which would increase the revenue deficiency by \$1.4 million. In the interest of
3 narrowing the issues for Commission decision, the Company will continue to support
4 the amount of operating revenues in its general ledger and forego any additional
5 revenue increase that would result from Staff's reduction in operating revenues.

6 **Q. PLEASE EXPLAIN STAFF'S AUDIT FINDING NO. 10.**

7 A. In its audit, Staff reviewed the operation and maintenance expenses for each of the
8 Company's systems. Ultimately, across all these systems, the Staff recommended a
9 total increase of \$7,901.

10 **Q. WHAT ARE YOUR COMMENTS REGARDING STAFF'S AUDIT FINDING**
11 **NO. 10?**

12 A. I agree with Audit Finding No. 10.

13 **Q. PLEASE EXPLAIN STAFF'S AUDIT FINDING NO. 11.**

14 A. Audit Finding No. 11 concerns Staff's calculation of Taxes Other Than Income Taxes.
15 There, Staff seeks to reduce the amount of Regulatory Assessment Fees ("RAF") by
16 \$44,231. Additionally, Staff seeks to reduce the amount of Property Taxes included in
17 the revenue requirement calculation by \$3,161.

18 **Q. WHAT ARE YOUR COMMENTS REGARDING STAFF'S AUDIT FINDING**
19 **NO. 11?**

20 A. The Company accepts Staff's adjustment in Audit Finding No. 11.

21

22

1 **III. OPC ADJUSTMENTS**

2 **Q. OPC WITNESS SMITH RECOMMENDS AN ADJUSTMENT TO THE**
3 **RETURN ON EQUITY. DO YOU AGREE WITH HIS ADJUSTMENT?**

4 A. Yes. As mentioned regarding Staff’s Audit Finding No. 8, the Company filed its rate
5 case at the time that the 2024 return on equity was still in effect. During the pendency
6 of this case, the Commission issued its 2025 Leverage Graph Order which reduced the
7 return on equity that would be applicable to the Company. Given that change, the
8 Company accepts Mr. Smith’s return on equity adjustment.

9 **Q. PLEASE EXPLAIN OPC’S ADJUSTMENT REGARDING THE ALLOWANCE**
10 **FOR INCOME TAXES.**

11 A. At pages 19-29 of his testimony, Mr. Smith recommends reducing the income tax
12 allowance in this case to account for past net operating losses (“NOLs”).

13 **Q. HOW DID THE COMPANY CALCULATE INCOME TAXES?**

14 A. As Mr. Smith recognizes,

15 For many, but not all of the utilities, CSWR calculated income taxes by
16 multiplying rate base by the Company’s proposed weighted cost of
17 common equity to derive state taxable income before state tax
18 exemptions. After applying the state tax exemptions, the Company
19 computed state income tax expenses by multiplying state taxable
20 income by the state income tax rate of 5.50%. After subtracting state
21 income taxes from taxable income, the Company apply[sic] the 21%
22 federal corporate income tax rate to its computed amount of federal
23 taxable income to derive its requested federal income tax expense
24 amount.²

25 **Q. DOES MR. SMITH RECOMMEND THAT INCOME TAXES BE**
26 **CALCULATED IN THE SAME MANNER?**

27 A. No.

28 **Q. HOW DOES MR. SMITH CALCULATE INCOME TAXES?**

² Smith Direct, Docket No. 20250052-WS, filed March 20, 2026, at page 19.

1 A. At pages 21-26, Mr. Smith points out that the Company has incurred past net operating
2 losses associated with its operation of the acquired systems in Florida. Without
3 considering that shareholders were solely responsible for funding the operations of
4 these systems during the period in which these net operating losses were incurred, Mr.
5 Smith then seeks to utilize these net operating losses as a deduction to lower the
6 calculated income taxes included in rates in this case.

7 Since its formation, the Company has had income tax net operating
8 losses (“NOL”). CSWR Florida has basically reported losses both for
9 book accounting purposes and for income tax purposes since its
10 inception and continuing through the test year. Also, it appears that
11 CSWR Florida’s parent company, CSWR, LLC, has not been reflecting
12 a profit.³
13

14 Mr. Smith goes on to recognize that the Internal Revenue Code allows a Company to
15 use 80% of past net operating losses to offset taxable income.

16 At one point, 100% of a company’s NOL carryforward amounts could
17 be used to offset taxable income. However, the current income tax rules
18 allow for only offsetting taxable income by 80% of recently generated
19 NOLs and the related NOL carryforwards.⁴
20

21 Again, without considering that shareholders solely supplied the operating capital
22 necessary to operate the utility during the period in which these net operating losses
23 were incurred, Mr. Smith seeks to appropriate these shareholder-funded net operating
24 losses for the benefit of customers.

25 For purposes of the current CSWR Florida rate case, all NOL CFs are
26 presumed for ease of calculation to be generated after tax year 2018 and
27 are subject to the 80% limitation. As shown on Exhibit RCS-3, Schedule
28 A-1, page 2, for Aquarina Water, on lines 5a and 8a, the calculated
29 amounts of state taxable income and federal taxable income are offset by
30 80% to reflect the application of the Company’s state and federal income
31 tax NOL carryforward position. In other words, calculated state and
32 federal taxable income before application of the NOL carryforwards is
33 each reduced by 80% pursuant to the guidance noted above for applying
34 NOLs to state and federal taxable income.⁵

³ *Id.*, at pages 21-22.

⁴ *Id.*, at page 24.

⁵ *Id.*, at pages 25-26.

1 **Q. HOW WERE THE NET OPERATING LOSSES CREATED?**

2 A. As the Commission understands, at the time that it acquired its various Florida systems,
3 CSWR-Florida adopted the rates that were then in effect for the acquired utility. As
4 Mr. Cox previously testified:

5 [T]he systems CSWR Florida acquired were typically poorly managed
6 and the previous owners lacked the technical, managerial, and
7 financial ability to make the necessary capital investments to ensure
8 regulatory compliance and provide safe, efficient, and reliable service
9 to customers. Moreover, most of the previous owners failed to seek
10 timely rate increases necessary to properly operate and maintain the
11 systems. As a result, at the time of acquisition many of these systems
12 were losing money, which means the rates the Company adopted when
13 it acquired these systems - i.e., rates in effect at closing - were not fully
14 compensatory even under the cost and investment structures
15 previously in place. The additional costs CSWR Florida has and
16 continues to incur to upgrade and improve the systems and operate
17 them in a manner that ensures customers receive safe and reliable
18 service that complies with all applicable health, safety, and
19 environmental regulations have significantly increased operating
20 losses.⁶

21
22 Effectively then, ratepayers have already benefited from having CSWR Florida
23 provide a more professional level of service at rates that were not fully compensatory.
24 After receiving the benefits of such deflated rates, OPC now seeks to have the
25 ratepayers benefit from lower rates in the future resulting from the net operating losses
26 previously incurred. It is inequitable for the ratepayers to benefit in the future from the
27 net operating losses that resulted from that previous underpriced service.

28 **Q. DO YOU AGREE WITH MR. SMITH'S RECOGNITION OF NET**
29 **OPERATING LOSSES IN THE CALCULATION OF INCOME TAXES?**

30 A. No. As I mentioned, Mr. Smith's argument fails in at least two ways. First, his
31 methodology represents a significant departure from the normal methodology used to

⁶ Cox Direct, Docket No. 20250052-WS, filed May 30, 2026, at page 10-11. The outdated and non-compensatory nature of the adopted rates were exemplified by the fact that some systems had not had a rate increase (other than the small price index increases) in decades. For instance, Sebring Ridge had not had an increase since 1995. Additionally, Tymber Creek, CFAT H2O, and Tradewinds had not had rate increases since 2010.

1 calculate income taxes in the state of Florida. CSWR-Florida is not asking the
2 Commission for a special handling of income taxes but instead seeks the same
3 treatment as other utilities have received.

4 Second, and as described above, the OPC position seeks to take away the benefit
5 of the shareholder’s investment in CSWR-Florida. This is done by not allowing
6 shareholders to recognize a potential future benefit of net operating loss carryforward
7 for tax purposes I emphasize “potential” future benefit because shareholders are not
8 guaranteed a profit but rather the opportunity to earn a profit. OPC’s position fails to
9 recognize that shareholders provided the funds needed to cover operating costs that
10 were significantly higher than the operating revenues.

11 **Q. HAVE ANY STATE UTILITY COMMISSIONS AGREED WITH YOUR**
12 **LOGIC?**

13 A. Yes. In 2023, the Missouri Public Service Commission issued its decision finding that
14 it was inappropriate to recognize past net operating losses in the calculation of income
15 taxes included in future rates.⁷

16 The Commission finds that setting an income tax expense without
17 consideration of Confluence Rivers’ net operating loss carryforward
18 balance is appropriate in this circumstance. Income tax expense, a
19 hypothetical construct used in ratemaking, is the result of multiplying
20 the rate base by the Commission authorized rate of return and then the
21 statutory tax rate. This provides the utility recovery of the income tax
22 expense associated with its authorized return on its investment.

23
24 Confluence Rivers has purchased many water and sewer utilities in
25 Missouri while leaving the existing utility rates in place. Some utility
26 systems purchased by Confluence Rivers have not had rate increases for
27 many years. Confluence Rivers has made capital improvements through
28 investments and has maintained the utility system operations while
29 actual costs have exceeded revenues generated by the existing rates.

30
31 Rate cases allow for recovery of earnings on plant investments and the
32 current costs to provide services through utility rates. Theoretically,

⁷ *Report and Order*, Case No. WR-2023-0006, issued October 25, 2023.

1 only earnings create taxable income because rates provide recovery of
2 all expenses. Revenues less expenses equals taxable income. When
3 there is no taxable income there are no earnings. When expenses exceed
4 revenues, net operating losses are recognized equal to the excess
5 expense amount. The existence of net operating losses indicates that
6 Confluence Rivers has paid for expenses it did not recover from
7 customer revenues.⁸

8
9 **Q. WHAT IS YOUR RECOMMENDATION REGARDING OPC'S**
10 **ADJUSTMENT REGARDING INCOME TAXES?**

11 A. I recommend that the Commission recognize the inequitable nature of allowing
12 customers to benefit in the past from improved utility service at deflated rates and to
13 again benefit from depressed future rates resulting from those past net operating losses.
14 Instead, the Commission should continue to calculate income tax for ratemaking
15 purposes by multiplying rate base by the Company's proposed weighted cost of
16 common equity and then multiplying by the 21% federal corporate income tax rate.

17 **Q. PLEASE EXPLAIN OPC'S ADJUSTMENT REGARDING AWWA AND**
18 **NAWC MEMBERSHIP DUES?**

19 A. At pages 30-32 of his testimony, OPC Witness Smith recommends that the Commission
20 disallow a portion of the Company's industry association dues for the American Water
21 Works Association ("AWWA") and National Association of Water Companies
22 ("NAWC") on the basis that this portion constitutes a lobbying expense that is typically
23 disallowed by the Commission. On this basis, Mr. Smith recommends that the
24 Commission disallow, as lobbying costs, \$103 of the AWWA and \$5,502 of the NAWC
25 dues.

26 **Q. DO YOU AGREE WITH MR. SMITH'S DISALLOWANCE OF A PORTION**
27 **OF AWWA AND NAWC DUES?**

⁸ *Id.* at pages 16-19.

1 A. No. Mr. Smith blindly disallows a portion of AWWA and NAWC dues without any
2 consideration of whether those dues provide a benefit to ratepayers. A quick review of
3 the AWWA and NAWC webpages demonstrates that both organizations lobby on
4 matters that are beneficial to ratepayers.

5 As its website depicts, the NAWC members “collaborate, share best practices
6 and leverage their strengths to benefit the communities they serve.”⁹ With this in mind,
7 the NAWC recently published a white paper that “serves as a practical guide for
8 municipal, local government and utility leaders to fund, modernize and secure
9 America’s water systems for the long term.”¹⁰ Additionally, in conjunction with
10 Bluefield Research, the NAWC published a report detailing “the significant workforce
11 issues facing the U.S. water industry and highlights the creative, effective strategies
12 being implemented to solve them.”¹¹

13 On the legislative front, the NAWC lobbied Congress to permanently fund the
14 Low-Income Household Water Assistance Program (“LIHWAP”). As referenced in
15 the NAWC press release:

16 The LIHWAP Establishment Act would provide dedicated support for
17 water, recognizing that access to running water is essential for public
18 health and for citizens to remain in their homes. The bill would deliver
19 funds through states directly to water and wastewater utilities to
20 subsidize bills for households in need. Congress created LIHWAP to
21 assist customers struggling to pay their water bills. As the first federal
22 program to exclusively assist low-income families with their water and
23 wastewater bills, LIHWAP helped more than 1.7 million households
24 across the country maintain or restore water service.¹²
25

⁹ [Association of Regulated Water Companies - NAWC](#)

¹⁰ [New white paper from Veolia and NAWC defines economic imperative to improve America’s water infrastructure - National Association of Water Companies \(NAWC\)](#)

¹¹ [New Report: National Association of Water Companies and Bluefield Research Detail Workforce Challenges and Innovative Solutions in Water Utility Sector - National Association of Water Companies \(NAWC\)](#)

¹² [NAWC Applauds Bipartisan Introduction of the LIHWAP Establishment Act - National Association of Water Companies \(NAWC\)](#)

1 Similarly, the AWWA provides benefits to customers through its educational and
2 lobbying efforts. As with the NAWC, the AWWA lobbied Congress to permanently
3 fund low-income water assistance. As described in AWWA press releases:

4 In collaboration with a coalition of leading drinking water and
5 wastewater sector organizations, AWWA has prioritized low-income
6 water assistance for several years, including this year at the
7 Association’s annual Fly-In.

8
9 Sponsored by U.S. Reps. Eric Sorensen (D-IL), Lori Chavez-DeRemer
10 (R-OR), Kim Schrier (D-Wash.), and Jenniffer Gonzalez-Colon,
11 the *Low-Income Household Water Assistance Program Establishment*
12 *Act* (H.R. 8032) is a companion bill to Senate legislation introduced by
13 Sen. Alex Padilla (D-CA) earlier this year. Both proposals would
14 permanently authorize the Department of Health and Human Services’
15 Low-Income Household Water Assistance Program (LIHWAP),
16 established by Congress in 2020 to promote public health by easing the
17 burden on families struggling to afford their monthly water bills.

18
19 Since that time, LIHWAP has proven to be a critical lifeline, allowing
20 more than 1.6 million households across 49 states and numerous tribes
21 and territories to maintain water and wastewater services in the face of
22 economic hardship.

23
24 Unfortunately, the temporary program expired at the end of 2023,
25 leaving low-income families nationwide at risk of losing access to
26 essential water services. This legislation would also support
27 communities as they invest in critical drinking water and wastewater
28 infrastructure upgrades by ensuring ratepayer affordability over time.

29
30 “For two years, LIHWAP has served as a lifeline for customers
31 struggling to keep up with their water bills,” said Tracy Mehan,
32 executive director of the American Water Works Association’s
33 Government Affairs Office. “We are pleased that Reps. Sorensen and
34 Chavez-DeRemer have joined Sen. Padilla in the next phase of moving
35 this key legislation forward. Authorizing a permanent low-income
36 assistance program is an important step towards assuring that all
37 households have access to safe and reliable water service.”¹³

38
39 **Q. DO YOU BELIEVE THAT CSWR-FLORIDA RATEPAYERS BENEFIT FROM**
40 **THE NAWC AND AWWA LOBBYING EFFORTS SUPPORTED BY THE**
41 **COMPANY?**

¹³ [New bipartisan legislation continues Low-Income Household Water Assistance Program - American Water Works Association](#)

1 A. Yes. As demonstrated, both the NAWC and AWWA have been on the front line in
2 supporting the establishment of permanent LIHWAP funding. Recognizing that this
3 legislation would allow low-income customers to continue to receive water services, it
4 is beneficial to customers. In fact, the best indication of the beneficial nature of such
5 legislation is found in the fact that the National Association of Regulatory Utility
6 Commissioners (“NARUC”), an organization supported by the Florida Commission,
7 supported the same legislation.¹⁴

8 The National Association of Regulatory Utility Commissioners is
9 asking Congress to continue protecting the needs of vulnerable
10 communities through the Low Income Household Water Assistance
11 Program. Known as LIHWAP, the program provides vital assistance to
12 low-income families to ensure access to affordable water utility services
13 and is set to expire this year.

14
15 “Access to clean and safe drinking water is essential for every person’s
16 daily living, sanitation and ability to function in the economy. The lack
17 of running water makes a dwelling uninhabitable; therefore, any lapse
18 in LIHWAP funding is a serious problem,” said NARUC President
19 Michael Caron, of the Connecticut Public Utilities Regulatory
20 Authority. “There is no question that any interruption in funding will
21 cause Americans to suffer.”¹⁵
22

23 **Q. WHAT IS YOUR POSITION WITH REGARDS TO OPC’S ADJUSTMENT TO**
24 **DISALLOW A PORTION OF AWWA AND NAWC MEMBERSHIP DUES?**

25 A. As I have shown, Florida ratepayers benefit from CSWR-Florida’s support for AWWA
26 and NAWC’s lobbying efforts encouraging the funding of LIHWAP. The beneficial
27 nature of such efforts is demonstrated by the fact that NARUC, an entity supported by

¹⁴ NARUC was created “to serve the public interest by improving the quality and effectiveness of public utility regulation. NARUC is the national association representing the state public service commissioners who regulate essential utility services in your state. NARUC members are responsible for assuring reliable utility service at fair, just, and reasonable rates.” [Home - NARUC](#) “NARUC's members include all 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands.” [History & Background - NARUC](#) Currently, Chair Passidomo Smith serves on the Board of Directors – Appointed Members ([Information on Committee: Board of Directors Appointed Members: NARUC](#)) and Commissioner La Rosa serves on the Board of Directors – Committee Chairs ([Information on Committee: Board of Directors Committee Chairs: NARUC](#))

¹⁵ [D584F621-90E2-77CA-EF50-E70E3099143A](#)

1 the Florida Commission, also lauded such legislative efforts. Moreover, Mr. Smith has
2 failed to show that either NAWC and AWWA have lobbied on matters that solely
3 benefit shareholders. Given this failure, the Commission should reject Mr. Smith's
4 fourth adjustment.

5 **Q. PLEASE SUMMARIZE YOUR POSITION ON THE VARIOUS**
6 **ADJUSTMENTS ADVANCES BY AUDIT STAFF AND OPC.**

7 A. While I have opposed certain adjustments, CSWR-Florida accepts the following
8 adjustments:¹⁶

- 9 1. Staff Audit Finding 1: increase to plant balance of \$4,796 associated with plant
10 additions.
- 11 2. Staff Audit Finding 2: decrease to plant balance of \$65,857 associated with the
12 failure to include the proscribed amounts of net salvage in plant retirements.
- 13 3. Staff Audit Finding 3: that portion of Audit Finding 3 constituting an increase
14 of \$33,672 to land and land rights accounts for the Tymber Creek, Rolling Oaks,
15 and Sebring Ridge systems.
- 16 4. Staff Audit Finding 4: a reduction of \$22,811 in the CIAC offset to rate base.
- 17 5. Staff Audit Finding 5: an increase of \$21,520 in depreciation expense
18 associated with the utilization of depreciation rates for the systems that are
19 Class C utilities.
- 20 6. Staff Audit Finding 7: increase the working capital portion of rate base by
21 \$42,624.
- 22 7. Staff Audit Finding 8 and OPC ROE: a reduction in the return on equity to
23 8.52% associated with the current leverage formula approved by the
24 Commission in Order No. PSC-2025-0213-PAA-WS.
- 25 8. Staff Audit Finding 10: an increase in operation and maintenance expenses of
26 \$7,901.
- 27 9. Staff Audit Finding 11: a decrease in Taxes Other Than Income Taxes of
28 \$42,766 associated with Staff's substitution of 2024 property taxes for 2023
29 property taxes for a limited number of systems.
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¹⁶ These adjustments are total between water and wastewater operations. These adjustments will need to be calculated separately for water and wastewater when the final revenue requirement is calculated.

1 **Q. WHAT FINDINGS AND ISSUES WOULD REMAIN OUTSTANDING AFTER**
2 **THE COMPANY'S ACCEPTANCE OF THESE FINDINGS AND**
3 **ADJUSTMENTS?**

4 A. The outstanding issues and the Company's calculation of the value of these issues are
5 as follows:

6 1. A portion of Staff Audit Finding No. 3 reducing the land and land rights for the
7 Ponderosa Pines and Quail Run systems of Sunshine Utilities.

8
9 2. OPC Adjustment No. 3 related to utilization of 80% of Net Operating Losses
10 associated with past periods to reduce the amount of income taxes included in
11 rates.

12
13 3. OPC Adjustment No. 4 related to OPC's disallowance of a portion of the
14 Company's AWWA and NAWC dues as lobbying expenses.

15
16 **IV. RATE CASE EXPENSE**

17 **Q. PLEASE SUMMARIZE THE COMPANY'S REQUEST ON RATE CASE**
18 **EXPENSE.**

19 A. In my Direct Testimony, I indicated that it was the Company's understanding that rate
20 case expense is treated as a line-item surcharge on customers' bills. Given this, I
21 indicated:

22 [T]he final amount of rate case expense is unknown at this point, I would
23 propose that rate case expense be updated at the time of the hearing or
24 in the context of any settlement agreement. I then propose that the final
25 amount be amortized over three years. The amortized amount should
26 then be allocated between water and sewer operations and recovered
27 based upon equivalent residential units for water and wastewater.¹⁷

28 **Q. DID ANY PARTY OPPOSE THE COMPANY'S PROPOSAL FOR**
29 **RECOVERING RATE CASE EXPENSE?**

30 A. No. Neither Staff nor OPC filed testimony on the recovery of rate case expense.

¹⁷ *Thies Direct*, Case No. 20250052, filed May 30, 2025, page 20.
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1 **Q. DO YOU HAVE AN UPDATE ON THE LEVEL OF RATE CASE EXPENSE TO**
2 **DATE?**

3 A. Yes. Consistent with my commitment to “update” rate case expense, the Company has
4 incurred \$623,485 of rate case expenses through March 30, 2026.

5 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

6 A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase in water and
wastewater rates in Brevard, Citrus, Duval,
Highlands, Marion, and Volusia Counties by
CSWR-Florida Utility Operating Company.

DOCKET NO. 20250052-WS

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing rebuttal testimony of

Brent Thies has been served via e-mail on this 17th day of April, 2026, to the following:

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