



## Filing Receipt

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**DOCKET NO. 54171**

<b>APPLICATION OF TEXAS WATER UTILITIES, L.P. AND CS WATER CORPORATION FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN BOSQUE COUNTY</b>	<b>§ § § § § §</b>	<b>PUBLIC UTILITY COMMISSION  OF TEXAS</b>
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**TEXAS WATER UTILITIES, L.P.'S RESPONSE TO COMMISSION STAFF'S  
SECOND REQUEST FOR INFORMATION**

To: Public Utility Commission of Texas (Commission), by and through its attorney of record, Margaux Fox, Legal Division, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78701.

Texas Water Utilities, L.P. (TWU) files its Responses to Public Utility Commission Staff's Second Request for Information (RFI) to TWU received on December 1, 2022. This response is timely filed. Pursuant to 16 Texas Administrative Code (TAC) § 22.144(c)(2)(F), TWU agrees and stipulates that all parties may treat the responses as if the answers were filed under oath.

Respectfully submitted,

SPENCER FANE, LLP  
816 Congress Avenue  
Suite 1200  
Austin, TX 78701  
Telephone: (512) 840-4550  
Facsimile: (512) 840-4551

/s/ William A. Faulk, III

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**ATTORNEYS FOR TEXAS WATER  
UTILITIES, L.P.**

**CERTIFICATE OF SERVICE**

I hereby certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on January 4, 2023, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ William A. Faulk, III

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William A. Faulk, III

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**TWU'S RESPONSE TO  
COMMISSION STAFF'S SECOND RFI**

**Staff 2-1** Please provide Texas Water Utilities' (Texas Water)/Monarch Utilities I L.P.'s) financial statements for the most recent 2 months end.

**RESPONSE:** TWU and Commission Staff have agreed to extend the deadline to respond to this request to January 11, 2022.

Prepared by: Counsel

Sponsor: Counsel

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**TWU'S RESPONSE TO  
COMMISSION STAFF'S SECOND RFI**

**Staff 2-2** Please provide Texas Water's projected balance sheets, income statements, and cash flow statements for the next five years that includes net income and unrestricted cash available.

**RESPONSE:** This request is the subject of a pending objection. Subject to and without waiving the filed objection, TWU is providing the following response.

TWU's projected net income and cash amounts are sufficient to cover the purchase price of CS Water Corporation. This is demonstrated on TWU's audited financial statements. Over the past three years, TWU's "Net cash provided by operating activities" (unrestricted net income, plus addbacks for non-cash expense items) was:

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>3 Year Average</b>
<b>Net Cash Provided from Operations</b>	\$11.373 M	\$6.867 M	\$7.843 M	\$8.694 M

This trend is forecasted to continue through at least 2027.

Please see confidential Exhibit A to Attachment 2-5, which describes the centralized Cash Collections & Liquidity Practices of TWU's parent company Southwest Water Company (SouthWest). The policy describes the daily cash flow that occurs between TWU and SouthWest, which provides TWU with sufficient liquidity without tying up large cash sums for extended periods, which is consistent with prudent financial management practices.

Prepared by: Counsel  
Sponsor: Brian Bahr

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**TWU'S RESPONSE TO  
COMMISSION STAFF'S SECOND RFI**

**Staff 2-3** If Texas Water's current unrestricted cash is not sufficient to cover the purchase price of CS Water Corporation, then provide the information requested in Staff 2-5.

**RESPONSE:** This request is the subject of a pending objection. Subject to and without waiving the filed objection, TWU is providing the following response.

TWU's projected net income and cash amounts are sufficient to cover the purchase price of CS Water Corporation. This is demonstrated on TWU's audited financial statements. Over the past three years, TWU's "Net cash provided by operating activities" (unrestricted net income, plus addbacks for non-cash expense items) was:

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>3 Year Average</b>
<b>Net Cash Provided from Operations</b>	\$11.373 M	\$6.867 M	\$7.843 M	\$8.694 M

This trend is forecasted to continue through at least 2027.

Please see confidential Exhibit A to Attachment 2-5, which describes the centralized Cash Collections & Liquidity Practices of TWU's parent company SouthWest. The policy describes the daily cash flow that occurs between TWU and SouthWest, which provides TWU with sufficient liquidity without tying up large cash sums for extended periods, which is consistent with prudent financial management practices.

Prepared by: Counsel  
Sponsor: Brian Bahr

**DOCKET NO. 54171**

**TWU'S RESPONSE TO  
COMMISSION STAFF'S SECOND RFI**

**Staff 2-4** If Texas Water's projected net income and cash amounts provided in response to Staff 2-2 are not sufficient to cover the confidential projected net effect amounts provided in response to Staff 1-1, then provide the information requested in Staff 2-5.

**RESPONSE:** This request is the subject of a pending objection. Subject to and without waiving the filed objection, TWU is providing the following response.

TWU's projected net income and cash amounts are sufficient to cover the confidential projected net effect amounts provided in response to Staff 1-1. This is demonstrated on TWU's audited financial statements. Over the past three years, TWU's "Net cash provided by operating activities" (unrestricted net income, plus addbacks for non-cash expense items) was:

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>3 Year Average</b>
<b>Net Cash Provided from Operations</b>	\$11.373 M	\$6.867 M	\$7.843 M	\$8.694 M

This trend is forecasted to continue through at least 2027.

Please see confidential Exhibit A to Attachment 2-5, which describes the centralized Cash Collections & Liquidity Practices of TWU's parent company SouthWest. The policy describes the daily cash flow that occurs between TWU and SouthWest, which provides TWU with sufficient liquidity without tying up large cash sums for extended periods, which is consistent with prudent financial management practices.

Prepared by: Counsel  
Sponsor: Brian Bahr

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**TWU'S RESPONSE TO  
COMMISSION STAFF'S SECOND RFI**

**Staff 2-5** Please provide Texas Water's parent company's most recent audited financial statements indicating funds are available to cover the purchase price and capital improvements as well as an affidavit containing a written guarantee from the parent company indicating the parent company is capable, available, and willing to cover temporary cash shortages of Texas Water and the purchase price of CS Water Corporation.

**RESPONSE:** This request is the subject of a pending objection. Subject to and without waiving the filed objection, TWU is providing the following response.

Please see Attachment 2-5, including confidential Exhibit A.

Prepared by: Counsel  
Sponsor: Brian Bahr



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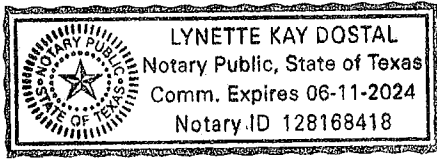
APPLICATION OF TEXAS WATER UTILITIES, L.P. AND CS WATER CORPORATION FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATE RIGHTS IN BOSQUE COUNTY	§ § § § § §	PUBLIC UTILITY COMMISSION  OF TEXAS
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AFFIDAVIT OF ALISON ZIMLICH

STATE OF TEXAS            )  
  )  
COUNTY OF TRAVIS        )

BEFORE ME, the undersigned authority, on this day personally appeared Alison Zimlich who being by me first duly sworn, on oath deposed and said the following:

1. My name is Alison Zimlich. I am over the age of 18 and am otherwise competent to make this affidavit. I am Chief Financial Officer for SouthWest Water Company (SouthWest). I have personal knowledge of the facts stated herein and those facts are true and correct.
2. As of the date of this submission, SouthWest affirms that it is capable, available, and willing to provide interim funding to Texas Water Utilities, L.P. (TWU) pursuant to SouthWest’s cash collections and liquidity practices in amounts necessary to facilitate the transaction that is the subject of this application, including operations and maintenance activities, capital expenditures, and costs of acquisition. SouthWest’s Cash Collections & Liquidity Practices are described confidentially in support of this application as **Exhibit A** to this affidavit.



Alison Zimlich  
ALISON ZIMLICH

SUBSCRIBED AND SWORN TO before me this 3<sup>rd</sup> day of January, 2023.

Lynette Kay Dostal  
Notary Public, State of Texas

Attachment 2-5 - Exhibit A is  
**CONFIDENTIAL**  
and being provided under seal.