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STATE OF FLORIDA



DIVISION OF ENGINEERING
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Public Service Commission

September 8, 2021

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**STAFF'S FIRST DATA REQUEST
VIA EMAIL**

Re: Docket No. 20210093-WS - Application for transfer of water and wastewater systems of Aquarina Utilities, Inc., Water Certificate No. 517-W, and Wastewater Certificate No. 450-S to CSWR-Florida Utility Operating Company, LLC, in Brevard County.

Dear Ms. Clark:

Please provide the information requested below regarding CSWR-Florida Utility Operating Company, LLC (CSWR or Utility) to the Office of Commission Clerk by **September 29, 2021**.

1. Rule 25-30.0371, Florida Administrative Code, states that any entity that believes a full or partial positive acquisition adjustment should be made has the burden to prove the existence of extraordinary circumstances. In determining whether extraordinary circumstances have been demonstrated pursuant to a request for a positive acquisition adjustment, the Commission shall consider, among other things, evidence provided to the Commission such as anticipated improvements in the utility's compliance with regulatory mandates and anticipated improvements in quality of service.
 - a. With respect to anticipated improvements in regulatory compliance, the Utility listed in its application the steps it plans to take to achieve improvements in compliance with regulatory mandates. However, aside from a preliminary assessment of the current condition of the water and wastewater systems, the Utility did not provide information regarding the Seller's record of compliance with regulatory mandates. Please provide the specific regulatory compliance issues the previous owner had, and state how CSWR anticipates improving the Utility's compliance with regulatory mandates.
 - b. With respect to anticipated improvements in quality of service, the Utility listed in its application the steps it plans to take to achieve improvements in quality of service. Please provide specific information regarding the Seller's history of quality of service.

2. In its application, the Utility stated that through the consolidation of many small systems, CSWR will reduce overall operating expenses of the acquired systems. The following items relate to this assertion.
 - a. In order to demonstrate cost savings, please estimate and provide a breakdown of projected operation and maintenance (O&M) expenses that reflect CSWR assuming operation of the Utility. In your response, please include all basis, assumptions, documentation, and calculations which supports CSWR's estimated/projected O&M expenses.
 - b. Please quantify and elaborate on any reductions to operating expenses that will be achieved through CSWR's acquisition of Aquarina Utilities Inc.'s (Aquarina) systems by comparing the projected O&M expenses to the actual 2020 O&M expenses by primary expense account.
3. In its application, the Utility stated that the quality of service would be improved by access to managerial and operational resources not available to a system the size of Aquarina. Please elaborate and quantify cost savings previously realized in other jurisdictions.
4. In its application, the Utility stated the purchase price for the Aquarina systems includes funds to pay off long-term debt obligations. If the existing rates were designed to recover capital cost in the rate structure, please explain why the cost of capital should also be recovered within the acquisition adjustment.
5. Please estimate and quantify the impact to customer rates on potential future rate case proceedings due to the requested positive acquisition adjustment.
6. Does the Utility agree with the findings of the audit report submitted on August 27, 2021? If not, please provide a response to the audit report.

Please file all responses electronically at the Commission's website at www.floridapsc.com, by selecting the Clerk's Office and Electronic Filing Web Form. Please contact me by phone at (850) 413-6952 or email mwatts@psc.state.fl.us, if you have any questions.

Sincerely,
/s/ Melinda Watts
Melinda Watts
Engineering Specialist

MW:jp

cc: Thomas Crabb, Esq. (tcrabb@radeylaw.com)
Office of the Commission Clerk (Docket No. 20210093-WS)