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January 4, 2022

Via Hand Delivery

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No.: 20210095

Dear Commission Clerk:

On behalf of Applicant CSWR-Florida Utility Operating Company, LLC, please find enclosed a Request for Confidential Classification concerning certain water system assessment expert engineering reports requested by Commission Staff in Staff's Fourth Data Request, dated November 22, 2021. Pursuant to rule 25-22.006(4)(a), Florida Administrative Code, enclosed is a drive containing highlighted and redacted electronic copies of the requested reports. There are twenty-three (23) reports responsive to the Staff request. A highlighted copy of each report and a redacted copy of each report are provided on the drive, as is an electronic copy of the Request.

Sincerely,

/s/ Thomas A. Crabb

Thomas A. Crabb
Susan F. Clark
Attorneys for Applicant
CSWR-Florida Utility Operating Company, LLC

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer of water facilities of Sunshine Utilities of Central Florida, Inc. and Water Certificate No. 363-W to CSWR-Florida Utility Operating Company, LLC, in Marion County.

Docket No.: 20210095-WU

**REQUEST FOR CONFIDENTIAL CLASSIFICATION OF
WATER SYSTEM ASSESSMENT EXPERT REPORTS**

CSWR-Florida Utility Operating Company, LLC (“CSWR-Florida UOC” or “Applicant”), pursuant to section 367.156, Florida Statutes, and rule 25-22.006, Florida Administrative Code, requests that the Commission classify as confidential certain water system assessment expert reports requested by Commission Staff. In support, CSWR-Florida UOC states:

1. CSWR-Florida UOC filed its Application on May 5, 2021.
2. Staff’s Fourth Data Request to CSWR-Florida UOC, dated November 22, 2021, at item 1.a. requests certain documents, as follows: “Please refer to Exhibit N, page 2 of 7, of the Utility’s application The Utility stated other miscellaneous repairs would be outlined in detailed engineering reports, by system. Please provide the detailed engineering reports the Utility is referring to.”
3. The engineering reports requested by Staff are a set of twenty-three (23) water system assessment expert reports relating to the condition of the systems of Sunshine Utilities of Central Florida, Inc. (“Sunshine Utilities”)
4. For purposes of this request, the engineering reports requested by Staff will be referred to as the “Water System Assessment Expert Reports” or as the “Expert Reports.”
5. The Water System Assessment Expert Reports were prepared by Woodard & Curran as part of the acquisition due diligence process at significant expense to CSWR-Florida UOC.

6. CSWR-Florida UOC's purchase of the assets of Sunshine Utilities will not close unless and until the Commission approves the acquisition.

7. The Water System Assessment Expert Reports contain detailed engineering information relating to Sunshine's water treatment facilities and water distribution systems, including a detailed description of the facilities and systems and recommended repairs and improvements, as well as capital estimates for triage and other improvements and repairs.

8. More specifically, the Expert Reports address:

- General system information
- Water use
- Description of major water treatment facility system components including age and condition
- Detailed water source information such as well location and condition, pump and piping configurations, and potential contamination sources
- Treatment processes
- Water storage design and condition
- Pump station design and condition
- Back-up power equipment
- Water quality and MCL exceedances
- Plant compliance and violation history
- Recommended repairs and improvements to general plant, electrical items, source of supply, and water treatment and pumping
- Water distribution system and recommended repairs and improvements to the same
- Capital estimates for both triage repairs and other improvements and repairs

9. If for any reason, CSWR-Florida UOC's acquisition of the assets of Sunshine Utilities does not close, and the Water System Assessment Expert Reports are not protected as confidential, another prospective purchaser could freeride on the Expert Reports to formulate its own offer without having to expend the time and significant expense invested by CSWR-Florida UOC.

10. CSWR-Florida UOC accordingly requests that the Water System Assessment Expert Reports be classified as confidential only until such time as the asset sale closes, at which

point the competitive value of the Expert Reports will have waned. If for any reason the asset sale does not close, then CSWR-Florida UOC would request the Commission return to it the unredacted versions of the Expert Reports without them having been publicly disclosed.

11. Pursuant to section 367.156(1), the Expert Reports are confidential and exempt from section 119.07(1), Florida Statutes, and Article I, Section 24(a) of the Florida Constitution because they contain proprietary confidential business information.

12. Section 367.156(3), Florida Statutes, defines proprietary confidential business information as “information, regardless of form or characteristics, which is owned or controlled by the person or company, is intended to be and is treated by the person or company as private in that the disclosure of the information would cause harm to the ratepayers or the person’s or company’s business operations, and has not been disclosed unless disclosed pursuant to a statutory provision, or order of a court of administrative body, or a private agreement that provides that the information will not be released to the public.” (underlining added)

13. The Water System Assessment Expert Reports are information owned and controlled by CSWR-Florida UOC, the public disclosure of which would harm CSWR-Florida UOC’s business operations as described above. The Expert Reports have not been previously disclosed.

14. Section 367.156(3), Florida Statutes, provides a nonexhaustive list of examples of proprietary confidential business information that includes: trade secrets; information concerning bids or other contractual data, the disclosure of which would impair the efforts of the utility or its affiliates to contract for goods or services on favorable terms; and information relating to competitive interests, the disclosure of which would impair the competitive businesses of the provider of the information.

15. The Water System Assessment Expert Reports are trade secrets.

16. The Florida Legislature has expressly made trade secrets confidential and exempt from disclosure under the Florida Public Records Act. Section 815.045, Florida Statutes, provides:

The Legislature finds that it is a public necessity that trade secret information as defined in s. 812.081, and as provided for in s. 815.04(3), be expressly made confidential and exempt from the public records law because it is a felony to disclose such records. Due to the legal uncertainty as to whether a public employee would be protected from a felony conviction if otherwise complying with chapter 119, and with s. 24(a), Art. I of the State Constitution, it is imperative that a public records exemption be created. The Legislature in making disclosure of trade secrets a crime has clearly established the importance attached to trade secret protection. Disclosing trade secrets in an agency's possession would negatively impact the business interests of those providing an agency such trade secrets by damaging them in the marketplace, and those entities and individuals disclosing such trade secrets would hesitate to cooperate with that agency, which would impair the effective and efficient administration of governmental functions. Thus, the public and private harm in disclosing trade secrets significantly outweighs any public benefit derived from disclosure, and the public's ability to scrutinize and monitor agency action is not diminished by nondisclosure of trade secrets.

(underlining added)

17. Section 812.081(1)(c), Florida Statutes, defines "trade secret" as follows:

"Trade secret" means the whole or any portion or phase of any formula, pattern, device, combination of devices, or compilation of information which is for use, or is used, in the operation of a business and which provides the business an advantage, or an opportunity to obtain an advantage, over those who do not know or use it. The term includes any scientific, technical, or commercial information, including financial information, and includes any design, process, procedure, list of suppliers, list of customers, business code, or improvement thereof. Irrespective of novelty, invention, patentability, the state of the prior art, and the level of skill in the business, art, or field to which the subject matter pertains, a trade secret is considered to be:

1. Secret;
2. Of value;
3. For use or in use by the business; and
4. Of advantage to the business, or providing an opportunity to obtain an advantage, over those who do not know or use it

when the owner thereof takes measures to prevent it from becoming available to persons other than those selected by the owner to have access thereto for limited purposes.

18. The First District Court of Appeal recently made clear that this statutory definition of “trade secret” has four required elements: (1) a “compilation of information”; (2) “for use or is used in the operation of a business”; (3) “which provides the business an advantage or an opportunity to obtain an advantage, over those who do not know or use it”; and (4) the owner of the information “takes measures to prevent it from becoming available to persons other than those selected.” *Managed Care of N.A., Inc. v. Fla. Healthy Kids Corp.*, 268 So. 3d 856, 860 (Fla. 1st DCA 2019), *reh’g denied* (Apr. 24, 2019). “Value” is not an element of this test. “Instead, the enumerated portion of the statutory subsection establishes a presumption of what a trade secret is ‘considered to be’ once the required elements of a trade secret are established, as set forth in the first sentence of the statutory subsection.” *Id.* In other words, once the elements of the test are established, “the trade secrets are considered, as a matter of law, to be ‘of value.’” *Id.*

19. The Water System Assessment Expert Reports are each a compilation of information, including both objective data and the expert opinions of the engineering firm. The fact that public information is periodically referenced by the experts in the reports does not alter their trade secret status. *See Managed Care of N.A., Inc.*, 268 So. 2d at 861 (noting that “[p]ublic information can be subject to trade secret protection, as the time and effort spent compiling and the unique presentation thereof, may render the product a trade secret”).

20. The Water System Assessment Expert Reports are used in the operation of CSWR-Florida UOC’s business, including as part of the due diligence process in evaluating the Sunshine Utilities’ system and by being produced as requested by Commission Staff in this acquisition docket.

21. The Water System Assessment Expert Reports provide an advantage to CSWR-Florida UOC, or opportunity to obtain an advantage, over any competitors interested in acquiring the Sunshine Utilities' systems. The Expert Reports provide comprehensive information relating to the systems that is presently unknown to competitors.

22. In satisfaction of the last element of the test for trade secret material, CSWR-Florida UOC has taken "measures to prevent it from becoming available to persons other than those selected" including by filing this Request for Confidential Classification.

23. In addition to being trade secrets, the Expert Reports include both "information concerning bids or other contractual data, the disclosure of which would impair the efforts of the utility or its affiliates to contract for goods or services on favorable terms" and "information relating to competitive interests, the disclosure of which would impair the competitive businesses of the provider of the information." § 367.156(3), Fla. Stat.

24. If a competitor could freeride on the information contained in the Water System Assessment Expert Reports, it could avoid the time and expense required to generate the Expert Reports, impairing the efforts of CSWR-Florida UOC to contract on favorable terms as its costs are made higher by the costs of the Expert Reports, which would similarly "impair the competitive business interests" of CSWR-Florida UOC.

25. In sum, the Water System Assessment Expert Reports meet the general definition of proprietary confidential business information in section 367.156(3) as well as the examples in that same statute relating to trade secrets, information concerning bids or other contractual data, and information relating to competitive interests. The value invested by CSWR-Florida UOC in the Expert Reports is entitled to protection on these bases.

26. CSWR-Florida UOC is not requesting confidential classification of the entirety of each of the Expert Reports. Each of the Expert Reports is approximately 75-80 pages long. The first 12-15 pages of each report contain the expert's work product -- the expert analysis of each system. It is this portion of each report that CSWR-Florida UOC seeks to protect as Confidential through this request. Pursuant to rule 25-22.006(4), Florida Administrative Code, the statutory justifications to protect this portion of the Expert Reports are detailed above.

27. The remaining appendices to each report, approximately 60-65 pages, contain documents that are either public documents or are documents over which the Applicant otherwise does not assert confidentiality.

28. Included with this Request For Confidential Classification are two electronic copies of each of the twenty-three (23) Water System Assessment Expert Reports -- one copy that has the portion of each report that CSWR-Florida UOC seeks to protect as Confidential through this request HIGHLIGHTED and a second copy with the same portion REDACTED.

WHEREFORE, CSWR-Florida UOC respectfully requests that the referenced portions of the Water System Assessment Expert Reports be classified as confidential and exempt from disclosure under the Public Records Act, chapter 119, Florida Statutes, and Article I, Section 24(a) of the Florida Constitution. CSWR-Florida UOC further requests that this material be classified as confidential until such time as CSWR-Florida UOC's acquisition of the assets of Sunshine Utilities closes.

Respectfully submitted this 4th day of January, 2022.

/s/ Thomas A. Crabb

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*Counsel for CSWR-Florida Utility Operating
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by
electronic mail on this 4th day of January, 2022, to the following:

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/s/ Thomas A. Crabb

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