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Public Service Commission

January 27, 2026

STAFF'S FIRST DATA REQUEST *via email*

Susan F. Clark, Esq.
Thomas A. Crabb, Esq.
Radey Law Firm
301 South Bronough Street, Suite 200
Tallahassee, FL 32301
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RE: Docket No. 20250043-WS – Petition for an acquisition adjustment for a non-viable utility, by CSWR-Florida Utility Operating Company, LLC.

Dear : Ms. Clark and Mr. Crabb

By this letter, the Commission staff requests that CSWR-Florida Utility Operating Company (CSWR) provide responses to the following data requests:

Please refer to CSWR-Florida Utility Operating Company, LLC (CSWR-FL or Utility) petition for an acquisition adjustment relating to its 2022 acquisition of the Aquarina Utilities, Inc (Aquarina) water and wastewater facilities for the following questions:¹

1. Please explain, with specificity, the rationale for paying above net book value for the acquired utility.
2. Please explain how the proposed acquisition, which reflects an acquisition premium over the net book value of the acquired utility, is reasonable and consistent with Section 366.03, Florida Statutes.
3. Please identify and discuss any internal or external concerns raised about paying in excess of book value for the acquired utility.

¹ Document No. 01788-2025, filed on March 14, 2025.

4. Regarding this acquisition in relation to the acquisition adjustment requests in Docket Nos. 20250038-WS, 20250047-WS, 2025130-WS, and 20250136-WS, please explain the variation in acquisition premiums among the five acquired utilities and what factors contributed to those differences.
5. Please explain why no appraisal was obtained as part of CSWR-Florida's acquisition of the acquired utility.
6. Please discuss if any lower-cost acquisition alternatives were considered.
7. Please indicate whether the Utility used or contemplated any risk-sharing mechanisms (e.g., seeking partial recovery of the premium, contingencies, etc.). If so, please discuss.
8. Please indicate whether the Utility considered voluntarily reducing the adjustment to mitigate ratepayer impact. If so, please discuss.
9. Please provide documentation showing whether the Utility sought to renegotiate terms based on any discovered risks of acquiring the utility.
10. Please identify and explain whether any scenarios were considered where a portion of the acquisition premium could be disallowed.
11. Please provide a full breakdown of any additional costs related to the acquisition incremental to purchase price (i.e., transactional and regulatory costs).
12. Please identify any problems or concerns that were raised during the due diligence period that could have or did effect the purchase price.
13. Please indicate whether the acquisition was subject to an independent audit or review. If so, please discuss the results of such review.
14. Please provide accounting journal entries showing how the acquisition adjustment will be recorded on the utility's books.
15. Please provide a detailed post-acquisition pro forma financial statement, including revenue requirement impact, of the acquired utility.
16. Please provide a comparison of the revenue requirement with and without the acquisition adjustment of the acquired utility.
17. Please identify any regulatory assets or liabilities created as a result of this transaction, if any, and cite Florida Public Service Commission approval/Order No.
18. Please identify all parties to the transaction and their relationships to CSWR (if any).

19. Please briefly explain how operations, staffing, and service quality have been affected post-acquisition.
20. Please explain what steps are or have been taken to ensure a seamless transition for customers.
21. Please indicate whether any customer protections were included in the transaction. If so, please identify and discuss the specific customer protections.
22. Please indicate whether CSWR LLC. has sought similar acquisition adjustments in other jurisdictions. If so, provide the associated outcomes (e.g. acquisition adjustment approved in full, partial approval of the acquisition adjustment, or denial of the acquisition adjustment). Please provide the jurisdiction(s) and relevant order number(s).
23. Assuming CSWR-FL's request to consolidate rates is not approved:
 - a. Please describe how the Utility would implement the resulting rate increases, including any measures proposed to mitigate customer bill impacts.
 - b. Please indicate whether the Utility would seek to phase-in rates.
24. Please provide any due diligence reports conducted by CSWR-Florida (or parent) associated with the acquisition.
25. Please provide all materials related to sensitivity analyses or stress tests on acquisition pricing, if any, that CSWR-Florida or any party retained to assist in acquisition pricing conducted.
26. With respect to the acquisition adjustment in this case, please provide copies, if any, of:
 - a. Internal memos, board presentations, and management analyses supporting the adjustment.
 - b. Any codified internal policies regarding acquiring utilities and seeking acquisition adjustments.
 - c. Documented communications with investors or credit rating agencies regarding any acquisition-related impacts.
27. Please submit all internal emails, management meeting notes, and board presentations that mention concerns or debates over the acquisition price or expected regulatory treatment of the premium.

28. With respect to the acquisition adjustment in this case, please provide unredacted versions (if any) of:
- a. Valuation reports related to the acquired utility.
 - b. Copies of any internal rate impact modeling conducted by CSWR-Florida with respect to the acquired utility.
29. Please submit any documented communications between Utility executives/Utility staff and the acquired utility regarding acquisition premium justification.

Please file all responses electronically no later than Monday, February 16, 2026, through the Commission's website at www.floridapsc.com, by selecting the Clerk's Office tab and Electronic Filing Web Form. *In addition, please email the filed response to discovery-gcl@psc.state.fl.us.*

Please feel free to call me at (850) 413-6846 if you have any questions.

Sincerely,

/s/ Daniel Dose
Daniel Dose
Senior Attorney

DD/ds

cc: Office of Commission Clerk