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July 9, 2026

VIA ELECTRONIC FILING

Mr. Adam J. Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 20260031-WS
Petition to Establish Rate Base Value of Acquired System Using Alternative Procedure by Sunshine Water Services Company.

Dear Mr. Teitzman:

Attached for filing in the above docket is Sunshine Water Services Company's Prehearing Statement.

Thank you for your assistance in connection with this matter.

Sincerely,

Matthew Jones

Matthew J. Jones

MJJ/dk
Enclosure

cc: All parties of record (w/attachment)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to Establish Rate Base Value of Acquired System using Alternative Procedure, By Sunshine Water Services Company.	DOCKET NO.: 20260031-WS FILED: July 9, 2026

SUNSHINE WATER SERVICES COMPANY'S
<u>PREHEARING STATEMENT</u>

Pursuant to Order No. PSC-2026-0079-PCO-WS, issued March 24, 2026, Sunshine Water Services Company ("SWS" or the "Company") submits the following prehearing statement:

A. <u>APPEARANCES</u>

J. JEFFRY WAHLEN
VIRGINIA L. PONDER
MATTHEW J. JONES
Ausley McMullen
Post Office Box 391
Tallahassee, Florida 32302
On behalf of Sunshine Water Services Company

B. WITNESSES

Witness	Subject Matter	Issues
Seán Twomey (Direct Only)	Direct: Describes SWS and the Placid Lakes Utility System, explains SWS's proposed acquisition of the Placid Lakes Utility System assets, shows how SWS complied with the new statutory process for establishing fair market value of the Placid Lakes Utility System as its rate base value for future ratemaking purposes, explains why the acquisition of the Placid Lakes Utility System and the Company's proposed rate base valuation are in the public interest, and introduces each of the witnesses supporting the Company's Petition in this proceeding.	1-3, 7-10, 12, 13
Dante DeStefano (Direct Only)	Direct: Provides support and explanations for required exhibits per Section 367.0811, Florida Statutes, for SWS's Fair Market Value Petition to acquire Placid Lakes Utilities, Inc. and provides support and explanations for exhibits required by Rule 25-30.0372, Florida Administrative Code.	1-8, 10-13
Daniel Magro (Direct Only)	Direct: Presents the Water and Wastewater Treatment Facilities Engineering Report prepared by Aclus Engineering, LLC, for the Placid Lakes Utility System being acquired by SWS that the three appraisers relied upon.	12
Diana Ling (Direct Only)	Direct: Presents the appraisal that Raftelis Financial Consultants, Inc., prepared for the Placid Lakes Utility System being acquired by SWS.	12
Anthony Festa (Direct Only)	Direct: Presents the appraisal that Marshall & Stevens, Inc., prepared for the Placid Lakes Utility System being acquired by SWS.	12
Zachary Wright (Direct Only)	Direct: Presents the appraisal that NewGen Strategies and Solutions, LLC, prepared for the Placid Lakes Utility System being acquired by SWS.	12

C. EXHIBITS

Witness	Proffered By	Exhibit No.	Description	Issues
Seán Twomey	SWS	ST-1	1. Resume of Seán Twomey 2. Map of SWS's Existing Water and Wastewater Systems in Florida 3. Map of SWS's Existing Water and Wastewater Systems in Highlands County, Florida 4. Map of Placid Lakes' Existing Water and Wastewater Systems in Highlands County, Florida 5. Asset Purchase Agreement between SWS and Placid Lakes	1-3, 7-10, 12, 13
Dante DeStefano	SWS	DD-1	1. 5-Year Rate Impact 2. Journal Entries	1-8, 10-13
Daniel Magro	SWS	DM-1	1. Placid Lakes Utility System Engineering Assessment	12
Diana Ling	SWS	DL-1	1. Placid Lakes Utilities, Inc. System Valuation	12
Anthony Festa	SWS	AF-1	1. Appraisal of Fixed Assets – Placid Lakes Utilities, Inc.	12
Zachary Wright	SWS	ZW-1	1. Appraisal of Placid Lakes Utilities, Inc. Water and Wastewater Systems 2. Zachary Wright Witness History	12

D. STATEMENT OF BASIC POSITION

Introduction

This proceeding concerns a petition filed by SWS on February 27, 2026, requesting that the Florida Public Service Commission establish the rate base value of the Placid Lakes Utilities, Inc. ("Placid Lakes") utility system using the alternative procedure in Section 367.0811, Florida Statutes (the "FMV Statute"), and Rule 25-30.0372, Florida Administrative Code (the "FMV Rule"). SWS requests three determinations: (1) approval of $5,750,000 as the rate base value of the acquired Placid Lakes assets; (2) approval of the journal entries set forth in Exhibit E to the Petition; and (3) a finding that granting the Petition is in the public interest. The Company's basic position is that each request is supported by the record and fully consistent with the FMV Statute and FMV Rule, and that the Commission should grant the Petition.

The FMV Statute reflects the Florida Legislature's finding that promoting consolidation of water and wastewater systems serves the public interest by encouraging economies of scale, better access to lower material and supply costs, better access to capital, improvement in utility infrastructure, and improvement in overall quality of service. It provides an alternative to the traditional cost method of Section 367.081, Florida Statutes, for establishing the rate base value of an acquired system, capping that value at the lesser of the negotiated purchase price or the average of three independent appraisals. SWS is an acquiring utility eligible to use this procedure. It serves more than 35,000 water and more than 30,000 wastewater customers and is permitted to produce more than 14 million gallons of drinking water per day in Florida.

Issues

The Parties have identified over 14 issues in this case and divided them into 4 categories, each of which is addressed below.

1. Quality of Service, Infrastructure, and Operating Conditions (Issues 1 through 3)

The proposed transaction is expected to improve the overall quality of service provided to Placid Lakes' customers (Issue 1) and to improve regulatory compliance for the Placid Lakes systems (Issue 2). SWS's access to capital, its established Florida-based customer service and billing operations, its 24/7 call center and online customer portal, its enhanced information-technology and cybersecurity support, and its emergency and disaster response capabilities will benefit customers and support regulatory compliance. To the extent the Commission elects to set performance goals under Section 367.0811(10), Florida Statutes, (Issue 3), any such goals should be consistent with the improvements and timeline already reflected in the three-year Improvement Plan found in the engineer's Assessment.

2. Rate Stabilization and Cost Efficiencies (Issues 4 through 8)

   The transaction is expected to produce rate reductions or long-term rate stability (Issue 4). The Company's five-year Rate Impact Analysis reflects managed rate impacts and the potential for a rate decrease as Placid Lakes' rates are consolidated with SWS's rates in a future rate case, whereas Placid Lakes' stand-alone rates would significantly increase to fund needed capital investment. Because the acquisition will not cause a significant individual rate increase during the five-year period analyzed, no rate stabilization plan is required or warranted under Section 367.0811(5)(h), Florida Statutes (Issue 6). The transaction will produce cost efficiencies by consolidating personnel and processes with SWS (Issue 7) and will generate economies of scale by supporting Placid Lakes with SWS and its parent company's shared support services and spreading capital and operating costs across a larger customer base (Issue 8).

3. Net Book Value, Capital, and Contract Details (Issues 9 through 12)

   The acquisition reflected in the Agreement is an arm's-length transaction (Issue 9), as neither SWS nor its affiliates are affiliated with PLU or its affiliates. SWS, as part of a large utility holding company with equity investment and a wide variety of borrowing options, has substantially greater access to capital than Placid Lakes, which has historically relied on developer-provided equity and bank loans (Issue 10). SWS's net book value of approximately $195,393,737 exceeds the proposed rate base value of $5,750,000, which equals approximately 2.97 percent of that net book value (Issue 11). The appropriate rate base value under the FMV Statute is $5,750,000 (Issue 12) - not including estimated Organization costs - which does not exceed the lesser of the negotiated purchase price or the $6,506,633 average of the three appraisals.

4. Legal (Issues 13 through 14)

   For the reasons summarized above and developed in the Company's prepared direct testimony and exhibits, the proposed transaction is in the public interest under Section 367.0811(9), Florida Statutes, and the Commission should grant the Petition (Issue 13). Upon issuance of a final order establishing the rate base value, approving the journal entries, and finding the transaction in the public interest, this docket should be closed (Issue 14).

E. STATEMENT OF ISSUES AND POSITIONS

Quality of Service/Infrastructure and Operating Conditions

Issue 1: Is the proposed transaction expected to result in improvements in the overall quality of service provided to Placid Lakes' customers pursuant to 367.0811(9)(a), F.S.?

SWS: Yes. (Twomey, DeStefano)

Issue 2: Is the proposed transaction expected to result in improvements in regulatory compliance for the Placid Lakes' systems pursuant to 367.0811(9)(b), F.S.?

SWS: Yes. (Twomey, DeStefano)

Issue 3: What reasonable performance goals, if any, should the Commission set, pursuant to 367.0811(10), F.S.?

SWS: None. (Twomey, DeStefano)

Rate Stabilization and Cost Efficiencies

Issue 4: Is the proposed transaction under 367.0811(9)(c), F.S., expected to result in rate reductions or rate stability over a long-term period?

SWS: Yes. (DeStefano)

Issue 5: What is the projected rate impact of the proposed transaction under 367.0811(5)(e), F.S., over the next five years?

SWS: While SWS anticipates continuing with annual index rate adjustments as Placid Lakes has in recent years, the inclusion of Placid Lakes in SWS's next rate case (estimated to be effective in 2029) is expected to result in an overall rate *decrease* for both water and sewer customers of Placid Lakes relative to current rates. (DeStefano)

Issue 6: If the transaction under 367.0811(5)(h), F.S., is approved, should the Commission institute a rate stabilization plan for Placid Lakes Utilities, Inc.?

SWS: No. (DeStefano)

<u>Issue 7</u>: Is the proposed transaction under 367.0811(9)(d), F.S., expected to provide cost efficiencies?

<u>SWS</u>: Yes. (Twomey, DeStefano)

<u>Issue 8</u>: Is the proposed transaction under 367.0811(9)(f), F.S., expected to generate economies of scale?

<u>SWS</u>: Yes. (Twomey, DeStefano)

<u>Net Book Value, Capital, and Contract Details</u>

<u>Issue 9</u>: Has Sunshine Water Services Company demonstrated that the purchase of Placid Lakes Utilities, Inc. is being made as part of an arms-length transaction under 367.0811(9)(e), F.S.?

<u>SWS</u>: Yes. (Twomey)

<u>Issue 10</u>: Has Sunshine Water Services Company demonstrated that it has a greater access to capital than Placid Lakes Utilities, Inc. under 367.0811(9)(h), F.S.?

<u>SWS</u>: Yes. (Twomey, DeStefano)

<u>Issue 11</u>: What is Sunshine Water Services Company's net book value compared to the proposed rate base value of Placid Lakes Utilities, Inc. under 367.0811(9)(g), F.S.?

<u>SWS</u>: As of December 31, 2024, $195,393,737, compared to the proposed $5,750,000 value for Placid Lakes. (DeStefano)

<u>Issue 12</u>: What is the appropriate alternative rate base value if the proposed transaction is found to be in the public interest?

<u>SWS</u>: $5,750,000, not including estimated Organization costs. (Twomey, DeStefano, Magro, Ling, Festa, Wright)

<u>Legal</u>

<u>Issue 13</u>: Is the proposed transaction by Sunshine Water Services Company under 367.0811(9), F.S., in the public interest?

<u>SWS</u>: Yes. (Twomey, DeStefano)

<u>Issue 14</u>: Should this docket be closed?

<u>SWS</u>: Yes. (Legal)

<u>Contested Issues</u>

<u>SWS</u>: None at this time.

F. <u>STIPULATED ISSUES</u>

<u>SWS</u>: None at this time, but SWS will work with the parties to stipulate issues where possible.

G. <u>PENDING MOTIONS</u>

<u>SWS</u>: None at this time.

H. <u>PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY</u>

<u>SWS</u>: None at this time.

I. <u>OBJECTIONS TO A WITNESS'S QUALIFICATIONS</u>

<u>SWS</u>: None.

J. <u>REQUEST FOR SEQUESTRATION OF WITNESSES</u>

<u>SWS</u>: SWS does not request the sequestration of witnesses.

K. <u>COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE</u>

<u>SWS</u>: To the best of its knowledge, SWS has complied with all requirements of the Order Establishing Procedure, Order No. PSC-2026-0079-PCO-WS.

DATED this 9th day of July, 2026.

Respectfully submitted,

Matthew Jones

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ATTORNEYS FOR
SUNSHINE WATER SERVICES COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Prehearing Statement, filed on behalf of Sunshine Water Services Company, has been furnished by electronic mail on this 9th day of July 2026 to the following:

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