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June 5, 2026

VIA Electronic Filing to the Office of Commission Clerk

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
Attn: Jennifer Crawford, Attorney Supervisor

Re: Docket 20250047-WS – Petition for an acquisition adjustment for a non-viable utility, by CSWR-Florida Utility Operating Company, LLC.

Dear Ms. Crawford:

CSWR-Florida Utility Operating Company, LLC (“CSWR-Florida”) submits the following responses to Staff’s May 22, 2026 Fifth Data Request.

1. Please refer to CSWR-Florida Utility Operating Company, LLC’s (CSWR-FL) response to staff’s fourth data request, No. 1, filed May 19, 2026.¹
 - a. Please explain, with specificity, why the actual operating and maintenance (O&M) expenses differ from the post-acquisition pro forma anticipated operating expense figures provided in “Data Request #15” of staff’s first data request.².

Response: Pro forma financial statements differ fundamentally from actual financial statements in that they are prepared based on assumptions, estimates, and hypothetical adjustments intended to illustrate the expected financial impact of prospective or nonrecurring events. Accordingly, pro forma results are inherently subject to variability and may differ materially from actual operating results realized in subsequent reporting periods.

In contrast, actual financial statements reflect completed transactions and events and are prepared in accordance with applicable accounting standards, supported by finalized accounting records. Pro forma financial information may exclude certain

¹ Document No. 03003-2026, filed May 19, 2026.

² Document No. 01164-2026, filed February 18, 2026.

nonrecurring, unusual, or unplanned items that are otherwise recognized and reflected in actual financial statements. Therefore, with aging infrastructure, unforeseen leaks, equipment failures caused unplanned repairs, causing an increase in actual maintenance cost not projected in the pro forma.

In developing the pro forma, the Company assumed no significant changes to system operations and included anticipated inflationary impacts. Actual results differed because unforeseen operation and maintenance expenditures, beyond those attributable to inflation, were incurred during the period, leading to higher costs than projected.

- b. Please detail, with specificity, the additional O&M expenses not captured in the Utility's initial anticipated total operating expense and provide any supporting documentation.

Response: The additional operation and maintenance (O&M) expenses not otherwise identified are incurred at the CSWR-Florida level and are not directly attributable to any individual system. Accordingly, such expenses are allocated to each system based on its respective customer count.

This allocation methodology provides a reasonable and consistent basis for the distribution of shared, non-location-specific costs, such as administrative and office expenses, by proportionally assigning such expenses relative to system size as measured by customer base.

2. Please explain, with specificity, the Utility's expectations for future operating expenses. In your response, please discuss whether the Utility expects operating expenses to continue consistent with the trend reflected in actual expenses during the first three years, or decline toward the levels reflected in the pro forma estimate. Explain the basis for those expectations and provide any supporting documentation.

Response: CSWR-Florida's acquisition of Sunshine involved a system the Company believed to be non-viable at the time of acquisition. Given this, the Company expected the system to require material investments and increased operating expenditures to restore and, once compliance is achieved, to maintain professional service quality and reliability. Accordingly, it would be inconsistent with improved utility operations to anticipate future reductions in O&M expenses. That said, however, absent the identification of issues uncovered through ongoing operations, the Company does not anticipate additional large increases in operating expenses in the future. The Company expects that operating expenses will remain generally consistent with the levels reflected in the historical actual data.

While the Company does not anticipate decreases in future operating expenses, the Company believes that, through economies of scale, what costs are incurred will be much less than if they were incurred by Sunshine on a stand-alone basis. For instance, while managerial, technical, operational, and financial services were incurred by previous owners on a stand-alone basis, those services costs are now provided to Sunshine as part of its existence within the CSWR corporate umbrella. Therefore, given the economies of scale associated with its 11-state / 1,000 system footprint, CSWR can ensure that such improved services are provided at a lesser cost than would have been the case if Sunshine had been able to provide such services on a stand-alone basis.

Thank you for the opportunity to provide additional information in support of the application. Please feel free to contact our office at your convenience with any additional questions or concerns.

Sincerely,

/s/ Thomas A. Crabb

Thomas A. Crabb
Attorney for CSWR-Florida

cc: Aaron Silas
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