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CSWR-FLORIDA

Utility Operating Company

A CSWR Managed Utility

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FPSC - COMMISSION CLERK

March 20, 2025

Via E-Mail Only – Commissioner.LaRosa@psc.state.fl.us

Chairman Mike La Rosa
Florida Public Service Commission
2540 Shumard Oak Blvd,
Tallahassee, FL 32399-0850

Re: CSWR-Florida Utility Operating Company/2024 Test Year General Rate Increase Application

Dear Chairman, La Rosa,

This letter, pursuant to Rule 25-30.430, Florida Administrative Code, requests approval of a test year for CSWR-Florida Utility Operating Company ("CSWR-Florida" or "the Company"). CSWR-Florida intends to submit an application for general rate relief to the Florida Public Service Commission for its water and wastewater systems located in Brevard, Citrus, Duval, Highlands, Marion, and Volusia Counties, Florida. The Company intends to submit the minimum filing requirements on or before May 23rd, 2025.

This is the Company's first rate proceeding and the Company requests a historic test year ending January 31, 2025. The requested test year is representative of a normal full year of operations. However, there will be pro forma adjustments to expenses and revenues to both reflect expenses that will be incurred in the years when rates will be in effect and annualize data for systems that CSWR-Florida did not own during the entirety of the test year.

Since the Company's acquisition of the systems it intends to include in this rate proceeding, the Company has been able to document enough data on annual operating expenses such as salaries and wages, employee benefits, insurance, purchased power, and chemicals to show that the rates adopted at acquisition are not sufficient to cover these operating expenses or ensure that CSWR-Florida is able to earn a just and reasonable return. Additionally, the Company has made, and will continue to make, major investments to plant and equipment at various locations as noted below.

Since the Company is requesting a historical test year, it anticipates including the following plant additions, all of which have been completed and placed into service by the end of the proposed test year ending January 31, 2025. As this is the first General Rate Case filed for these systems since their acquisition, the Company intends to report on areas of improvement for which it seeks capital recovery since the time of acquisition both in this letter and in further detail in direct testimony. The summarized improvements below include capital investments made by the Company since acquisition through the end of the test year. This list provides a general overview of these planned improvements; however, additional details, including specific project descriptions, justifications, and cost breakdowns, will be provided in the Company's filed testimony as part of its General Rate Case application.

Test Year Improvements

1. Aquarina Utilities



Water Treatment Plant - The disinfection system has been improved by resolving issues with inadequate chemical containment and installation of continuous chlorine monitoring to verify residual chlorine. Further improvements have been made to the irrigation/fire protection and potable water distribution systems, including replacing out-of-service hydrants and making various line repairs. Improvements made to the electrical and monitoring systems include installation of remote monitoring equipment including various sensors, meters, transmitters, and new flow meters on each well. Both ground storage tanks were inspected and recoated to extend the useful life. Leaks were identified in the hydropneumatic tank which was removed from service. A temporary tank has been installed until the replacement tank can be properly permitted and installed. All structures and exposed steel piping and equipment have been cleaned and repainted to reduce corrosion and extend useful life. Various site improvements have also been made including removal of nuisance vegetation which had damaged the fencing, replacing the fencing, and improving the access roads. Safety equipment has also been installed at the site including a chemical shower and eye wash station, fire extinguishers, and warning signage.

Wastewater Treatment Facility - Aeration system improvements were made in the form of installing a shade structure over the blowers to prevent overheating, and various repairs to aeration piping, drop legs, and diffusers. Improvements have been made to the electrical and monitoring systems including installation of remote monitoring equipment at the treatment plant and lift stations, as well as replacing the electrical feed powering the clarifier sludge pumps. The pumps in the on-site lift station have been replaced due to poor performance and age. The sludge pumps, piping, fittings, and valves were replaced for the return active sludge and waste active sludge system to improve solids handling as the system was not performing properly. All tanks, piping, and walkways have been cleaned and painted to reduce corrosion and extend useful life. Finally, various site improvements have also been made including removal of nuisance vegetation which had damaged the fencing, replacing the fencing, and improving the access roads. Safety equipment has also been installed at the site including a chemical shower and eye wash station, fire extinguishers, and warning signage.

2. BFF Corp (Sandlind Wood Sewer System)

Remote monitoring systems have been installed on the systems lift stations. Fencing and new discharge piping were installed at the primary lift station.

3. CFAT H2O (Landfair)

Water Treatment Facility - Improvements were made to the electrical and monitoring systems including installation of remote monitoring equipment at the water plant and installation of new flow metering at the water source. Out-of-service Well #1 was properly decommissioned to protect groundwater. Active chlorine monitoring equipment was installed to provide live chlorine residual data. The site structures, well piping, and tanks were cleaned and repainted to halt corrosion and extend useful life. Safety equipment has also been installed at the site including a chemical shower and eye wash station, fire extinguishers, and warning signage.

Wastewater Treatment Facility - The aeration drop legs and diffusers were replaced due to corrosion in the aeration equipment leading to poor diffusion pattern and air leaks. Spill containment was installed to protect from spills of disinfection chemicals. Improvements were made to the electrical and monitoring systems in the form of installation of flow metering and remote monitoring equipment at the treatment plant and lift stations. Fencing repairs and replacements including removal of overgrown



vegetation have been completed at all lift stations, the wastewater treatment facility, and the effluent disposal field. Finally, damaged discharge piping was replaced, and emergency bypass piping was installed at the primary lift station to ensure proper function and prevent service interruptions in the event of pump failure or power interruption.

4. Neighborhood Utilities

Electrical and monitoring system improvements were made including lighting repairs to the emergency generator, installation of a remote monitoring system, and installation of flow meters and equipment metering. The ground storage and hydropneumatic tanks were inspected and recoated to ensure good condition, address corrosion, and extend useful life. The well pump and motor failed and both were replaced.

5. North Peninsula

Various improvements have been made to the North Peninsula facility to keep the system operational until the project to connect to the City of Ormond Beach can be completed. Electrical and monitoring systems have been improved with the installation of remote monitoring systems as well as replacement of the facility flow meter which had failed. Sludge has been cleaned out of all significant treatment units to restore treatment capacity as significant accumulation was identified in the aeration basins, clarifiers, digester, and rapid infiltration basins. A new monitoring well was installed to meet sampling requirements. Nonfunctional blowers on train 1 and 3 were repaired or replaced as appropriate to restore treatment, and noise baffling structures were installed. Fencing repairs, safety improvements, and general site cleanup and vegetation clearing were completed at the site. The project to connect to the City of Ormond Beach is currently in permitting with FDEP and DOT.

6. Rolling Oaks/Beverly Hills

Water Treatment Facility – Improvements made to disinfection systems include the installation of double walled chemical containment tanks at all 9 well sites to provide adequate spill protection for disinfection chemicals, and chlorine residual monitoring equipment was installed to ensure live data confirming adequate chlorination. Remote monitoring equipment was installed at each well site to actively monitor equipment status and chlorination. Fencing and structural repairs and replacements and building painting were made at each well site to adequately protect well equipment and prevent trespassing. Well #6 was rehabilitated and brought back into service, which included well work and improvements to the electrical system. Main repairs have been made at several locations in response to main breaks. Electrical and monitoring systems were improved including installation of remote monitoring equipment at the treatment plant and lift stations, replacement of failed control panels at lift stations, installation of flow meters, and general electrical repairs and improvements.

Wastewater Treatment Facility - Improvements have been made to the facility aeration system including the replacement of a blower motor, replacement of an air header, and replacement of drop legs and diffusers that were damaged or removed from service. The rake arm of the clarifier was repaired as it was not functioning properly. Improvements have been made to lift stations including installation of redundant pumps and repairs to discharge piping. Structural improvements were made at the treatment plant including repairs to buildings, replacement of roofs and access doors, as well as painting structures, piping, and treatment equipment to halt and address corrosion and deteriorating protective coatings.



Clearing of vegetation and debris and fencing repairs and installations were completed at each lift station and the treatment plant.

7. Sebring Ridge

Remote monitoring equipment has been installed at the treatment plant and lift stations. The return active sludge and waste active sludge lines were in poor condition and not functioning properly and therefore were replaced to ensure proper function and solids handling. The rapid infiltration basins have been cleared of nuisance vegetation and sludge, and rehabilitated to ensure proper function and effluent disposal. Finally, the access road was improved to ensure all weather access for operations activities.

8. Sunshine Utilities

Various improvements have been completed across the 23 drinking water systems acquired by CSWR-Florida from Sunshine Utilities. Improvements to disinfection systems include the installation of chemical containment facilities at all sites to provide adequate spill protection for disinfection chemicals. Continuous chlorine residual monitoring equipment was installed to ensure live data confirming adequate chlorination. Shade structures were added at multiple locations to prevent chemical degradation from UV exposure.

Electrical and monitoring systems were improved across all sites, including the installation of emergency backup generators and automatic transfer switches to ensure operational reliability during power outages. Remote monitoring equipment was installed at each well site to actively monitor flow, equipment status, and disinfection processes. Flow meters and sensor equipment were installed to integrate with the remote monitoring system, and general electrical repairs and improvements were made, including enhanced lighting and upgrades to control panels.

Well system upgrades were completed where needed, including well pump and motor replacements due to failure, well casing repairs to address corrosion, and wellhead modifications to improve long-term functionality. At one site, an improperly abandoned well was properly sealed to prevent contamination.

Hydropneumatic tank improvements were implemented at multiple locations, with tanks either recoated to extend their lifespan or replaced entirely due to advanced corrosion. Several tanks were at risk of catastrophic failure, with one tank exploding shortly after acquisition due to long-term unaddressed deterioration under prior ownership.

General site improvements included fencing repairs and replacements, clearing vegetation and debris, painting and repairing well house structures, and installing updated signage and safety equipment. Access road repairs and installations were completed at select sites to improve operational access and security. These upgrades have significantly improved system reliability, safety, and compliance, ensuring continued delivery of high-quality drinking water across all 23 systems.

9. TKCB (Sunlakes)

Blower motors have been replaced due to age and failure. The failed chlorine pump has been replaced and a shed installed to prevent breakdown of the disinfection chemical. Improvements to the electrical and monitoring systems include the installation of remote monitoring equipment at the lift



station and treatment plant for live access to treatment data and equipment status, installation of sensors and meters to communicate with the remote monitoring system, replacement of the primary flow meter, and replacement of the electrical panel for the blowers completed at the time of the blower motor replacements. General site improvements have also been completed including replacing the damaged fencing, installing an all weather access road, clearing vegetation and debris from the plant site and fence line, safety equipment installation, and signage installation.

10. Tradewinds Village

Water Treatment Facility – Improvements include the addition of a spill containment system to the disinfection system to contain any chemical spills and installation of a shade structure to prevent disinfection chemicals breakdown due to exposure to UV. The electrical system has been improved with the installation of remote monitoring equipment at the treatment plant allowing for remote tracking of equipment status, flow, and chlorine residual. Tanks have been inspected and the hydropneumatic tanks recoated to extend useful life. General site improvements have also occurred including removal of trash and debris, control of vegetation, and repairs to fencing.

Wastewater Facility - Remote monitoring has been installed on all four lift stations of the Tradewinds sewer collection system which conveys wastewater to a publicly owned treatment works for treatment. Various line repairs, sludge removal, and site improvements at lift stations have also been made.

11. Tymber Creek Utilities

The Tymber Creek drinking water system is a purchased water system that consists only of a master meter and distribution system. To date improvements have been miscellaneous distribution system repairs work.

Examples of the work that CSWR-Florida has done can be seen in more detail in the “Community Showcase” video found on the Company’s website at: <https://centralstateswaterresources.com/cswr-florida-community-impact/>

Pro Forma Adjustments

CSWR-Florida will also seek to include the following known estimated pro-forma expense adjustments:

1. Annualization

Revenues and expenses for systems owned for only a portion of the test period will be presented pro forma, as if they were owned for the entire test period. The company will calculate an average monthly rate for revenue and expenses and then project those average rates for periods that the system was not owned. Specifically, CSWR-Florida closed on its Tymber Creek system on 5/31/2024 and will be annualizing the date from that date to the end of the test year.

2. O&M Contract

Any renegotiated O&M contracts or projected changes to O&M contract rates will be presented as adjustments to the test period to ensure the company is using the most accurate run rates for O&M contract expenses.

3. 3rd Party Customer Service



Any savings resulting from renegotiation of Third-Party Customer Service expenses will be presented as an adjustment to expenses.

4. Expiring/Out of Period Exclusions

Any appropriate adjustments for extraordinary or out-of-test period expenses.

At the time of filing, CSWR-Florida will have 3 acquisition adjustment cases pending in front of the Commission. The Company will provide rate base impacts and monthly rate impacts related to those three cases in its direct testimony and will include the acquisition adjustments in its case for consideration.

The Company will be seeking to consolidate the various rates currently being charged into one sewer rate and one water rate.

Should you or members of the Staff have any questions regarding this request, please do not hesitate to contact me.

Thank You,

Aaron Silas

Aaron Silas
Assistant Vice President, Customer Experience and Regulatory Operations

cc: Anna Ortega (via e-mail)
Commissioner Fay (via e-mail)
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