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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for an acquisition adjustment for the non-viable utility North Peninsula Utilities Corporation, by CSWR-Florida Utility Operating Company, LLC.	DOCKET NO. 20250038-WS ORDER NO. PSC-2026-0391-PAA-WS ISSUED: October 29, 2026

The following Commissioners participated in the disposition of this matter:

GABRIELLA PASSIDOMO SMITH, Chairman
GARY F. CLARK
MIKE LA ROSA
BOBBY PAYNE
ANA ORTEGA

NOTICE OF PROPOSED AGENCY ACTION
ORDER GRANTING PETITION FOR AN ACQUISITION ADJUSTMENT FOR THE NON-VIABLE UTILITY NORTH PENINSULA UTILITIES CORPORATION BY CSWR-FLORIDA UTILITY OPERATING COMPANY, LLC.

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

Background

North Peninsula Utilities Corporation (North Peninsula) is a wastewater utility operating in Volusia County, serving approximately 615 wastewater customers as of year-end 2024. We approved the transfer of North Peninsula to CSWR-Florida Utility Operating Company (CSWR-Florida or Utility) in 2022 by Order No. PSC-2022-0116-PAA-SU.[1] As part of the transfer proceeding, we determined that North Peninsula's net book value (NBV) at the time of acquisition was $247,528, with a purchase price of $1,400,000. As part of the transfer docket, CSWR-Florida requested that we approve a positive acquisition adjustment of $1,151,182 under Rule 25-30.0371 F.A.C.

[1] Order No. PSC-2022-0116-PAA-SU, issued March 17, 2022, in Docket No. 20210133-SU, *In re: Application for transfer of facilities of North Peninsula Utilities Corporation and wastewater Certificate No. 249-S to CSWR-Florida Utility Operating Company, LLC, in Volusia County.*

There is no specific statutory provision addressing acquisition adjustments in Chapter 367, Florida Statutes (F.S.). The criteria of the rule must be read in conjunction with the statutes it implements, to prescribe fair and reasonable rates and charges under Section 367.121(1)(a), F.S., and to fix rates that are just, reasonable, compensatory, and not unfairly discriminatory under Section 367.081, F.S.

Pursuant to the rule, a positive acquisition adjustment may occur when the purchase price of a utility is greater than the NBV of the acquired utility's assets. If approved, a positive acquisition adjustment increases rate base. The rule in effect at the time of the North Peninsula transfer proceeding required a showing of extraordinary circumstances to be entitled to a positive acquisition adjustment, with utilities requesting the acquisition adjustment at the time of transfer. In determining whether extraordinary circumstances have been demonstrated, the rule provided that we consider evidence such as anticipated improvements in quality of service, anticipated improvements in compliance with regulatory mandates, anticipated rate reductions or rate stability over a long-term period, anticipated cost efficiencies, and whether the purchase was made as part of an arms-length transaction. We denied CSWR-Florida's request for a positive acquisition adjustment, as the Utility did not demonstrate extraordinary circumstances.

Rule 25-30.0371, F.A.C., was amended on June 17, 2024. The amended version of the rule allows utilities to seek approval of the acquisition adjustment either at the time of transfer or within three years of our order approving the transfer. The amendments to the rule provide greater regulatory certainty and clarity to the acquisition adjustment process, including establishing separate regulatory pathways for utilities to seek approval of a positive acquisition adjustment that are dependent upon the condition of the utility to be acquired. Regulatory requirements for a "non-viable" utility reflect the traditional purpose of the rule, to incentivize the acquisition of "troubled systems" that are in financial distress or unable to provide safe service. In addition, the amended rule provides a pathway for a positive acquisition adjustment if a utility seeks to acquire a "viable" system that is otherwise providing safe service and is in a financially healthy position if the acquisition results in net economic and quality of service benefits to customers. In either case, we may allow a full or partial positive acquisition adjustment upon an adequate demonstration by the utility that its request meets the criteria of the rule.

On March 6, 2025, CSWR-Florida petitioned for a positive acquisition adjustment for acquisition of a non-viable system under the amended rule, requesting an acquisition adjustment of $1,151,182.[2] On April 17, 2025, the Office of Public Counsel (OPC) filed a Motion to Dismiss CSWR-Florida's acquisition adjustment petition, arguing that the doctrine of administrative finality precludes CSWR-Florida from obtaining a positive acquisition adjustment as the Utility was previously denied a positive acquisition adjustment by us at the time North

[2] Document No. 01362-2025.

Peninsula was transferred to CSWR-Florida.[3] We denied OPC's motion on June 25, 2025, by Order No. PSC-2025-0250-PCO-WS.[4]

This order addresses CSWR-Florida's request for a positive acquisition adjustment with respect to its acquisition of the North Peninsula system. The discussion regarding projects completed and proposed by CSWR-Florida are for the purposes of illustrating the severity of the plant's condition and is not intended to prejudge the prudence or appropriateness for cost recovery of those items. We have jurisdiction over this matter pursuant to Sections 367.071, 367.081, and 367.121, F.S.

Decision

In evaluating a utility's request for a positive acquisition adjustment involving a non-viable utility, Rule 25-30.0371, F.A.C., requires us to make several determinations. First, we must determine whether the acquired utility qualifies as non-viable under the rule's definition.[5] Second, we examine whether the acquisition of the utility resulted from an arm's-length transaction.[6] Third, we assess whether customers will benefit from anticipated improvements in quality of service resulting from the acquisition.[7] If we find that the acquired utility is non-viable, that the acquisition resulted from an arm's-length transaction, and that customers will benefit from anticipated improvements in quality of service, we may then determine what amount, if any, of the requested acquisition adjustment shall be approved.[8] We will also determine the period over which any approved acquisition adjustment shall be amortized.[9]

I. Non-Viability

A utility that acquires a non-viable utility may petition us for a positive acquisition adjustment pursuant to Rule 25-30.0371(3), F.A.C. Rule 25-30.0371(1)(e), F.A.C., provides the definition of a non-viable utility for the purposes of an acquisition adjustment. Under the rule, a utility is considered non-viable if it falls within either of two specified categories.

First, a utility is considered non-viable when it is "unable to provide and maintain safe, adequate, and reliable service and facilities to its customers over the 5-year period following the date of acquisition."[10] The rule further sets forth the criteria used to determine whether a utility

[3] Document No. 02955-2025.
[4] Order No. PSC-2025-0250-PCO-WS, issued June 25, 2025, in Docket No. 20250038-WS, *In re: Petition for an acquisition adjustment for the non-viable utility North Peninsula Utilities Corporation, by CSWR-Florida Utility Operating Company, LLC.*
[5] Rule 25-30.0371(1)(e)1, F.A.C.
[6] Rule 25-30.0371(3)(a)., F.A.C
[7] *Id*.
[8] Rule 25-30.0371(3), F.A.C.
[9] Rule 25-30.0371(5), F.A.C.
[10] Rule 25-30.0371(1)(e)1., F.A.C. It is important to note that a plain reading of the rule directs decision makers to consider only the 5-year period following an acquisition adjustment when evaluating whether a utility can provide safe, adequate, and reliable service. A more reasonable interpretation of the rule would require a comparison of the conditions existing prior to acquisition with the improvements achieved after acquisition in assessing non-viability.

has failed to maintain safe, adequate, and reliable services and facilities. These criteria are as follows:

a. Failure to comply with or history of enforcement or compliance actions by federal, state, or local regulatory agencies based on violations of primary or exceedance of secondary water quality standards or other health, safety, and environmental standards; and

b. Insufficient investment, repair, maintenance of assets or an inability to acquire and maintain adequate managerial, operational, financial, or technical capabilities to ensure safe and reliable service to its customers.[11]

Second, a utility is considered non-viable if it is insolvent, meaning the utility cannot pay its debts.[12] A utility qualifies as non-viable if it falls within either of the two categories described in the rule.

If we find that a utility does not fall under the definition of non-viable, the utility is ineligible for an acquisition adjustment under Rule 25-30.0371(3), F.A.C. This determination would not automatically entitle a utility to a positive acquisition adjustment for viable utilities as set out under Rule 25-30.0371(4), F.A.C. The utility would still need to meet certain different criteria set out in subsection (4) of the rule.[13]

A. Maintenance of Safe, Adequate, and Reliable Services

Pursuant to Rule 25-30.0371(3)(b)8., F.A.C., CSWR-Florida submitted to us notices of violation, consent decrees or other regulatory actions issued by federal, state, regional, or local agencies regarding the provision of wastewater service for the 5 years prior to the date of acquisition.[14] Our staff reviewed this data, as well as North Peninsula's regulatory compliance post-acquisition.

From 2017 through 2022, prior to CSWR-Florida's acquisition of North Peninsula on May 26, 2022, the system had a history of recurring compliance and operational deficiencies with the Florida Department of Environmental Protection (DEP). These issues included deficiencies in monitoring and reporting, repeated fecal coliform exceedances, insufficient staffing by appropriately certified operators, deteriorated and improperly maintained wastewater treatment plant (WWTP) components, including significant corrosion and structural deterioration, excessive vegetation and solids in the rapid infiltration basins, inadequate maintenance of groundwater monitoring wells, and excessive odors beyond the facility boundaries. DEP issued multiple warning letters, requests for additional information, and Consent Orders addressing these deficiencies, including a Consent Order in July 2018 and a

[11] *Id*.
[12] Rule 25-30.0371(1)(e)2., F.A.C.
[13] *See* Rule 25-30.0371(4), F.A.C.
[14] Since North Peninsula is a wastewater only utility, violations of primary or exceedances of secondary water quality standards are not an issue.

subsequent Consent Order in August 2021. On May 6, 2022, shortly before CSWR-Florida's acquisition, DEP issued a Notice of Violation identifying several uncorrected Consent Order violations, including continued vegetation and corrosion issues, deficiencies with groundwater monitoring wells, insufficient certified staffing, and failure to control foul odors. A more detailed description is provided in Attachment A, which is incorporated and attached to this order.[15]

Based upon our review, we find that prior to acquisition, North Peninsula had been unable to maintain safe, adequate, and reliable services and facilities. This was demonstrated by North Peninsula's failure to comply with enforcement actions by state and local regulatory agencies concerning violations of health, safety, and environmental standards. In addition, the system received insufficient investment, repair, maintenance, and inadequate managerial and operational personnel to ensure safe and reliable service to its customers.

Following the acquisition, CSWR-Florida entered into a Consent Order with DEP on April 18, 2023, to correct the unresolved compliance issues identified in the May 6, 2022 Notice of Violation (No. 10 in Attachment A), which occurred under the prior owner. This Consent Order set out several required actions to be completed for the system to return to compliance, and also required the Utility to submit quarterly status reports on the progress of the projects being completed under this Order. CSWR-Florida has been meeting its reporting requirements and addressed all violations identified in the Consent Order except the WWTP corrosion. CSWR-Florida is required to complete all necessary improvements by December 30, 2028. In an effort to address the corrosion, CSWR-Florida considered: (1) interconnecting with the City of Ormond Beach Publicly Owned Treatment Works and decommissioning its existing treatment facility; (2) rehabilitating the existing plant; or (3) a complete plant replacement. The Utility ultimately decided to replace the existing WWTP, largely based on permitting issues and costs. The WWTP replacement project is estimated to cost a total of $4,250,000 and be in-service by May 30, 2028.[16] Aside from this Consent Order, CSWR-Florida reported three sanitary sewer overflows (SSOs) to DEP as they occurred since acquiring the system.[17,18]

As discussed above, North Peninsula has had a history of significant regulatory compliance issues prior to acquisition. Although one significant compliance issue remains, CSWR-Florida has committed to a long-term solution through the replacement of its WWTP. North Peninsula's historical violations were not limited to managerial or administrative deficiencies, such as reporting errors or late filing submissions. They also included serious operational and infrastructure-related deficiencies that directly affected the condition, maintenance, and operation of the wastewater system, including equipment deterioration, insufficient certified staffing, permit exceedances, and ongoing treatment plant failures.

[15] Document No. 01362-2025, Exhibits 3-11.
[16] Document Nos. 01731-2026 and 02177-2026.
[17] The SSOs occurred on September 30, 2023, April 22, 2024, and December 31, 2024, due to malfunctions of various system components.
[18] We note this discussion is not meant to prejudge the prudence of this project. It is only listed here for the purposes of supporting the non-viable designation of North Peninsula.

Based on North Peninsula's inability to maintain safe, adequate, and reliable services, we find that North Peninsula shall be considered a non-viable utility.

B. Insolvency

While North Peninsula has reported having a negative net income in prior years, there is no evidence that the utility has been insolvent. Specifically, no evidence indicates that North Peninsula has been unable to meet its debt obligations or otherwise satisfy its financial liabilities as they become due. Accordingly, we find that North Peninsula does not meet the non-viability criterion based on insolvency.

C. Conclusion

We find that North Peninsula meets the criteria of non-viability set forth in Rule 25-30.0371(1)(e)1., F.A.C., for a utility that has failed to maintain safe, adequate, and reliable service and facilities. Specifically, North Peninsula has been the subject of enforcement and compliance actions by DEP arising from its historical and ongoing noncompliance with health, safety, and environmental standards. It has also historically failed to adequately invest, repair, and maintain its facilities, and additionally has lacked adequate managerial and operational capabilities. Therefore, we find that North Peninsula meets the definition of a non-viable utility under Rule 25-30.0371, F.A.C.

II. Arms-length transaction

Rule 25-30.0371(3)(a), F.A.C., indicates, amongst other criteria, that we may allow a positive acquisition adjustment if the acquisition is part of an "arms-length transaction." While the rule does not specifically define an arms-length transaction, we find it can be defined as a transaction where the buyer and seller act independently and have no pre-existing relationship, with each party acting in their own self-interest to reach a mutually agreed upon price. Typically, for a transaction to be considered arms length, buyers and sellers act independently to attain the most beneficial outcome for themselves; buyers negotiate to pay the lowest possible price, while sellers attempt to achieve the highest possible price.

In its petition, CSWR-Florida asserts that the acquisition of the North Peninsula wastewater system satisfies the requirements of an arms-length transaction. The Utility states that the purchase price and terms of sale were determined through negotiations between representatives of CSWR-Florida and North Peninsula. CSWR-Florida further claims that there was no prior relationship or influence between it and the seller. The parties entered into a purchase and sale agreement, dated May 12, 2021, which includes a purchase price of $1,400,000 for all assets used by the seller to provide wastewater service to customers in Volusia County. The transaction closed in May 2022.[19]

[19] Document No. 01362-2025, page 3.

We note however that this is not a "check the box" rule. We have discretion to weigh the evidence on the arms-length transaction requirement. We also have the discretion to infuse our policy on this matter if it is unclear from the record whether a utility acted fairly to the customers by paying a price that appears to be higher than necessary in lieu of performing more due diligence to evaluate an actual fair market value. By establishing a purchase price based on the anticipation of consumer-funded recovery, the transaction may not wholly be at arms-length because both buyer and seller have an impetus to seek a higher than necessary sale price. The price paid may be inflated by a perception or expectation of a guaranteed regulatory recovery upon our approving the full acquisition adjustment. This interaction creates a concept referred to as regulatory circularity, or more precisely, purchase-price/rate-base circularity. This form of regulatory circularity occurs when the purchase price of a regulated asset or utility is used to establish the rate base, while the regulated revenues generated from that rate base are themselves an important determinant of the asset's economic value and hence of the purchase price. In this scenario, a utility's market value depends on its potential earnings, and its earnings are decided by the rates the regulator allows. Including a potentially higher-than-necessary acquisition adjustment in the rate base to establish consumer rates has the potential to create a flawed, self-justifying loop, because the price premium is fundamentally detached from the NBV of the assets.

In this case, the Utility obtained an Asset Valuation Report dated November 21, 2021, that estimated the original installation cost of the assets in 1979, the hypothetical installation cost in 2021, and an estimated depreciated book value of $312,207.[20] CSWR-Florida also obtained an engineering evaluation conducted by Woodard & Curran, dated April 2022, to assess the condition of the WWTP and recommendations for repair or improvements.[21]

In response to Staff's First Data Request, No. 1, CSWR-Florida explained it evaluates potential utility acquisitions by conducting site visits to assess the system's condition, in addition to reviewing our annual reports and other publicly available information from health and environmental regulators. Purchase prices are negotiated at arm's length, with CSWR-Florida seeking the lowest price acceptable to the seller. CSWR-Florida stated that utility owners generally have financial incentives to retain their systems, making sales at NBV uncommon except in extraordinary circumstances. The Utility's Florida acquisitions have therefore been completed at prices above NBV. The Utility also asserted that NBV can significantly understate a small utility's actual economic value because regulatory practices may discourage adequate capitalization of infrastructure investments. As a result, CSWR-Florida does not rely on NBV alone when determining acquisition prices. Instead, it considers the system's physical condition, operational risks, required capital investments, and negotiated market value. A final purchase price is determined through arms-length negotiations between the parties, with CSWR-Florida's ultimate objective being to pay the least amount that a utility/seller will accept. CSWR-Florida undertook no additional due diligence to determine the fair market value of the acquired utility.[22]

[20] Document No. 01161-2026.
[21] *Id*.
[22] *Id.*

CSWR-Florida requested approval of a positive acquisition adjustment of $1,151,182 to recover the premium it paid to purchase the assets of North Peninsula.[23] The price premium will be included in North Peninsula's rate base and ultimately increase the rates paid by customers. The bill impact associated with the Utility's request when formulated through the latest assumed customer and cost data filed in the docket and amortized over 30 years is $0.48 per month consolidated with the other systems owned by CSWR-Florida.[24]

Upon review of the filing, we find that the Utility has filed the required documentation under Rule 25-30.0371(3)(a), F.A.C., including the contract of sale and a calculation of the NBV of the acquired utility. As indicated above, the transaction involves two distinct corporate entities - CSWR-Florida and North Peninsula - with no documented shared board members or parent company. The Utility has also provided an explanation in support of its requested positive acquisition adjustment amount of $1,151,182 above book value. Therefore, we find the acquisition is an arms-length transaction as required by Rule 25-30.0371(3)(a), F.A.C.

III. Customer Benefits

Pursuant to Rule 25-30.0371(3)(a), F.A.C., in determining whether an acquisition benefits the acquired utility's customers, we shall consider (1) anticipated improvements in service quality; (2) anticipated improvements in water or wastewater regulatory compliance; (3) impacts on the cost of service over the 5 year period following acquisition; (4) potential cost efficiencies, including economies of scale; (5) the ability to attract capital at a reasonable cost; and (6) the acquiring utility's professional and experienced managerial, financial, technical, and operational resources.

A. Quality of Service

Rule 25-30.0371(3)(a)1., F.A.C., requires that in determining the appropriateness of a positive acquisition adjustment for a non-viable utility, we will consider if the acquired utility's customers benefit from anticipated improvements in quality of service as a result of the acquisition. A utility's quality of service considers the quality of its product (water) and its attempt to address customer satisfaction (water and wastewater), pursuant to Rule 25-30.433(1), F.A.C. Since North Peninsula is a wastewater-only utility, our analysis evaluates the utility's attempt to address customer satisfaction.

Pursuant to Rule 25-30.0371(3)(b)10., F.A.C., CSWR-Florida listed its actual and expected improvements in the quality of service provided to North Peninsula's customers as a result of the acquisition.[25] These improvements are described below.

[23] Document No. 01362-2025, page 2.
[24] Document No. 03772-2026 and our staff's calculations.
[25] Document No. 01362-2025.

1. Infrastructure upgrades and preventative maintenance program investments to reduce the risk of system failures, and ensure a safe and reliable wastewater system, while minimizing disruptions and protecting the public's health and environment.

2. Having appropriate staffing levels by qualified operations and maintenance (O&M) personnel that will make a minimum of three weekly site visits, perform weekly inspections of the facilities, complete all routinely scheduled work orders, prepare and file necessary regulatory reports, and ensure personnel are on call for emergencies.

3. Computerized work order-based maintenance management system that uses GPS and radio frequency identification technology to provide faster work order processing by O&M personnel.

4. Remote system monitoring implementation that allows operators to identify and remedy system malfunctions before they affect customer service.

5. Environmental Management Information System implementation which provides improved real-time regulatory and permit compliance information, helping to ensure the system complies with applicable laws and permit limits.

6. Multiple modes of communication, such as periodic letters, postcards, Quick Response codes on bills, and a Florida-specific website, that improve information delivery to customers regarding system operations and planned and completed system improvements.

7. Third-party call center that provides around-the-clock access for customers.

8. Cloud-based customer information and billing system that provides customers with electronic access to usage, billing, and payment information, as well as work-order management.

9. Customer service response monitoring system that tracks customer service metrics, such as speed of answer, dropped calls, and call length, which allows CSWR-Florida to remedy issues quickly and improve quality of service. This system also offers a voluntary survey to customers who call to gauge their satisfaction.[26]

Additionally, our staff reviewed the complaints received by DEP and our Consumer Activity Tracking System (CATS) from January 2020 through February 2026.[27] This includes complaints filed prior to CSWR-Florida's acquisition on May 26, 2022. Under the prior owner, DEP received 5 odor complaints (three in 2020, one each in 2021 and 2022), and we received

[26] *See id*.
[27] Document No. 01474-2026.

one improper billing complaint in 2021. While under CSWR-Florida's ownership, DEP received no complaints, and two service repair complaints were recorded in CATS in 2025.

Our staff also analyzed the complaints received by CSWR-Florida from July 2022 to June 2026; however, complaints filed with the Utility prior to acquisition are unavailable. Table 1 shows the total number of complaints by category that CSWR-Florida reported.[28] For reference, North Peninsula serves approximately 615 customers.

Table 1
Number of Utility Post-Acquisition Complaints by Category

Year	Billing	Customer Service	Wastewater Odor/Quality Issues	Service Interruptions	Total
2022	10	4	1	14	**29**
2023	16	4	2	20	**42**
2024	4	7	28	8	**47**
2025	12	1	12	2	**27**
2026	4	1	-	1	**6**
Total	**46**	**17**	**43**	**45**	**151**

Source: Document No. 04688-2026.

The complaints range from billing/payment disputes to manholes overflowing to general inquiries. Based on the provided complaint log,[29] CSWR-Florida has been responsive to these customer complaints.[30] In order to resolve the complaints, the Utility: (1) Assisted customers with payment methodologies and provided payment plans; (2) cleaned out sewer lines from backups and clogs, fixed cracks in lines, and investigated complaints of odors and noise; and (3) answered questions about the rates and the WWTP project and located service lines.

The identified customer concerns should be further mitigated by the total plant replacement project, anticipated to be in-service by May 30, 2028, and discussed further below. In addition, it appears that CSWR-Florida has been responsive to billing/payment disputes as they arise. CSWR-Florida identified improvements such as a third-party call center and cloud-based billing system aimed at improving the customers' experience.

Based on the above, we find that North Peninsula's customers will benefit from the acquisition through anticipated improvements in quality of service. CSWR-Florida has identified and, in some cases, already implemented the above improvements aimed at system reliability, regulatory compliance, responsiveness, and overall customer experience. We find these improvements will enhance the quality of service provided to North Peninsula's customers.

[28] In response to Staff's Ninth Data Request, CSWR-Florida explained that it does not separately track information requests and complaints; therefore, the figures in Table 1 may overstate the actual number of customer complaints.
[29] For each customer contact, the complaint log provided by CSWR-Florida identified the customer's name and account number, the date and time the customer contact was received and resolved, the applicable system, the category of the contact, and a description of the contact and its resolution.
[30] CSWR-Florida's response to Staff's Third Set of Interrogatories, No. 85 in Docket No. 20250052-WS.

B. Regulatory Compliance

Rule 25-30.0371(3)(a)2., F.A.C., provides that in determining the appropriateness of a positive acquisition adjustment for a non-viable utility, we will consider if the acquired utility's customers will benefit from anticipated improvements in regulatory compliance resulting from the acquisition. Pursuant to Rule 25-30.433(2), F.A.C., our evaluation of a utility's regulatory compliance includes consideration of whether the infrastructure and operating conditions of its plant and facilities comply with Rule 25-30.225, F.A.C. Rule 25-30.225(2), F.A.C., requires each water and wastewater utility to maintain and operate its plant and facilities by employing qualified operators in accordance with DEP's rules. To determine whether North Peninsula's customers will benefit from anticipated improvements in regulatory compliance as a result of CSWR-Florida's acquisition, our staff reviewed North Peninsula's compliance history for the 5 years preceding the date of the acquisition, as well as its compliance history post-acquisition.

As discussed above in Part I of this order, which addresses the non-viability issue, CSWR-Florida submitted notices of violation, consent decrees, or other regulatory actions issued during the 5 years prior to the date of acquisition, pursuant to Rule 25-30.0371(3)(b)8., F.A.C. Our staff reviewed this information along with DEP records and our prior orders. Our analysis in this section considers this pre-acquisition compliance history, as detailed in Attachment A, as well as the our determination regarding North Peninsula's compliance in its last rate case prior to CSWR-Florida's acquisition, the system's compliance following the Utility's acquisition, and any improvements that the Utility identified pursuant to Rule 25-30.0371(3)(b)10., F.A.C., that may improve compliance with environmental regulations.

Prior to acquisition, North Peninsula had recurring compliance and operational deficiencies, including deficiencies in monitoring and reporting, insufficient certified staffing, deteriorated and improperly maintained WWTP components, deficiencies with groundwater monitoring wells, and excessive odors. In the 2019 order issued in North Peninsula's last rate case before the system was acquired by CSWR-Florida, we determined that the system's condition was not in compliance with DEP as it was under a Consent Order (No. 6 in Attachment A).[31]

Following the acquisition, CSWR-Florida entered into a Consent Order with DEP for the North Peninsula system on April 18, 2023, to address unresolved compliance issues identified in the May 6, 2022 Notice of Violation (No. 10 in Attachment A) that occurred under the prior owner. As discussed above in Part I, which addresses the non-viability issue, CSWR-Florida has been meeting its reporting requirements under the Consent Order and has addressed all identified violations except the WWTP corrosion. The Utility plans to address the remaining issue through replacement of the existing WWTP, which is estimated to cost $4,250,000 and be in service by

[31] Order No. PSC-2019-0461-PAA-SU, filed October 25, 2019, in Docket No. 20180138-SU, *In re: Application for staff-assisted rate case in Volusia County by North Peninsula Utilities Corporation.*

May 30, 2028.[32] Since acquiring the system, CSWR-Florida has also reported three SSOs to DEP.[33]

As part of its petition, CSWR-Florida included a third-party engineering report, from Woodard & Curran, dated April 2022, which evaluated the system and identified six projects deemed necessary and their associated cost of $514,000. In addition, CSWR-Florida identified 5 additional projects based on its own system assessment following acquisition. The projects that have been completed by CSWR-Florida total approximately $702,438 and are listed below.[34]

1. Facility Tanks – Patched leaks and installed temporary tank due to the failure of the concrete package plant used for flow equalization. This project was completed May 1, 2024, and cost $150,428.

2. Aeration Equipment – Made repairs to and replaced damaged air lines, diffusers, blowers, and sludge returns, and installed a sound dampening barrier around the blowers. The sound barrier is to address complaints of excessive noise. These projects were completed May 31, 2023, through June 1, 2024. The total cost of the projects is $167,803.

3. Disinfection System – Repaired chemical feed pump to ensure proper dosage and patched a leak in the chlorine contact chamber. These projects were completed May 31, 2023, February 1, 2024, and April 1, 2024. The total cost is $7,368.

4. Electrical Equipment – Repaired and replaced failed panels, blower timers, pumps, breakers, and placed a temporary generator. These projects were completed January 1, 2024, April 1, 2024, and June 1, 2024. The total cost is $41,046.

5. Monitoring Equipment – Installed remote monitoring equipment on the lift stations, replaced failed meters for sampling, repaired a ground sampling well, and connected equipment to remote monitor. These projects were completed May 31, 2023, April 1, 2024, and July 1, 2024. The total cost for the projects is $67,660.

6. Solids Handling Equipment – Replaced the return active sludge pumps and decant pump in the digester. This project was completed May 31, 2023, and cost $5,045.

7. Rapid Infiltration Basins – Mowed and tilled the rapid infiltration basins (RIBs) and replaced the discharge valve controlling flow from the plant to the RIBs. This project was completed May 1, 2024, and cost $1,239.

8. Collection System – Completed a Closed-Circuit Television inspection to identify damaged lines, repaired those lines, and repaired damaged manhole rings to reduce

[32] Document Nos. 01731-2026 and 02177-2026.
[33] The SSOs occurred on September 30, 2023, April 22, 2024, and December 31, 2024, due to malfunctions of various system components.
[34] Document Nos. 01362-2025, 01731-2026, and 02177-2026.

infiltration and inflow. These projects were completed May 31, 2023, through July 1, 2025. The total cost for these projects is $140,739.

9. Lift Stations – Replaced damaged or poorly performing pumps, repaired discharge lines, repaired pump rails and chains, replaced the level transducers, and repaired electrical and control systems. These projects were completed May 31, 2023, through June 1, 2025. The total cost of the projects is $57,952.

10. Basic Site Cleanup – Removed impacted sludge from treatment basins, removed trash, debris, and vegetation from site, removed vegetation from lift station sites. This project was completed on March 1, 2025, and cost $14,264.

11. Site Safety – Repaired stairs and catwalks, installed eyewash stations, and repaired fences. These projects were completed January 1, 2024, through June 1, 2024. The total cost for these projects is $48,894.[35]

In addition to the projects listed above, and as discussed in the Quality of Service subsection, CSWR-Florida has also implemented an Environmental Management Information System which provides real-time regulatory and permit compliance information, and helps to ensure the system complies with applicable laws and permit limits.

As previously discussed, North Peninsula has had a history of significant regulatory compliance issues prior to acquisition. Although one significant compliance issue remains, CSWR-Florida has committed to a long-term solution through the replacement of its WWTP at a projected cost of $4,250,000. However, North Peninsula's historical violations were not limited to managerial or administrative deficiencies, such as reporting errors or late submissions, but included serious operational and infrastructure-related deficiencies that directly affected the condition, maintenance, and operation of the wastewater system, including equipment deterioration, insufficient certified staffing, permit exceedances, and ongoing treatment plant failures. Given the severity and nature of these violations, we find CSWR-Florida's completed projects and continued investments demonstrate meaningful improvements in regulatory compliance. Therefore, we find that North Peninsula's customers will benefit from the anticipated improvements in regulatory compliance as a result of CSWR-Florida's acquisition, and that this criterion for a positive acquisition adjustment has been met.

C. Cost Efficiencies and Cost of Providing Service

Pursuant to Rule 25-30.0371(3) and 25-30.0371(4), F.A.C., in determining whether the acquired utility customers benefit from the acquisition, we will consider the anticipated impacts on the cost of providing service over the next 5-year period from the date of acquisition, as well as anticipated cost efficiencies, including any economies of scale.

[35] *See* Document Nos. 01362-2025, 01731-2026, and 02177-2026.

Economies of scale means that an entity is able to reduce its overall fixed costs of operations by spreading those costs over additional production units, or customers, while maintaining its fixed cost structure.[36]

According to the Utility's petition, CSWR, LLC (CSWR-Florida's parent company) and CSWR-Florida are part of an affiliate group that currently owns and operates wastewater systems serving approximately 247,000 customers.[37] The affiliate group owns and operates more than 940 water and wastewater plants in 11 states, with 38 of them being in Florida. As a result, the Utility is positioned to achieve cost efficiencies through economies of scale by sharing administrative functions, operational personnel, technical expertise, and other resources across multiple systems. These arrangements may improve operational efficiency, reduce duplicate costs, and help moderate future increases in the cost of providing service.

In addition, CSWR, LLC's operation of multiple utility systems may increase its bargaining power for materials, equipment, and contracted services. By procuring these goods and services on a larger scale, the Utility may achieve lower per-unit costs and reduce expenses that would otherwise be borne by individual systems. Furthermore, the allocation of fixed costs across a larger customer base may improve overall cost efficiency and contribute to long-term rate stability.

In 2021, the final year of operation prior to acquisition by CSWR-Florida, North Peninsula's O&M expense was $255,137. North Peninsula's average O&M expense during the 5-year period preceding the acquisition was $235,612. CSWR-Florida acquired North Peninsula on May 26, 2022. In response to Staff's First Data Request, CSWR-Florida projected an average O&M expense of $194,765 during the first 5 years following the acquisition.[38] Table 2 summarizes North Peninsula's historic and projected O&M expenses.

[36] *See* Order No. PSC-2001-2501-FOF-WU, filed December 21, 2001, in Docket No. 19991666-WU, *Application for amendment of Certificate No. 106-W to add territory in Lake County by Florida Water Services Corporation.*
[37] Document No. 01362-2025.
[38] Document No. 01161-2026.

Table 2
North Peninsula's Actual and Projected O&M Expenses Pre- and Post-Acquisition

Year	O&M Expense	Difference from Previous Year (%)
2017 (Actual)	$221,844	
2018 (Actual)	$238,554	7.53%
2019 (Actual)	$224,859	-5.74%
2020 (Actual)	$237,668	5.70%
2021 (Actual)	$255,137	7.35%
Pre-Acquisition Average	**$235,612**	
2022 (Projected)	$181,600	
2023 (Projected)	$187,956	3.50%
2024 (Projected)	$194,534	3.50%
2025 (Projected)	$201,343	3.50%
2026 (Projected)	$208,390	3.50%
Projected Post-Acquisition Average	**$194,765**	

Source: Document Nos. 01362-2025 and 01161-2026.

The Utility provided the following (post-acquisition) actual operating expenses for the first three years of operations under CSWR-Florida: $308,518, $236,596, and $202,899 respectively.[39] The average actual O&M expense for the first three years of operations was $249,338.

The Utility explained that actual O&M expenses exceeded the post-acquisition pro forma estimates due to unforeseen maintenance and repair expenditures associated with the aging infrastructure, including leaks and equipment failures that were not anticipated at the time the pro forma was prepared.[40] The Utility further states that certain administrative and operational expenses incurred at the CSWR-Florida level are allocated among systems based on customer count. According to the Utility, these shared costs support managerial, technical, operational, and financial services that are provided across multiple systems and would otherwise need to be incurred independently by a stand-alone utility. As a result, CSWR-Florida believes that, through economies of scale, costs incurred by North Peninsula will be less than if they were incurred by the utility on a stand-alone basis.[41]

Although the actual post-acquisition O&M expenses initially exceeded the Utility's projections, expenses show a declining trend each year following the acquisition. Actual post-acquisition O&M expenses decreased by 23.3 percent and 14.2 percent respectively between the first three years. By 2025, North Peninsula's O&M expense had decreased to $202,899, approximately 20.5 percent below the pre-acquisition expense level of $255,137 recorded in

[39] Document No. 02999-2026.
[40] Document No. 03369-2026.
[41] *Id.*

2021 and 4.3 percent above the Utility's projected O&M of $194,534 for year three of operations.

We recognize that a portion of post-acquisition expenses are necessary to address aging infrastructure and improve system operations. We also note that North Peninsula benefits from access to shared managerial, technical, and administrative resources that are distributed across a substantially larger customer base. Based on the Utility's operational structure, anticipated economies of scale, and the declining trend in O&M expenses, we find that customers are anticipated to benefit from cost efficiencies and anticipated improvements in the cost of providing service.

D. Ability to Attract Capital

Rule 25-30.0371(3)(a)5., F.A.C., provides that in determining whether to grant a full or partial positive acquisition adjustment for the acquisition of a non-viable system, we will consider the acquiring utility's ability to attract capital at reasonable costs. Subsection 25-30.0371(3)(b)13., F.A.C., requires an explanation of how the acquiring utility has greater access to capital than the acquired utility, if applicable. As discussed below, we find that North Peninsula benefits from being part of a substantially larger utility that operates numerous water and wastewater systems across multiple states. These economies of scale improve operational efficiencies and increase North Peninsula's ability to attract third-party funding.

As demonstrated in its petition, CSWR-Florida has greater access to capital than North Peninsula through its affiliation with its parent company CSWR, LLC, which has obtained private placement financing through Brookfield Asset Management, Ltd (Brookfield). CSWR-Florida explained that CSWR, LLC secured a $325 million debt facility from Brookfield. For that reason, CSWR-Florida has greater access to debt and equity capital necessary to fund improvements than compared to North Peninsula prior to the acquisition. CSWR-Florida's greater access to capital has enabled it to make the necessary utility improvements in establishing compliance status with DEP requirements. CSWR-Florida explained that although it currently lacks sufficient independent net operating income to directly obtain commercial debt financing using its own creditworthiness, CSWR-Florida anticipates generating sufficient net income to support debt service and obtain commercial debt financing upon conclusion of its pending rate case.[42] CSWR-Florida's goal is to achieve a more balanced capital structure of approximately 50 percent equity and 50 percent debt through the use of non-affiliated commercial debt financing.

Based on our analysis, we find that CSWR-Florida has demonstrated the customers of North Peninsula will benefit from the acquisition through anticipated improvements in the ability to attract capital.

[42] Docket No. 20250052-WS, *In re: Application for increase in water and wastewater rates in Brevard, Citrus, Duval, Highlands, Marion, and Volusia Counties by CSWR-Florida Utility Operating Company, LLC.*

E. Professional and Experienced Managerial, Financial, Technical, and Operational Resources

CSWR, LLC currently owns and operates numerous water and wastewater systems serving thousands of customers. The petition indicates that CSWR-Florida benefits from its affiliation with CSWR, LLC, which is a large multi-state utility organization. CSWR, LLC or its affiliates have received regulatory approvals for utility-related matters in Missouri, Kentucky, Louisiana, Texas, Tennessee, Mississippi, Florida, North Carolina, South Carolina, and Arizona. CSWR, LLC has received more than 290 separate orders from regulators in each of those states that determined it, or its affiliates, have the technical, managerial, and financial qualifications necessary to acquire, own, and operate water and/or wastewater systems. We made a similar determination when we authorized CSWR-Florida to operate several systems in Florida, including North Peninsula.[43]

We find that CSWR-Florida, in conjunction with its parent company, continues to demonstrate that it possesses the managerial, financial, technical, and operational resources to provide water and wastewater services in Florida.

F. Conclusion

We find the customers of North Peninsula will benefit from the acquisition by CSWR-Florida through actual and anticipated improvements in quality of service, regulatory compliance, cost efficiencies, cost of providing service, the ability to attract capital, and the provision of professional and experienced managerial, financial, technical, and operational resources.

IV. Appropriate Amount of Positive Acquisition Adjustment

CSWR-Florida requests that we approve a positive acquisition adjustment of $1,151,182 related to its 2022 purchase of the North Peninsula wastewater system and allow that acquisition adjustment to be amortized over 30 years. The total purchase price for North Peninsula was $1,400,000 for assets with a NBV of $247,528.[44] The purchase price also included $46,403 attributable to land, however, we voted at our September 10, 2026 Agenda Conference to allow CSWR-Florida to recover through its land and land rights accounts in Docket No. 20250052-WS (2025 Rate Case). Deducting the land value recovered by CSWR-Florida in its 2025 Rate Case, the resulting positive acquisition adjustment would be $1,106,069. This information, as well as the percentage difference between the purchase price and NBV and the purchase price as a multiple of NBV are shown in Table 3.

[43] Order No. PSC-2022-0116-PAA-SU.
[44] We note the mathematical difference between the purchase price and the net book value is $1,152,472, which is $1,290 greater than the requested acquisition adjustment.

Table 3
Acquisition Adjustment Summary

Acquired Utility	Purchase Price	Net Book Value	Requested Acquisition Adjustment	Requested Acquisition Adjustment Minus Land Value
North Peninsula	$1,400,000	$247,528	$1,151,182	$1,106,069

Source: Document No. 01739-2025 and our staff's calculations.

An acquisition premium (or discount) in utility regulation is the difference between what a utility pays to acquire another utility and its assets and depreciated original book cost of those assets. When the utility seeks to include that difference in its cost of service, or rate base, it will do so by seeking an acquisition adjustment. Concerning the instant request, the question before us is whether customers or utility investors shall pay for any of the price above NBV, and if so, by what amount.

In general, our regulatory practice starts with a presumption against including acquisition premiums in rates; however, Rule 25-30.0371, F.A.C., affords an exception where clear, measurable ratepayer benefits can be demonstrated as a result of the acquisition.[45] The purpose for this exception was historically to encourage large, sophisticated companies to buy and operate smaller, troubled utilities, to facilitate better quality of service to the utility's customers and improved operation, investment, and maintenance of the utility. Rule 25-30.0371, F.A.C., allows us to grant a full, partial, or no acquisition adjustment.

The information filed in the docket supports a finding that CSWR-Florida shall recover $1,106,069 through a positive acquisition adjustment. First, the North Peninsula system was a non-viable utility at the time of acquisition. Under its previous ownership, North Peninsula was unable to provide safe, adequate, and reliable service, as evidenced by extensive deterioration of treatment facilities, repeated failures of its treatment plant, and a documented pattern of enforcement actions and compliance deficiencies by government regulators.

The transaction to acquire North Peninsula was conducted as an arm's-length purchase between unaffiliated entities, and there is no evidence suggesting the purchase price was influenced by affiliate relationships or other improper considerations. In addition, an adjustment is warranted based on the information received in this case, because customers have benefited and should continue to benefit from the acquisition by CSWR-Florida. Benefits include improved system reliability, enhanced compliance with environmental regulations, staffing and operational expertise, implementation of modern monitoring and management technologies, and improved customer service capabilities. These improvements are both immediate and ongoing, and they directly address the deficiencies that rendered the system non-viable.

[45] *See*, *e.g.*, Order No. PSC-2020-0458-PAA-WS, issued November 23, 2020, in Docket No. 20190170-WS, *In re: Application for transfer of facilities and Certificate Nos. 259-W and 199-S in Broward County from Royal Utility Company to Royal Waterworks, Inc*.

The North Peninsula acquisition is consistent with our understanding of the policy objective underlying Rule 25-30.0371, F.A.C., which is to encourage the consolidation of small, particularly troubled, water and wastewater systems into larger utility organizations. Approval of the full acquisition adjustment, minus the land value already recovered in Docket No. 20250052-WS, is consistent with this objective and will further encourage the acquisition and consolidation of such systems. Finally, based on the most recent assumed customer and cost data filed in the docket, a positive acquisition adjustment of $1,106,069 for North Peninsula will result in a bill impact of $0.48 per CSWR-Florida customer each month over a 30-year period on a consolidated basis.[46] This represents a minimal additional cost to customers. For these reasons, we find that a full positive acquisition adjustment, minus the land value already recovered by the Utility, is warranted.

Based on the foregoing, we approve a positive acquisition adjustment of $1,106,069 for CSWR-Florida's acquisition of the North Peninsula wastewater system. This amount represents CSWR-Florida's full requested acquisition adjustment, minus the land value recovered by the Utility in the 2025 Rate Case. The land value will be excluded from the positive acquisition adjustment to avoid double recovery.

We emphasize that future recovery of any unamortized acquisition adjustment remains subject to our review if anticipated customer benefits do not materialize. Rule 25-30.0371(6), F.A.C., states: "[n]othing herein removes the Commission's existing authority to review a positive acquisition adjustment if the Commission finds that customer benefits did not materialize or subsequently improve within 5 years of the date of the order approving the positive acquisition adjustment." Accordingly, if the projected customer benefits are not realized, we retain the authority to re-evaluate the acquisition adjustment and, if warranted, rescind recovery of any remaining unamortized amount.

V. Appropriate Amortization Period

Under Rule 25-30.0371(5), F.A.C., we determine the amortization period for all acquisition adjustments. In this instance, and pursuant to Rule 25-30.0371(5), F.A.C., amortization will begin on the date of issuance of the order approving the acquisition adjustment or on the date the sale closes, whichever occurs last. In its petition, the Utility requested an amortization period of 30 years. This amortization period was formulated based on the Utility's belief that 30 years aligns with the average lifespan of a wastewater system. Further, spreading the acquisition over a longer period will lessen the rate impact relative to a shorter period. We concur in this assessment, and thus, find that the 30-year amortization period is reasonable. Pursuant to Rule 25-30.0371(5), F.A.C., the amortization period shall begin on the date of issuance of the final order approving the acquisition adjustment.

[46] Document No. 03772-2026 and staff calculations.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that CSWR-Florida Utility Operating Company, LLC's petition for an acquisition adjustment for its acquisition of the North Peninsula Utilities Corporation is approved as set forth above. It is further

ORDERED that the Utility's full requested acquisition adjustment (minus the amount CSWR-Florida recovered from land value in Docket 20250052-WS) of $1,106,069, is approved. Further, we reserve the right to exercise our existing authority under Rule 25-30.0371(6), F.A.C., to revisit the North Peninsula acquisition adjustment if we find that customer benefits did not materialize or subsequently improve within 5 years of this order. It is further

ORDERED that the amortization period for the positive acquisition adjustment shall be 30 years. This period shall begin on the date of issuance of the final order approving the acquisition adjustment. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket shall be closed upon the issuance of a consummating order.

By ORDER of the Florida Public Service Commission this 29th day of October, 2026.

ADAM TEITZMAN
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

ZB

DISSENT

Chairman Smith respectfully dissents with the Commission's decision to approve CSWR-Florida's acquisition adjustment.

CHAIRMAN SMITH, dissenting with a separate opinion, as follows:

Consistent with the dissent in Order No. PSC-2025-0250-PCO-WS, the Commission should not approve CSWR-Florida's requested acquisition adjustment for the North Peninsula Utilities Corporation wastewater system (North Peninsula).

The Commission approved the transfer of North Peninsula to CSWR-Florida, but denied the requested positive acquisition adjustment in 2022.[47] The Commission denied the positive acquisition adjustment based on a previous version of Rule 25-30.0371, Florida Administrative Code (F.A.C.), in effect at the time of the transfer. The rule subsequently was amended on June 17, 2024, several years after CSWR-Florida initially came before the Commission with its transfer application. CSWR-Florida is asking the Commission to apply the amended version of Rule 25-30.0371, F.A.C., to a system transfer that became final in 2022. The current version of Rule 25-30.0371, F.A.C., does not contain express language signaling it should apply retroactively.

[47] Order No. PSC-2022-0116-PAA-SU, issued March 17, 2022, in Docket No. 20210133-SU, *In re: Application for transfer of facilities of North Peninsula Utilities Corporation and wastewater Certificate No. 249-S to CSWR-Florida Utility Operating Company, LLC, in Volusia County.*

The Commission does not have the authority to apply the newly amended version of Rule 25-30.0371, F.A.C., to CSWR-Florida's petitions. Florida statute and case law, in addition to federal case law, demonstrate that government agency rules generally apply prospectively, not retroactively.[48] Section 120.54(1)(f), Florida Statutes (F.S.), states "an agency may not adopt retroactive rules, including retroactive rules intended to clarify existing law, unless that power is expressly authorized by statute." Florida and federal case law expand upon this principle, opining that new or edited rules that clarify an existing rule must not establish new substantive requirements.[49] Absent statutory authority, new or amended rules apply retroactively only when they effect a change in legal procedure.[50] Accordingly, new or revised rules do not apply to legal matters arising before the rule change unless retroactive application is expressly authorized by the enabling statute or the changes effectuated by the rule are merely procedural. Because the amendments to the existing rule were substantive rather than procedural, they cannot be applied retroactively on the basis that they constitute procedural changes. Further, as stated above, the rule does not contain express language allowing retroactive application. For these reasons, the current version of Rule 25-30.0371, F.A.C., should not be applied retroactively to the North Peninsula acquisition adjustments. Instead, the prior version of Rule 25-30.0371, F.A.C., should have been applied to this petition, under which we previously determined that CSWR-Florida was ineligible for an acquisition adjustment.

Moreover, nothing herein should be construed as a lack of support for the Commission's amendments to Rule 25-30.0371, F.A.C. The previous version of the rule required utilities to overcome steep hurdles in requesting positive acquisition adjustments, necessitating a utility company to make its application at the time of transfer and demonstrating extraordinary circumstances in support of its request. The amended version of the rule provides greater flexibility in allowing a utility to request a positive acquisition adjustment either at the time of transfer or within 3 years of the order approving the transfer. Further, the amended rule provides greater clarity to a utility regarding the kind of information it needs to present in support of its request for a positive acquisition adjustment. The Commission approved the current version of Rule 25-30.0371, F.A.C., to encourage utility companies to acquire and repair non-viable water and wastewater utilities.

Specifically, this dissent from the majority's decision rests on legal, rather than policy, grounds. Applications that were not previously filed under the prior version of Rule 25-30.0371, F.A.C., will be evaluated under the current version of the rule, consistent with the Commission's policy of encouraging the acquisition and consolidation of utilities.

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[48] *See*, *e.g.*, Section 120.54(f), F.S.; *Bowen v. Georgetown Univ. Hosp.*, 488 U.S. 204 (1988); *Jordan v. Dept. of Prof. Reg.*, 522 So. 2d 450, 453 (Fla. 1st DCA 1988).
[49] *See*, *e.g.*, *Smiley v. Citibank (S. Dakota), N.A.*, 517 U.S. 735 (1996); *Envtl. Trust v. Dept, of Envtl. Prot.*, 714 So. 2d 493, 500 (Fla. 1st DCA 1998).
[50] *See*, *e.g.*, *Landgraf v. USI Film Products*, 511 U.S. 244, 275 (1994); *Jordan v. Dept. of Prof. Reg.* at 454 (citing *Upjohn Healthcare Services v. Dept. of Health and Rehabilitative Services*, 496 So.2d 147 (Fla. 1st DCA 1986)).

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on November 19, 2026.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Attachment A
North Peninsula's Compliance History (2017 - 2022)

A chronology and summary of North Peninsula's regulatory compliance history is provided below.

1. March 7, 2017 – The Florida Department of Environmental Protection (DEP) Wastewater Treatment Plant (WWTP) Inspection and resulting Compliance Assistance Offer, dated May 2, 2017.

    a. Current Reduced Pressure Zone certification was not onsite and multiple Discharge Monitoring Reports contained reporting/recording errors.

    b. Current flow calibration was not onsite.

    c. Repeated Fecal Coliform (FC) exceedances of greater than 800 FC per 100 milliliters (mL) of sample. FC annual averages exceeding the 200 FC Count per mL from April 2016 through December 2016.

    d. Fence around the effluent ponds was in disrepair and does not fully enclose the area.

2. October 13, 2017 – DEP warning letter issued for failure to respond within the required timeframe regarding pond fencing (No. 1d).

3. March 13, 2018 – DEP Request for Additional Information regarding an incomplete WWTP permit renewal application.

    a. Provide an action plan with a completion schedule to resolve the corrosion and maintenance issues and an assessment of replacement dates for each metal plant.

    b. Provide the backflow prevention certification and biosolids transporter contract.

    c. Provide an explanation and a revision to the operation and maintenance documents to address failure to submit the required groundwater monitoring reports.

    d. Provide a report on the findings of the Infiltration and Inflow assessment.

4. May 3, 2018 – DEP reminder letter for the March 13, 2018, Request for Additional Information as responses were 45 days past due.

5. July 27, 2018 – DEP Consent Order.

    a. Failure to properly maintain the facility including damaged WWTP components, an inoperable traveling bridge at Plant No. 3, and potential failure of the combined facility's splitter box.

b. Failure to submit groundwater monitoring reports for the 3rd and 4th quarter of 2017.

c. Failure to monitor the wells for sodium, a required parameter in the permit.

d. Failure to properly address chloride exceedances in the monitoring wells.

6. October 25, 2019 – In North Peninsula's last rate case before the system was acquired by CSWR-Florida, the Commission determined that the system's condition was not in compliance with DEP as it was under the Consent Order listed above (No. 5).[51]

7. September 17, 2020 – September 18, 2020, Volusia County Environmental Management Department Inspection.

   a. Insufficient staffing by an appropriately certified operator.

   b. Leak in the potable water line.

   c. Steel influent splitter box was severely deteriorated.

   d. Both rapid infiltration basins (RIBs) contained excessive solids and vegetation, and the facility was also overgrown with vegetation.

   e. Plant No. 1's digester tank on the east side had a significant bow that needed to be addressed.

   f. Plant No. 2's interior steel showed significant deterioration, and the catwalk had holes rusted through in some sections.

8. April 14, 2021 – DEP WWTP Inspection and resulting Warning Letter, dated April 28, 2021.

   a. Insufficient staffing by an appropriately certified operator.

   b. Excessive odors beyond the boundaries of the WWTP.

   c. RIB at the effluent reuse area contained excessive vegetation.

9. August 17, 2021 – DEP Consent Order.

   a. Failure to complete the "Improvement Action" listed in the current permit by the "Completion Date" of December 31, 2018, which included adding concrete pads

[51] Order No. PSC-2019-0461-PAA-SU, filed October 25, 2019, in Docket No. 20180138-SU, *In re: Application for staff-assisted rate case in Volusia County by North Peninsula Utilities Corporation.*

around monitoring wells, repairing or replacing risers, removing vegetation in the well area, providing locked well caps, and labeling the wells.

b. Failure to address significant corrosion issues noted in both the internal and external walls of steel for Plant Nos. 1 and 3, and the master lift station pump.

c. Excessive odors beyond the boundaries of the facility during complaint inspections conducted on June 12, 2020, and April 14, 2021.

d. Lack of operation time found in the logbook during an inspection conducted on April 14, 2021.

e. Facility effluent disposal area had excessive vegetation during a complaint inspection conducted on April 14, 2021.

10. May 6, 2022 – DEP Notice of Violation – Uncorrected Consent Order Violations.

a. Failure to maintain the vegetation in the RIBs.

b. Failure to address corrosion issues noted in both the internal and external walls of Plant Nos. 1 and 3 and bowing at the northeast end of Plant No. 1.

c. Failure to review and add concrete pads around groundwater monitoring wells as needed, repair or replace risers, remove vegetation in the well area, provide locked well caps, and label the wells.

d. Insufficient staffing by an appropriately certified operator.

e. Failure to control foul odor emanating from the facility.

11. May 26, 2022 – CSWR-Florida acquired North Peninsula.