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February 27, 2026

VIA ELECTRONIC FILING

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

Re: New Docket No. 2026 _____
Petition to Establish Rate Base Value of Acquired System Using Alternative
Procedure by Sunshine Water Services Company

Dear Mr. Teitzman:

Attached for filing on behalf of Sunshine Water Services Company is the Direct
Testimony of Dante DeStefano and Exhibit DD-1.

Thank you for your assistance with this matter.

(Document 3 of 8)

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Wahlen', with a long horizontal flourish extending to the right.

J. Jeffry Wahlen

JJW/dk
Attachments

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED DIRECT TESTIMONY**

3 **OF**

4 **DANTE DeSTEFANO**

5
6 **Q.** Please state your name, address, occupation and employer.

7
8 **A.** My name is Dante DeStefano, and I am Director of
9 Regulatory Affairs for Nexus Water Group, Inc. ("NWG"),
10 a holding company that indirectly owns Sunshine Water
11 Services Company ("SWS" or the "Company"). My business
12 address is 500 W. Monroe Street, Suite 3600, Chicago,
13 Illinois 60661-3779.

14
15 **Q.** Please describe your duties and responsibilities as
16 Director, Regulatory Affairs.

17
18 **A.** I am responsible for leading regulatory processes and
19 compliance in North Carolina, South Carolina, and Florida
20 for NWG. This includes managing rate filings, tariff
21 maintenance, annual reports, and other regulatory
22 activity for these jurisdictions.

23
24 **Q.** Please provide a brief outline of your educational
25 background and business experience.

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A. I have been employed by NWG since October 2018. I graduated from Rutgers University with a Major in Accounting and am a Certified Public Accountant in the State of New Jersey. Prior to joining NWG, I was employed by American Water for 10 years - first as a Senior Accountant in the Accounting Department for two years, then in the Rates and Regulatory Department for eight years. During my last eight years with American Water, my duties consisted of preparing and assisting in regulatory filings and related activities for the Eastern Division. My responsibilities included preparing work papers and exhibits, providing testimony in support of rate applications and other regulatory filings, and addressing rate and tariff related matters. I also assisted with preparation of multi-year budgets and other budget modeling responsibilities.

Q. What are the purposes of your prepared direct testimony in this proceeding?

A. The purposes of my direct testimony are to: (1) provide support and explanation for required exhibits per Section 367.0811, Florida Statutes, ("FMV Statute") for the Company's Fair Market Value ("FMV") Petition ("Petition")

1 to acquire Placid Lakes Utilities Inc. ("Placid Lakes");
2 and (2) provide support and explanation for exhibits
3 required by Rule 25-30.0372, Florida Administrative
4 Code("FMV Rule").

5
6 **Q.** Have you prepared an exhibit to accompany your prepared
7 direct testimony?

8
9 **A.** Yes. Exhibit No. DD-1, entitled "Exhibit of Dante
10 DeStefano," was prepared by me or under my direction and
11 supervision. The contents of my exhibit were derived from
12 the business records of the Company and are true and
13 correct to the best of my information and belief. My
14 exhibit consists of two documents as follows:

15
16 Document No. 1 5-Year Rate Impact (Petition Exhibit D)

17 Document No. 2 Journal Entries (Petition Exhibit E)

18
19 **I. Statutory Requirements - Rate Impacts**

20 **Q.** Section 367.0811(5)(e), Florida Statutes, requires the
21 acquiring utility to provide a 5-year rate impact analysis
22 for the acquired entity. Has SWS prepared this analysis for
23 its proposed acquisition of Placid Lakes?

24
25 **A.** Yes. Document No. 1 of my exhibit (Petition Exhibit D)

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details the projected tariff rates for Placid Lakes should the system be acquired by SWS and have its next base rate change included with a 2027 Test Year rate case for SWS. SWS represents that the impacts to Placid Lakes customers demonstrate a substantial mitigation of potential increases. 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. It is important to note that this impact includes an estimated \$2.38 million in capital investment.

SWS separately calculated what a stand-alone revenue increase would be for Placid Lakes should they not be acquired and included in SWS's consolidated water and sewer revenue requirements. Please see the table below for the estimated consolidated water and sewer revenue increases in the 2027 Test Year case, compared to stand-alone Placid Lakes and SWS rate cases using the same Test Year inputs.

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	Consol. Revenue Increase		PLU Stand-Alone Revenue Increase		SWS Stand-Alone Revenue Increase	
	W	WW	W	WW	W	WW
Op. Income	\$ 9,430,237	\$15,474,284	\$ 113,533	\$ 65,285	\$9,292,195	\$15,394,906
Expense	\$22,539,159	\$28,691,567	\$ 955,135	\$ 49,887	\$21,694,766	\$28,642,564
Revenue	\$(30,556,759)	\$(41,803,588)	\$(977,132)	\$(40,606)	(29,579,627)	(41,762,982)
Op. Deficiency	\$ 1,412,637	\$ 2,362,263	91,536	74,567	\$ 1,407,334	\$ 2,274,488
Revenue Factor	1.40261	1.40261	1.40261	1.40261	1.40261	1.40261
Rev. Increase	\$ 1,981,382	\$ 3,313,340	128,390	104,588	\$ 1,973,945	\$ 3,190,225
% Increase	6.48%	7.93%	13.14%	257.57%	6.67%	7.64%

As illustrated here, Placid Lakes customers would benefit substantially from the acquisition and consolidation with SWS relative to a stand-alone status, and SWS customers are minimally impacted by the potential consolidation. This is an ideal outcome for the acquisition of a struggling system in need of substantial investment and the sound operational management for the long-term that SWS can provide.

- Q.** Do these rate impacts include the proposed Placid Lakes rate base and any identified operational efficiencies, per the FMV Statute?
- A.** Yes. SWS believes it can support the operations of the Placid Lakes systems with three operating personnel and the existing SWS management and administrative teams, eliminating incremental salaries and benefits costs currently incurred by Placid Lakes. The estimated annual savings of \$139,951 would be realized immediately upon

1 acquisition by SWS. The Placid Lakes rate base included for
2 the rate calculations includes the proposed rate base of
3 \$5.75 million, plus recommended capital improvements
4 identified by Witness Magro in his engineering assessment
5 and a proposed AMI installation project contemplated by
6 SWS.

7
8 **Q.** Is the Company providing a rate stabilization plan in its
9 Petition?

10
11 **A.** As noted above and presented in Document No. 1 of my exhibit
12 (Petition Exhibit D), SWS anticipates that acquisition and
13 consolidation of Placid Lakes into SWS's existing revenue
14 requirements would mitigate "significant individual
15 increases in rates" over the estimated 2026-2030 period, as
16 defined in Rule 25-30.0372(3)(f), Florida Administrative
17 Code. Therefore, SWS's plan to stabilize rates amounts to
18 the presentation provided in Document No. 1 of my exhibit
19 (Petition Exhibit D).

20
21 **II. CPVRR**

22 **Q.** Has the Company completed and provided the Florida Public
23 Service Commission's ("Commission") "Water and/or
24 Wastewater Cumulative Present Value of the Revenue
25 Requirement for Alternate Rate Base Worksheet" ("CPVRR")

1 with its petition?

2

3 **A.** Yes. The analysis required by Rule 25-30.0372(3)(c),
4 Florida Administrative Code, is included as Schedules 1 and
5 2 to Document No. 1 of my exhibit (Petition Exhibit D).
6 Schedule 1 is for Water and Schedule 2 is for Wastewater.
7 These schedules show the calculations for the Acquired
8 Utility (Placid Lakes) and Acquiring Utility (SWS) based on
9 various assumptions applied to 2024 Annual Report data.

10

11 **Q.** What assumptions are reflected in these schedules?

12

13 **A.** These schedules present data that includes the following
14 assumptions applied for the 2026-2030 projections:

- 15 1) customer growth equal to 2024 customer count changes,
16 2) O&M and tax expense increases consistent with the 2025
17 index rate per the Commission,
18 3) split of the acquisition price of \$5.75 million based on
19 2024 book rate base for Placid Lakes,
20 4) operational savings noted above split based on
21 water/wastewater revenues,
22 5) discount rates based on the most recent authorized
23 weighted average cost of capital for the entities,
24 6) composite depreciation rates based on authorized rates
25 applied to 2024 reported plant and CIAC balances,

1 7) continued use of annual index filings by the entities in
2 non-rate case years,
3 8) inclusion of additional SWS wastewater revenues per the
4 pending Limited Proceeding filing, and
5 9) inclusion of capital improvements per Witness Magro and
6 the Company's anticipated AMI installation post-closing.
7

8 I believe these assumptions are reasonable for use in this
9 proceeding.
10

11 **Q.** What conclusions does the Company draw from the CPVRR
12 Exhibit?
13

14 **A.** While caveating that these analyses include several
15 assumptions across a 5-year period that may not materialize
16 precisely as shown, the Company believes that, in
17 combination with the above analysis of rate impacts, the
18 CPVRR shows mitigated impacts to Placid Lakes customer
19 rates for both water and wastewater and minimal impacts to
20 SWS customers when incorporating the Placid Lakes systems,
21 inclusive of the proposed rate base and over \$2.38 million
22 of capital improvements needed in the next 5 years.
23

24 The Company also prepared a similar CPVRR analysis for
25 Placid Lakes water and wastewater, Schedule 3 to Document

1 No. 1 of my exhibit (Petition Exhibit D) highlights a worse
2 CPVRR 5-year outcome for Placid Lakes on a stand-alone
3 basis. Again, coupled with the rate impact comparison
4 discussed above, the Company believes its acquisition and
5 potential consolidation of Placid Lakes with and into SWS
6 will be a substantial benefit to Placid Lakes customers
7 with a minimal effect on existing SWS customers.
8

9 **III. Additional FMV Rule Requirements**

10 **Q.** Has the Company provided proposed closing journal entries
11 as required per Rule 25-30.0372(3)(e), Florida
12 Administrative Code?
13

14 **A.** Yes. Document No. 2 of my exhibit (Petition Exhibit E)
15 reflects the company's anticipated closing entries to
16 record the proposed rate base for Placid Lakes. In
17 accordance with ASC 805-50-30-1, the total consideration
18 transferred for the acquisition of Placid Lakes is
19 allocated to the acquired assets on a relative fair value
20 basis, and no goodwill or acquisition adjustment is
21 recognized. Transaction costs are capitalized as part of
22 the cost of the acquired assets, consistent with ASC
23 805-50-30-1.
24

25 **Q.** Has the Company provided proposed base facilities

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charges, volumetric charges, and billing determinants for the 5-year CPVRR and rate impact period, Rule 25-30.0372(3)(d), Florida Administrative Code?

A. Yes. This information is included in Schedule 4 of Document No. 1 of my exhibit (Petition Exhibit D) and shows detailed revenue calculations for Placid Lakes, starting with 2024 data and estimating billing determinants, tariff charges, and rate impacts for the 5-year period ending 2030.

IV. Conclusion

Q. Please summarize your prepared direct testimony.

A. Granting SWS's FMV Petition will promote consolidation efforts with water and wastewater utility systems in the state of Florida, provide economies of scale from a cost recovery perspective not otherwise available to Placid Lakes systems, lower Placid Lakes operating costs, upgrade utility infrastructure, and improve overall quality of service for Placid Lake's customers.

Q. Does this conclude your prepared direct testimony?

A. Yes, it does.

EXHIBIT

OF

DANTE DESTEFANO

Table of Contents

DOCUMENT NO.	TITLE	PAGE
1	5-Year Rate Impact (Petition Exhibit D)	13
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SUNSHINE WATER SERVICES COMPANY
 FAIR MARKET VALUE PETITION
 CPVRR - WATER

Exhibit D
 Schedule 1

WATER CUMULATIVE PRESENT VALUE OF THE REVENUE REQUIREMENTS
 FOR ALTERNATE RATE BASE WORKSHEET

Discount Rate / WACC		6.33%								
Start Date		1/1/2025		Acquired Utility						
Acquisition Date		1/1/2026								
	Escalation Rate	Beginning Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Nominal Total	5-year CPVRR	
Discount Rate			0.94047	0.88448	0.83183	0.78231	0.73573			
Revenue Requirements										
Operations and Maintenance ¹	2.23%	\$710,052	\$583,948	\$596,970	\$610,283	\$623,892	\$637,805	\$3,052,899	\$2,542,173	
Depreciation and Amortization ²	0.00%	\$91,833	\$74,353	\$95,720	\$119,730	\$122,371	\$122,371	\$534,545	\$439,948	
Taxes Other Than Income	2.23%	\$100,198	\$102,432	\$104,717	\$107,052	\$109,439	\$111,880	\$535,520	\$445,931	
Interest Expense ³	0.00%	\$18,080	\$6,969	\$18,138	\$18,411	\$17,155	\$15,899	\$76,573	\$63,030	
Return on Equity ⁴	0.00%	\$12,484	\$35,102	\$91,365	\$92,741	\$86,414	\$80,086	\$385,709	\$317,492	
Income Tax ⁵	0.00%	(\$575)	\$32,556	\$11,915	\$7,328	(\$26,181)	(\$23,931)	\$1,686	\$9,163	
System Impact ⁶	0.00%	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Revenue Requirements		\$932,072	\$835,360	\$918,826	\$955,546	\$933,090	\$944,110	\$4,586,932	\$3,817,738	
(Revenue from Customers) ⁷		(\$917,031)	(\$931,255)	(\$953,921)	(\$977,132)	(\$855,973)	(\$873,619)	(\$4,591,899)	(\$3,844,728)	
Net Customer (Savings)/Cost⁸		\$15,041	(\$95,895)	(\$35,095)	(\$21,586)	\$77,118	\$70,491	(\$4,967)	(\$26,990)	

Cost Adjustments - Acquired Utility					
Year 1	Year 2	Year 3	Year 4	Year 5	
(\$141,938)	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0

Discount Rate / WACC		7.70%								
Start Date		1/1/2025		Acquiring Utility						
Acquisition Date		1/1/2026								
	Escalation Rate	Beginning Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Nominal Total	5-year CPVRR	
Discount Rate			0.92854	0.86218	0.80056	0.74335	0.69023			
Revenue Requirements										
Operations and Maintenance ¹	2.23%	\$13,513,005	\$13,814,345	\$14,122,405	\$14,437,335	\$14,759,287	\$15,088,419	\$72,221,791	\$57,946,927	
Depreciation and Amortization ²	0.00%	\$2,743,289	\$4,678,809	\$5,020,840	\$5,627,006	\$6,021,889	\$6,322,846	\$27,671,390	\$22,018,659	
Taxes Other Than Income	2.23%	\$1,972,957	\$2,016,954	\$2,061,932	\$2,107,913	\$2,154,920	\$2,202,974	\$10,544,693	\$8,460,501	
Interest Expense ³	0.00%	\$2,075,185	\$2,438,547	\$2,628,940	\$3,085,402	\$2,923,780	\$3,217,006	\$14,293,675	\$11,394,816	
Return on Equity ⁴	0.00%	\$3,835,334	\$4,506,896	\$4,858,777	\$5,702,405	\$5,403,697	\$5,945,635	\$26,417,409	\$21,059,770	
Income Tax ⁵	0.00%	\$579,202	\$50,834	(\$84,872)	(\$477,488)	\$36,301	(\$151,305)	(\$626,529)	(\$485,683)	
System Impact ⁶	0.00%	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Acquisition Cost ⁷	0.00%	-	\$529,886	\$516,703	\$503,520	\$490,336	\$477,153	\$2,517,598	\$2,034,444	
Total Revenue Requirements		\$24,718,973	\$28,036,272	\$29,124,725	\$30,986,092	\$31,790,209	\$33,102,729	\$153,040,027	\$122,429,435	
(Revenue from Customers) ⁸		(\$22,214,354)	(\$28,186,007)	(\$28,874,731)	(\$29,579,627)	(\$31,897,136)	(\$32,657,053)	(\$151,194,554)	(\$120,998,832)	
Net Customer (Savings)/Cost⁹		\$2,504,619	(\$149,735)	\$249,994	\$1,406,465	(\$106,926)	\$445,676	\$1,845,473	\$1,430,603	

Cost Adjustments - Acquiring Utility					
Year 1	Year 2	Year 3	Year 4	Year 5	
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0

Combined Net Customer (Savings)/Cost	\$2,519,660	(\$245,630)	\$214,899	\$1,384,879	(\$29,809)	\$516,167	\$1,840,506	\$1,403,613
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¹Represents estimated Operations and Maintenance Expense for operating the system.
²Depreciation and Amortization Expense associated with the assets and system capital expenditures.
³Interest expense assumes weighted cost of debt and debt-to-investor capital ratio excluding any interest expense (if applicable) related to the acquisition.
⁴Return on equity assumes cost of equity and equity-to-investor capital ratio excluding any return (if applicable) related to the acquisition.
⁵Income tax assumes blended state and federal tax rate.
⁶Fixed costs and capital needed to serve the system.
⁷Capital costs related to the acquisition.
⁸Revenue from customers at forecasted rates.
⁹Revenue requirements netted against revenue from customers.

SUNSHINE WATER SERVICES COMPANY
 FAIR MARKET VALUE PETITION
 CPVRR - WASTEWATER

Exhibit D
 Schedule 2

WASTEWATER CUMULATIVE PRESENT VALUE OF THE REVENUE REQUIREMENTS
 FOR ALTERNATE RATE BASE WORKSHEET

Discount Rate / WACC		6.33%		Acquired Utility						
Start Date	1/1/2025									
Acquisition Date	1/1/2026									
	Escalation Rate	Beginning Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Nominal Total	5-year CPVRR	
Discount Rate			0.94047	0.88448	0.83183	0.78231	0.73573			
Revenue Requirements										
Operations and Maintenance ¹	2.23%	\$36,516	\$36,196	\$37,003	\$37,828	\$38,672	\$39,534	\$189,234	\$157,577	
Depreciation and Amortization ²	0.00%	\$1,213	\$3,336	\$14,212	\$35,724	\$46,361	\$46,361	\$145,994	\$115,802	
Taxes Other Than Income	2.23%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Interest Expense ³	0.00%	\$0	\$284	\$5,606	\$10,587	\$10,111	\$9,635	\$36,224	\$29,031	
Return on Equity ⁴	0.00%	\$0	\$1,429	\$28,238	\$53,329	\$50,932	\$48,535	\$182,463	\$146,234	
Income Tax ⁵	0.00%	\$0	(\$162)	(\$11,267)	(\$24,550)	(\$32,184)	(\$31,633)	(\$99,796)	(\$78,990)	
System Impact ⁶	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Revenue Requirements		\$37,728	\$41,083	\$73,792	\$112,919	\$113,893	\$112,432	\$454,119	\$369,653	
(Revenue from Customers) ⁷		(\$34,909)	(\$40,606)	(\$40,606)	(\$40,606)	(\$19,094)	(\$19,255)	(\$160,166)	(\$136,984)	
Net Customer (Savings)/Cost⁸		\$2,819	\$477	\$33,187	\$72,313	\$94,799	\$93,177	\$293,953	\$232,669	

Cost Adjustments - Acquired Utility					
Year 1	Year 2	Year 3	Year 4	Year 5	
(\$1,134)	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0

Discount Rate / WACC		7.70%		Acquiring Utility						
Start Date	1/1/2025									
Acquisition Date	1/1/2026									
	Escalation Rate	Beginning Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Nominal Total	5-year CPVRR	
Discount Rate			0.92854	0.86218	0.80056	0.74335	0.69023			
Revenue Requirements										
Operations and Maintenance ¹	2.23%	\$15,820,112	\$16,172,900	\$16,533,556	\$16,902,254	\$17,279,175	\$17,664,500	\$84,552,386	\$67,840,342	
Depreciation and Amortization ²	0.00%	\$5,935,937	\$7,949,374	\$8,626,126	\$9,827,084	\$10,722,949	\$11,325,873	\$48,451,406	\$38,474,092	
Taxes Other Than Income	2.23%	\$2,512,991	\$2,569,031	\$2,626,320	\$2,684,887	\$2,744,760	\$2,805,968	\$13,430,966	\$10,776,293	
Interest Expense ³	0.00%	\$3,236,556	\$4,163,780	\$4,528,185	\$5,399,285	\$5,267,183	\$5,675,454	\$25,033,888	\$19,925,516	
Return on Equity ⁴	0.00%	\$5,981,767	\$7,695,452	\$8,368,941	\$9,978,898	\$9,734,748	\$10,489,311	\$46,267,349	\$36,826,114	
Income Tax ⁵	0.00%	\$541,328	(\$832,818)	\$12,705	(\$71,661)	(\$7,356)	(\$286,701)	(\$1,885,830)	(\$1,583,467)	
System Impact ⁶	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Acquisition Cost ⁷	0.00%	\$0	\$15,997	\$15,599	\$15,201	\$14,803	\$14,405	\$76,005	\$61,419	
Total Revenue Requirements		\$34,028,691	\$37,733,717	\$40,711,433	\$44,035,949	\$45,756,262	\$47,688,811	\$215,926,171	\$172,320,308	
(Revenue from Customers) ⁸		(\$29,066,868)	(\$35,280,609)	(\$40,748,856)	(\$41,762,982)	(\$45,734,595)	(\$46,844,319)	(\$210,371,361)	(\$167,656,125)	
Net Customer (Savings)/Cost⁹		\$4,961,823	\$2,453,107	(\$37,423)	\$2,272,967	\$21,667	\$844,492	\$5,554,810	\$4,664,184	

Cost Adjustments - Acquiring Utility					
Year 1	Year 2	Year 3	Year 4	Year 5	
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0

Combined Net Customer (Savings)/Cost	\$4,964,642	\$2,453,585	(\$4,237)	\$2,345,280	\$116,466	\$937,670	\$5,848,763	\$4,896,853
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¹Represents estimated Operations and Maintenance Expense for operating the system.
²Depreciation and Amortization Expense associated with the assets and system capital expenditures.
³Interest expense assumes weighted cost of debt and debt-to-investor capital ratio excluding any interest expense (if applicable) related to the acquisition.
⁴Return on equity assumes cost of equity and equity-to-investor capital ratio excluding any return (if applicable) related to the acquisition.
⁵Income tax assumes blended state and federal tax rate.
⁶Fixed costs and capital needed to serve the system.
⁷Capital costs related to the acquisition.
⁸Revenue from customers at forecasted rates.
⁹Revenue requirements netted against revenue from customers.

SUNSHINE WATER SERVICES COMPANY
FAIR MARKET VALUE PETITION
CPVRR - PLACID LAKES STAND-ALONE

Exhibit D
Schedule 3

WATER CUMULATIVE PRESENT VALUE OF THE REVENUE REQUIREMENTS
FOR ALTERNATE RATE BASE WORKSHEET

Discount Rate / WACC		6.33%	Acquired Utility - Stand Alone (Water)						
Start Date		1/1/2025							
Acquisition Date		1/1/2026							
	Escalation Rate	Beginning Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Nominal Total	5-year CPVRR
Discount Rate			0.94047	0.88448	0.83183	0.78231	0.73573		
Revenue Requirements									
Operations and Maintenance ¹	2.23%	\$710,052	\$725,886	\$742,073	\$758,622	\$775,539	\$792,833	\$3,794,954	\$3,160,087
Depreciation and Amortization ²	0.00%	\$91,833	\$74,353	\$95,720	\$119,730	\$122,371	\$122,371	\$534,545	\$439,948
Taxes Other Than Income	2.23%	\$100,198	\$102,432	\$104,717	\$107,052	\$109,439	\$111,880	\$535,520	\$445,931
Interest Expense ³	0.00%	\$18,080	\$6,969	\$18,138	\$18,411	\$17,155	\$15,899	\$76,573	\$63,030
Return on Equity ⁴	0.00%	\$12,484	\$35,102	\$91,365	\$92,741	\$86,414	\$80,086	\$385,709	\$317,492
Income Tax ⁵	0.00%	(\$575)	(\$3,418)	(\$24,862)	(\$30,268)	(\$1,368)	\$2,617	(\$57,299)	(\$49,527)
System Impact ⁶	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue Requirements		\$932,072	\$941,324	\$1,027,152	\$1,066,288	\$1,109,551	\$1,125,686	\$5,270,001	\$4,376,962
(Revenue from Customers) ⁷		(\$917,031)	(\$931,255)	(\$953,921)	(\$977,132)	(\$1,105,522)	(\$1,133,394)	(\$5,101,223)	(\$4,231,077)
Net Customer (Savings)/Cost⁸		\$15,041	\$10,069	\$73,232	\$89,156	\$4,029	(\$7,708)	\$168,778	\$145,885

Cost Adjustments - Acquired Utility					
Year 1	Year 2	Year 3	Year 4	Year 5	
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0

Discount Rate / WACC		6.33%	Acquired Utility - Stand Alone (Wastewater)						
Start Date		1/1/2025							
Acquisition Date		1/1/2026							
	Escalation Rate	Beginning Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Nominal Total	5-year CPVRR
Discount Rate			0.94047	0.88448	0.83183	0.78231	0.73573		
Revenue Requirements									
Operations and Maintenance ¹	2.23%	\$36,516	\$37,330	\$38,163	\$39,014	\$39,884	\$40,773	\$195,163	\$162,513
Depreciation and Amortization ²	0.00%	\$1,213	\$3,336	\$14,212	\$35,724	\$46,361	\$46,361	\$145,994	\$115,802
Taxes Other Than Income	2.23%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Expense ³	0.00%	\$0	\$284	\$5,606	\$10,587	\$10,111	\$9,635	\$36,224	\$29,031
Return on Equity ⁴	0.00%	\$0	\$1,429	\$28,238	\$53,329	\$50,932	\$48,535	\$182,463	\$146,234
Income Tax ⁵	0.00%	\$0	(\$449)	(\$11,561)	(\$24,850)	(\$531)	(\$28)	(\$37,419)	(\$31,755)
System Impact ⁶	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Acquisition Cost ⁷	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue Requirements		\$37,728	\$41,930	\$74,658	\$113,804	\$146,757	\$145,276	\$522,425	\$421,826
(Revenue from Customers) ⁸		(\$34,909)	(\$40,606)	(\$40,606)	(\$40,606)	(\$145,194)	(\$145,194)	(\$412,205)	(\$328,291)
Net Customer (Savings)/Cost⁹		\$2,819	\$1,324	\$34,052	\$73,198	\$1,563	\$82	\$110,219	\$93,535

Cost Adjustments - Acquiring Utility					
Year 1	Year 2	Year 3	Year 4	Year 5	
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0

Combined Net - Stand-Alone	\$17,860	\$11,393	\$107,284	\$162,354	\$5,592	(\$7,626)	\$278,997	\$239,420
Combined Net - Consolidated per Exhibits XX	\$17,860	(\$95,418)	(\$1,908)	\$50,727	\$171,916	\$163,669	\$288,986	\$205,679

Rate Change:	W	WW	
Rate Change:	13.14%	257.57%	
Rate Change:	-12.40%	-52.98%	

¹Represents estimated Operations and Maintenance Expense for operating the system.
²Depreciation and Amortization Expense associated with the assets and system capital expenditures.
³Interest expense assumes weighted cost of debt and debt-to-investor capital ratio excluding any interest expense (if applicable) related to the acquisition.
⁴Return on equity assumes cost of equity and equity-to-investor capital ratio excluding any return (if applicable) related to the acquisition.
⁵Income tax assumes blended state and federal tax rate.
⁶Fixed costs and capital needed to serve the system.
⁷Capital costs related to the acquisition.
⁸Revenue from customers at forecasted rates.
⁹Revenue requirements netted against revenue from customers.

SUNSHINE WATER SERVICES COMPANY
 FAIR MARKET VALUE PETITION
 SCHEDULE OF CUSTOMER COUNTS, RATES, AND REVENUES

Exhibit D
 Schedule 4

Flacid Lakes Utilities Rates and Revenue

2026 Data:
 Meter Sizes

Connections	Fixed		Volume/TG		Billed TG	
	Water	Water	Water	Water	Water	Water
2,221	13.59	5.10	5.10	94,766		
5/8"	13.59	5.10				
3/4"	33.98	5.45	1,237			
1"	29					
1 1/2"	67.95	5.45				
2"	108.72	5.45	128			
3"	217.44	5.45				
4"	339.75	5.45				
6"	679.50	5.45				
Total	2,253			96,131		

Billing Determinants by Year

FIXED CHARGES

Growth	1.13%	1.13%	1.13%	1.13%	1.13%
Rate Case	0.00%	0.00%	0.00%		
Index	1.73%	1.40%	1.40%		
	2026	2027	2028	2029	2030
	13.82	14.02	14.21	18.32	18.51
	13.82	14.02	14.21	27.49	27.77
	34.57	35.05	35.54	45.81	46.28
	69.12	70.09	71.07	91.60	92.55
	110.60	112.14	113.71	146.56	148.08
	221.19	224.29	227.42	293.13	296.15
	345.62	350.45	355.34	458.01	462.74
	691.23	700.90	710.68	916.03	925.48
	2,271	2,297	2,322	2,349	2,375

VOLUME CHARGES

Growth	1.13%	1.13%	1.13%	1.13%	1.13%
Rate Case	0.00%	0.00%	0.00%		
Index	1.73%	1.40%	1.40%		
	2026	2027	2028	2029	2030
	5.19	5.26	5.33	2.84	2.87
	5.19	5.26	5.33	2.84	2.87
	5.54	5.62	5.70	4.36	4.40
	5.54	5.62	5.70	4.36	4.40
	5.54	5.62	5.70	4.36	4.40
	5.54	5.62	5.70	4.36	4.40
	5.54	5.62	5.70	4.36	4.40
	96,899	97,990	99,093	100,208	101,336

REVENUES

2026	2027	2028	2029	2030
879,468	901,803	924,681	800,600	817,966
18,889	19,153	19,421	21,332	21,552
4,691	4,757	4,823	5,834	5,894
903,048	925,714	948,925	827,766	845,412
28,207	28,207	28,207	28,207	28,207
931,255	953,921	977,132	855,973	873,619

Total
 Other Revenues

Meter Sizes

Connections	Fixed		Volume/TG		Billed TG	
	Wastewater	Wastewater	Wastewater	Wastewater	Wastewater	Wastewater
10	38.02	22.10	551			
5/8"	38.02	22.10				
3/4"	22.10					
1"	6	95.04	22.10	330		
1 1/2"		22.10				
2"	2	304.14	22.10	110		
3"		22.10				
4"		22.10				
6"		22.10				
Total	18			991		

Total Revenues

FIXED CHARGES

Growth	0.00%	0.00%	0.00%	0.00%	0.00%
Rate Case	0.00%	0.00%	0.00%		
Index	0.00%	0.00%	0.00%		
	2026	2027	2028	2029	2030
	38.02	38.02	38.02	51.02	51.45
	38.02	38.02	38.02	51.02	51.45
	95.04	95.04	95.04	51.02	51.45
	304.14	304.14	304.14	51.02	51.45

VOLUME CHARGES

Growth	0.00%	0.00%	0.00%	0.00%	
Rate Case	0.00%	0.00%	0.00%		
Index	0.00%	0.00%	0.00%		
	2026	2027	2028	2029	2030
	22.10	22.10	22.10	8.15	8.21
	22.10	22.10	22.10	8.15	8.21
	22.10	22.10	22.10	8.15	8.21

REVENUES

2026	2027	2028	2029	2030
16,730	16,730	16,730	10,608	10,697
14,143	14,143	14,143	6,365	6,418
9,733	9,733	9,733	2,122	2,139
40,606	40,606	40,606	19,094	19,255
971,861	994,526	1,017,738	875,067	892,873

Sunshine Water Services Rates and Revenue

Meter Sizes

Connections	Fixed		Volume/TG	
	Water	Water	Water	Water
5/8"	16.61	2.57		
3/4"	24.92	2.57		
1"	41.53	3.95		
1 1/2"	83.05	3.95		
2"	132.88	3.95		
3"	265.76	3.95		
4"	415.25	3.95		
6"	830.50	3.95		

Approved 2025 Revenues Annualized

27,443,107

FIXED CHARGES

Growth	1.35%	1.35%	1.35%	1.35%	1.35%
Rate Case	0.00%	0.00%	0.00%	6.48%	0.00%
Index	1.36%	1.09%	1.09%	0.00%	1.03%
	2026	2027	2028	2029	2030
	16.84	17.02	17.20	18.32	18.51
	25.26	25.53	25.81	27.49	27.77
	42.09	42.55	43.02	45.81	46.28
	84.18	85.10	86.02	91.60	92.55
	134.68	136.15	137.64	146.56	148.08
	269.37	272.31	275.28	293.13	296.15
	420.88	425.48	430.12	458.01	462.74
	841.77	850.97	860.25	916.03	925.48

VOLUME CHARGES

Growth	1.35%	1.35%	1.35%	1.35%	1.35%
Rate Case	0.00%	0.00%	0.00%	6.48%	0.00%
Index	1.36%	1.09%	1.09%	0.00%	1.03%
	2026	2027	2028	2029	2030
	2.61	2.64	2.68	2.84	2.87
	2.61	2.64	2.68	2.84	2.87
	4.00	4.05	4.09	4.36	4.40
	4.00	4.05	4.09	4.36	4.40
	4.00	4.05	4.09	4.36	4.40
	4.00	4.05	4.09	4.36	4.40
	4.00	4.05	4.09	4.36	4.40

Meter Sizes

Connections	Fixed		Volume/TG	
	Wastewater	Wastewater	Wastewater	Wastewater
5/8"	40.59	6.48		
3/4"	40.59	6.48		
1"	40.59	6.48		
1 1/2"	40.59	6.48		
2"	40.59	6.48		
3"	40.59	6.48		
4"	40.59	6.48		
6"	40.59	6.48		

Approved 2025 Revenues Annualized

34,320,450

FIXED CHARGES

Growth	1.58%	1.58%	1.58%	1.58%	1.58%
Rate Case	0.00%	12.89%	0.00%	7.93%	0.00%
Index	1.21%	1.02%	0.90%	0.00%	0.84%
	2026	2027	2028	2029	2030
	41.08	46.85	47.28	51.02	51.45
	41.08	46.85	47.28	51.02	51.45
	41.08	46.85	47.28	51.02	51.45
	41.08	46.85	47.28	51.02	51.45
	41.08	46.85	47.28	51.02	51.45
	41.08	46.85	47.28	51.02	51.45
	41.08	46.85	47.28	51.02	51.45
	41.08	46.85	47.28	51.02	51.45

VOLUME CHARGES

Growth	1.58%	1.58%	1.58%	1.58%	1.58%
Rate Case	0.00%	12.89%	0.00%	7.93%	0.00%
Index	1.21%	1.02%	0.90%	0.00%	0.84%
	2026	2027	2028	2029	2030
	6.56	7.48	7.55	8.15	8.21
	6.56	7.48	7.55	8.15	8.21
	6.56	7.48	7.55	8.15	8.21
	6.56	7.48	7.55	8.15	8.21
	6.56	7.48	7.55	8.15	8.21
	6.56	7.48	7.55	8.15	8.21
	6.56	7.48	7.55	8.15	8.21
	6.56	7.48	7.55	8.15	8.21

SUNSHINE WATER SERVICES COMPANY
FAIR MARKET VALUE PETITION
SCHEDULE OF ESTIMATED RATE BASE

Exhibit D
Schedule 5

Placid Lakes Utilities Rate Base

	Water	2026	2027	2028	2029	2030		2026	2027	2028	2029	2030
Utility Plant in Service	3,862,083	3,862,083	5,045,901	5,192,242	5,192,242	5,192,242	Additions:		1,183,818	146,341		
Less: Non-U&U Plant	(54,372)	(54,372)	(54,372)	(54,372)	(54,372)	(54,372)	Depreciation:	3.61%	139,421	160,789	184,798	187,440
Accumulated Depreciation	(2,181,525)	(2,460,367)	(2,621,156)	(2,805,955)	(2,993,395)	(3,180,835)	Amortization:	2.82%	(65,069)	(65,069)	(65,069)	(65,069)
Contributions in Aid of Construction	(2,303,558)	(2,303,558)	(2,303,558)	(2,303,558)	(2,303,558)	(2,303,558)						
Advances for Construction	(108,134)	(108,134)	(108,134)	(108,134)	(108,134)	(108,134)						
Accumulated Amortization of CIAC	1,524,316	1,654,453	1,719,522	1,784,591	1,849,659	1,914,728						
Working Capital Allowance	88,757	88,757	88,757	88,757	88,757	88,757						
Total	827,567	678,862	1,766,959	1,793,571	1,671,199	1,548,828						
Operating Income	Weighted Rate											
Interest Expense	1.03%	6,969	18,138	18,411	17,155	15,899						
Return on Equity	5.17%	35,102	91,365	92,741	86,414	80,086						

	Wastewater	2026	2027	2028	2029	2030		2026	2027	2028	2029	2030
Utility Plant in Service	81,700	81,700	614,382	1,135,357	1,135,357	1,135,357	Additions:		532,682	520,975		
Less: Non-U&U Plant	-	-	-	-	-	-	Depreciation:	4.08%	3,336	14,212	35,724	46,361
Accumulated Depreciation	(51,952)	(58,624)	(72,836)	(108,560)	(154,921)	(201,282)	Amortization:					
Contributions in Aid of Construction	-	-	-	-	-	-						
Advances for Construction	-	-	-	-	-	-						
Accumulated Amortization of CIAC	-	-	-	-	-	-						
Working Capital Allowance	4,564	4,564	4,564	4,564	4,564	4,564						
Total	34,312	27,640	546,110	1,031,361	985,000	938,639						
Operating Income	Weighted Rate											
Interest Expense	1.03%	284	5,606	10,587	10,111	9,635						
Return on Equity	5.17%	1,429	28,238	53,329	50,932	48,535						

Sunshine Water Company Rate Base

	Water	2026	2027	2028	2029	2030		2025	2026	2027	2028	2029	2030
Utility Plant in Service	137,628,470	188,788,567	200,817,341	223,298,682	223,298,682	240,432,724	Additions:	43,716,465	7,443,632	12,028,775	22,481,341	-	17,134,042
Less: Non-U&U Plant	-	-	-	-	-	-	Depreciation:	3.51%	6,501,355	6,843,385	7,449,552	7,844,434	8,145,392
Accumulated Depreciation	(62,495,045)	(68,996,400)	(75,839,785)	(83,289,337)	(91,133,771)	(99,279,162)	Amortization:	2.61%	(1,822,545)	(1,822,545)	(1,822,545)	(1,822,545)	(1,822,545)
Contributions in Aid of Construction	(69,823,099)	(69,823,099)	(69,823,099)	(69,823,099)	(69,823,099)	(69,823,099)							
Advances for Construction	(35,452)	(35,452)	(35,452)	(35,452)	(35,452)	(35,452)							
Accumulated Amortization of CIAC	34,945,367	38,590,458	40,413,003	42,235,549	44,058,094	45,880,639							
Working Capital Allowance	(274,323)	1,726,793	1,765,301	1,804,667	1,844,911	1,886,052							
Total	39,945,918	90,250,867	97,297,309	114,191,010	108,209,365	119,061,703							
Operating Income	Weighted Rate												
Interest Expense	2.70%	2,438,547	2,628,940	3,085,402	2,923,780	3,217,006							
Return on Equity	4.99%	4,506,896	4,858,777	5,702,405	5,403,697	5,945,635							

	Wastewater	2026	2027	2028	2029	2030		2025	2026	2027	2028	2029	2030
Utility Plant in Service	189,268,161	251,332,632	273,400,336	315,420,831	321,207,533	347,595,408	Additions:	48,017,825	14,046,646	22,067,704	42,020,495	5,786,702	26,387,874
Less: Non-U&U Plant	(928,928)	(928,928)	(928,928)	(928,928)	(928,928)	(928,928)	Depreciation:	3.75%	9,156,292	9,833,044	11,034,002	11,929,867	12,532,791
Accumulated Depreciation	(80,438,455)	(89,592,747)	(99,425,791)	(110,459,793)	(122,389,661)	(134,922,452)	Amortization:	2.84%	(1,206,918)	(1,206,918)	(1,206,918)	(1,206,918)	(1,206,918)
Contributions in Aid of Construction	(42,497,005)	(42,497,005)	(42,497,005)	(42,497,005)	(42,497,005)	(42,497,005)							
Advances for Construction	-	-	-	-	-	-							
Accumulated Amortization of CIAC	31,352,500	33,766,336	34,973,254	36,180,172	37,387,091	38,594,009							
Working Capital Allowance	878,860	2,021,613	2,066,695	2,112,782	2,159,897	2,208,063							
Total	97,637,133	154,101,901	167,588,561	199,828,059	194,938,927	210,049,094							
Operating Income	Weighted Rate												
Interest Expense	2.70%	4,163,780	4,528,185	5,399,285	5,267,183	5,675,454							
Return on Equity	4.99%	7,695,452	8,368,941	9,978,898	9,734,748	10,489,311							

SUNSHINE WATER SERVICES COMPANY
FAIR MARKET VALUE PETITION
PROPOSED JOURNAL ENTRIES

Exhibit E

NARUC	Account Name	Debit	Credit
303.2	Land - Source	112	
303.3	Land - Treatment	1,453	
303.4	Land - Distribution	4,764	
304.3	Structure & Improvements	107,834	
305.2	Collection & Impound Reservoirs	48,033	
307.2	Wells & Springs	165,743	
309.2	Supply Mains	70,989	
310.2	Power Generation Equip.	111,025	
311.2	Pumping Equipment	519,617	
320.3	Water Treatment Equip.	89,113	
330.4	Dist. Reservoirs & Standpipe	334,510	
331.4	Transmission & Distrib.Mains	2,335,845	
333.4	Services	651,798	
334.4	Meters & Meter Installations	792,816	
335.4	Hydrants	50,410	
339.2	Other Plant & Misc Equip	4,372	
340.5	Office Furniture & Equipment	37,902	
341.5	Transportation Equipment	194,492	
343.5	Tools, Shop & Garage Equip.	12,100	
347.5	Miscellaneous Equipment	79,364	
353.7	Land and Rights General	10,297	
354.2	Struct and Improv Collect Plant	11,779	
354.4	Struct and Improv Treatment Plant	58,696	
355.2	Power Gen Equip Coll Plt	10,309	
371.3	Pumping Equip Pump Plt	2,971	
380.4	Treat/Disp Equip Lagoon	9,326	
151	Plant Material & Supplies	34,327	
131	Cash - Purchase		5,750,000
301.1	Organization	385,609	
351.1	Organization	7,060	
131	Cash-Acquisition Costs		392,669
	Total	6,142,669	6,142,669

Note: all amounts are subject to change based on final closing balances.