

## ANNOUNCEMENT No. 001/2025 - DIN

The Paraná Sanitation Company – SANEPAR, through its Innovation and New Business Directory, in response to a request for challenge to the terms of Public Call Notice No. 001/2025 – DIN, submitted by the Individual Law Firm D.R.P. Lima on February 28, 2025, in a timely manner and based on the deadline set forth in item 18.3 of the aforementioned Notice, hereby announces:

### 1) INITIAL CONSIDERATIONS

- Public Call Notice No. 001/2025 – DIN, as described in its item 5.1, aims to select a strategic partner to execute a Technical Cooperation Agreement with SANEPAR, with a view to carrying out a Work Plan focused on the development of a business opportunity involving the installation of optical fibers in sewage collection networks;
- SANEPAR operates under a legal framework that allows for Public Calls as one of the methods of actively seeking strategic partners, as provided in Article 12 of Resolution No. 758/2024 – CA, in compliance with Federal Law No. 13,303/2016, its internal Bidding, Contracts and Agreements Regulations (Regulamento Interno de Licitações, Contratos e Convênios – RILC), and the corporate governance and compliance guidelines established for publicly traded mixed-capital companies, while also observing public administration rules and safeguarding the Company's strategic interests. Therefore, the general bidding rules established by Federal Law No. 14,133/2021 do not apply in this case;
- Public Call Notice No. 001/2025 – DIN is a tool supported by best practices in public administration, duly based on detailed studies carried out in partnership with the International Finance Corporation (IFC), part of the World Bank Group, thereby dismissing any allegations of arbitrariness in adopting the requirements described therein. Such requirements set out in the Notice are duly justified. It should be emphasized that the Notice intends to select a strategic partner with the necessary technical and

financial capabilities to develop the business opportunity in question, in line with the guidelines set out in Resolution No. 758/2024 – CA. Therefore, the terms of the Notice do not constitute a bidding process for contracting any works and/or services; rather, they solely present the requirements for selecting a strategic partner that will jointly develop with SANEPAR a business opportunity that may result in a future corporate partnership aimed at the large-scale exploitation of the business opportunity eventually developed;

- The installation of optical fiber in sewage collection networks is an innovative approach to the sharing of assets, connecting the environmental sanitation and telecommunications sectors, both thriving areas in the infrastructure segment, thus being a disruptive process within the Brazilian context. The business opportunity under discussion combines multidisciplinary aspects of engineering, market, regulation, innovation, and planning, among others. Given the nature, specificity, and complexity of the subject, and in order to protect the public administration's interests and ensure operational safety in essential sewage collection services, the Notice establishes minimum requirements for selecting a strategic partner with proven technical and commercial experience in the telecommunications sector, as well as sufficient economic-financial strength and short-, medium-, and long-term investment capacity, strictly observing the principles of reasonableness and proportionality required for fulfilling its purpose. These requirements are crucial for the Work Plan inherent to the business opportunity's development, among other things, it includes the implementation and evaluation of a Proof of Concept covering the installation and operation of optical fiber links in the sewage network, extending from 5 to 12 kilometers, and for the eventual pursuit of the future business itself, if a corporate partnership is formalized to tap into a potential market of more than 40 thousand kilometers of sewage networks solely in the State of Paraná;
- Several companies operate in the telecommunications sector, which is widely recognized as competitive. Therefore, SANEPAR has issued the

Public Call Notice in question, providing broad participation and setting objective requirements that ensure fairness in the choice of a strategic partner while safeguarding the minimum needs for developing the business opportunity. Moreover, it should be emphasized that any legal entity, Brazilian or foreign, as well as investment funds and pension funds, acting independently or as part of a consortium, are eligible to take part, thus further broadening the scope for meeting the selection process requirements, provided they present a feasible solution with demonstrated technical, economic, regulatory, and market viability. In view of the above, any claim concerning a lack of competitiveness and/or disproportionate restrictions on participation is refuted.

## 2) REGARDING THE REASONS PRESENTED FOR THE CHALLENGE

The grounds for challenging Public Call Notice No. 001/2025 – DIN, as presented in the aforementioned request, are set out in the italicized subitems below, followed by SANEPAR’s responses:

### *2.1) IRREASONABLENESS OF THE GENERAL CONDITIONS FOR PARTICIPATION. REQUIREMENT OF ANNUAL REVENUE EQUAL TO OR GREATER THAN BRL 100,000,000.00 (ONE HUNDRED MILLION REAIS). CAPEX INCOMPATIBLE WITH MARKET REALITY*

- The Notice provides for the selection of a strategic partner to develop a business opportunity; it does not cover the contracting of any works and/or services, ruling out any interpretation of it as a bidding process;
- The financial requirements on minimum annual revenue (item 7.2 “a”) and average annual capital expenditure (CAPEX) (item 7.2 “e”) were defined based on technical and market studies conducted in partnership with the International Finance Corporation (IFC), part of the World Bank Group, thus refuting any claim of arbitrariness or lack of sound technical justification;
- The financial requirements on minimum annual revenue (item 7.2 “a”) and CAPEX (item 7.2 “e”) are the minimum needed to demonstrate the ability

to carry out the object of the Notice, namely: (a) implementing the Proof of Concept, whose estimated cost ranges from BRL 2 million to BRL 10 million, fully funded by the selected strategic partner in a short timeframe (up to one year) with no remuneration from SANEPAR; and (b) subsequently developing the large-scale business itself, should it materialize, encompassing over 40 thousand kilometers of sewage collection networks in the State of Paraná alone, which will require annual long-term investments (at least 20 years) in the order of hundreds of millions of reais. Therefore, the minimum values required in items 7.2 “a” and “e” are reasonable and proportionate to the object of the Notice and are necessary to truly safeguard the public interests inherent to the business opportunity;

- Several telecommunications companies meet the requirements described in items 7.2 “a” and “e,” as evidenced by public information available in accounting statements and/or similar documents, easily accessible through online search engines, indicating broad opportunities for participation. Furthermore, the possibility for any legal entity, Brazilian or foreign, as well as investment funds and pension funds, to participate independently or as part of a consortium reinforces the imperative principle of competitiveness in the selection process, dismissing any argument that the carefully established requirements, based on specialized studies, could hinder participation.

## *2.2) REQUIREMENT FOR AN UNCOMMONLY USED ACCOUNTING INDEX*

- Again, the Notice provides for selecting a strategic partner to develop a business opportunity and thus does not involve the contracting of any works and/or services, ruling out any interpretation under bidding proceedings and/or laws applicable to public bids;
- The financial requirement of average annual EBITDA (item 7.2 “d”) was defined based on technical and market studies carried out in partnership with the International Finance Corporation (IFC), part of the World Bank

Group, thus dismissing any suggestion of a lack of technical basis for adopting this criterion;

- EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) is a widely used financial indicator for measuring a company's operational performance and its capacity to generate cash, as recognized in current literature and common market practices—especially in the infrastructure segment;
- Analysts and investors often rely on EBITDA to assess a company's ability to generate profits from its operations, thereby inferring its potential to make future investments, including new businesses and risk projects. By excluding the effects of financing, fiscal policies, and depreciation/amortization of assets, EBITDA focuses on a company's operational cash generation. Moreover, EBITDA is used to measure equity growth by analyzing whether a company generates sufficient revenue to cover its operating costs while still possessing expansion potential. In other words, to evaluate the feasibility of a new venture or investment, it is advisable to examine a company's EBITDA to verify whether future cash flows will be sufficient to cover additional operational costs. Companies with robust EBITDA enjoy greater flexibility to invest in new projects. Therefore, as the object of this Notice involves selecting a strategic partner to develop a business opportunity, requesting the proponent's EBITDA is both appropriate and essential so that, together with the other financial requirements, it becomes possible to identify the most suitable proponent to carry out the object, ensuring its efficient and continuous execution. Any assertion of irregularity is thus refuted. On the contrary, adopting EBITDA as a financial requirement is appropriate and closely linked to the objectives of the Notice, strongly aligning with the principle of justification inherent to the ongoing selection process;
- Article 17 of Resolution No. 758/2024 – CA highlights the financial soundness of the proponent as one of the criteria for selecting the strategic partner, which is also regarded as best practice among Brazilian mixed-

capital companies that have regulated procedures for developing business opportunities.

### *2.3) EXCESSIVENESS OF THE AVERAGE ANNUAL EBITDA REQUIREMENT*

- The financial requirement of average annual EBITDA (item 7.2 “d”) was defined based on technical and market studies carried out in partnership with the International Finance Corporation (IFC), part of the World Bank Group, consistent with the objectives of the potential future corporate partnership. Such a partnership seeks to ensure that the selected proponent possesses the appropriate financial capacity to make the necessary short-, medium-, and long-term investments and to maintain continuity of operations and any additional commitments that may arise throughout the development of the business opportunity and its potential consolidation. Thus, any claim of disproportionate requirements is dismissed;
- The Notice does not provide for requirements related to EBITDA margin, but rather the amount of the average annual EBITDA—i.e., only its absolute value—which is broadly achieved by various companies in the telecommunications segment, according to public documents such as financial statements and/or similar records, easily accessible via online search engines. Therefore, broad competition is guaranteed among companies in the sector without exceeding the usual standards of the market or favoring any alleged market concentration. Once again, the option for any legal entity, Brazilian or foreign, as well as investment funds and pension funds, to participate independently or as part of a consortium greatly increases the capacity to meet the process requirements, ensuring equality among potential candidates and refuting any suggestion of non-competitiveness.

### *2.4) ABSENCE OF DEFINING THE MOST RELEVANT AND SIGNIFICANT VALUE PORTIONS OF THE OBJECT*

- Public Call Notice No. 001/2025 – DIN does not contemplate a bidding proceeding for contracting any works and/or services. This is a selection

process aimed at executing a Technical Cooperation Agreement, with no financial transfers among the parties involved, to implement a Work Plan intended to develop a business opportunity that may or may not materialize. Therefore, the technical capacity verification elements described in Article 46, paragraphs 2 and 3, of SANEPAR's Bidding, Contracts and Agreements Regulations (RILC) do not apply to the selection process in the Notice at issue and are used solely for public bidding processes focused on contracting works and/or services;

- All the minimum requirements listed in the Notice have been clearly presented and are directly linked to its subject matter, each relevant to selecting a strategic partner with the necessary technical and financial capabilities to develop the business opportunity in question. Consequently, the typical criteria of “most relevant portions” and “significant value”—usually adopted in public bidding procedures—do not directly apply here. Instead, the distinct nature and importance of each of the minimum requirements are respected to select a strategic partner, with these requirements defined based on detailed studies, as previously mentioned, without infringing upon any regulations.

#### *2.5) INCOMPATIBILITY OF TECHNICAL QUALIFICATION REQUIREMENTS WITH THE SUBJECT OF THE PUBLIC CALL*

- Public Call Notice No. 001/2025 – DIN, as described in its item 5.1, aims to select a strategic partner to execute a Technical Cooperation Agreement with SANEPAR, geared toward the implementation of a Work Plan focusing on developing a business opportunity involving the installation of optical fibers in sewage collection networks. This is only a summary of the various elements outlined in the Notice, and it is necessary to read it in full to fully understand its object, the minimum requirements needed to select the strategic partner, and the business opportunity to be developed. For instance, item 6.1 of the Notice describes the strategic objectives inherent to developing the business opportunity, highlighted below:

I. Determine the potential and technical and regulatory feasibility of installing optical fibers in existing sewer collection networks and in those to be installed in urban centers of the municipalities served by SANEPAR.

II. Determine the economic and financial feasibility of business models for providing telephony and internet services using sewer collection networks.

III. Identify, analyze, and quantify risks and uncertainties related to the studied business models, considering at least the following aspects: technical, regulatory, financial, market, and commercial arrangements.

IV. Identify the necessary technical, commercial, and legal arrangements required to create a corporate partnership to explore fiber optic services in sewer collection networks, involving mixed-capital and private partners.”;

- It is clear that the complexity inherent in developing the business opportunity addressed in the Notice goes beyond merely having expertise in installing optical fibers. It requires a consolidated set of attributes, proportionate and directly related to the object of the Notice, including experience in operating optical fiber infrastructure, as stated in item 11.4 “a.”;
- The Proof of Concept planned under the development of this business opportunity, for instance, requires the installation, operation, and maintenance of optical fiber assets, in addition to specific tests to evaluate quality and validate estimated operational parameters. Therefore, all the minimum requirements set out in the Notice are pertinent, reasonable, not unduly restrictive, and required to fulfill its purpose—namely, selecting a strategic partner. Any claims of reduced competition due to the alleged constraints from a partial or incorrect interpretation of the subject matter are thus dismissed;
- Several telecommunications companies do meet the minimum requirements described in item 11.4 “a,” as reflected in publicly available management reports and/or similar documents, easily found online. In addition, the Notice permits the participation of any legal entity, whether Brazilian or foreign, as well as investment funds and pension funds, independently or as a consortium. It merely requires that such entities remain part of the same economic group that holds the indivisible technical

capacity required to achieve the object, thereby boosting competition, as previously stated;

- It should also be noted that, although the subject of the Notice relates to developing a business opportunity involving sewage collection networks, the minimum requirements described in item 11.4 “a” do not demand the installation and operation of optical fibers in those sanitary infrastructures, as such activity is still in its early stages in Brazil and other countries. Thus, any evidence of experience with installing and operating optical fibers in different mediums—above-ground or underground—and in any country worldwide will be accepted. Consequently, defining the technical qualification requirements aligns fully with market realities, ensuring fairness in selecting the strategic partner.

## *2.6) UNJUSTIFIED TERRITORIAL AND TEMPORAL RESTRICTION IN TECHNICAL QUALIFICATION*

- Public Call Notice No. 001/2025 – DIN does not involve a bidding proceeding for contracting any works and/or services, as repeatedly emphasized herein. It is a selection process for establishing a Technical Cooperation Agreement, with no financial transfers among the parties, to implement a Work Plan aimed at developing a business opportunity that may or may not materialize. As a result, the elements described in Article 40, section III, of SANEPAR’s Bidding, Contracts and Agreements Regulations (RILC) do not apply to the selection process detailed in the Notice, being used exclusively in bidding processes for contracting works and/or services;
- All the technical qualification requirements were thoroughly substantiated by detailed studies conducted in partnership with the International Finance Corporation (IFC), part of the World Bank Group, taking into account actual market conditions and international best practices, thereby dismissing any claim of arbitrariness in setting these criteria, including those presented in items 11.4 “a” and “b.”;
- Item 11.4 “a” of the Notice states that, to demonstrate technical capacity, the proponent must:

“a) Present contracts and/or technical certificates and/or reports indicating that the PROPONENT owns and operates at least **one** of the following minimum amounts of fiber optic cable networks:

- I. 500 km of fiber optic cable networks owned and operated within the State of Paraná;
- II. 1,000 km of fiber optic cable networks owned and operated in Brazil;
- III. 2,000 km of fiber optic cable networks owned and operated in all the countries in which it operates.”;

- Item 11.4 “a” of the Notice makes it clear that it is sufficient for the proponent to comply with only one of the requirements listed in subsections I, II, or III, which allow for proof of technical capacity either in the State of Paraná, in any other Brazilian state, or in any other country. Thus, any claim of an exclusive and arbitrary territorial restriction limited to the State of Paraná that might compromise competitiveness is unfounded. Once again, it is worth highlighting that the requirements set forth in subsections I, II, and III of item 11.4 “a” are not cumulative and may be fulfilled individually. This categorically refutes any allegation that such conditions undermine competition by excluding equally qualified companies operating in other parts of the country, as they actually broaden the possibilities to include international experience, obviating any need to relax the qualification criteria or correct them due to inconsistency;
- Item 11.4 “b” of the Notice provides that, to demonstrate technical capacity, the proponent must:

“b) Present an operating license and/or technical certificates proving the PROPONENT has owned and operated fiber optic cable networks exceeding 500 km for more than 3 years.”;

- There is nothing improper about requiring evidence of a technical capacity exceeding three years, given that this is not a bidding process. Since the Notice envisions the selection of a strategic partner to develop a business opportunity in a setting marked by uncertainties and high complexity—one that may lead, as explained in this document, to a long-term business relationship—it is reasonable to require a minimum experience period that

mitigates the risks of fulfilling the object and any other commitments that might arise. The requirement of more than three years of relevant experience for companies engaged in the infrastructure segment is minimal for evaluating their performance track record, and can be met by numerous telecommunications companies in Brazil and abroad. It does not constitute a disproportionate restriction on proponent qualification or arbitrarily exclude potential competitors. On the contrary, in line with the principles of reasonableness and proportionality, this ensures broad competition while safeguarding the public interests at stake in the Notice;

- Additionally, Article 227 of SANEPAR's Bidding, Contracts and Agreements Regulations (RILC) prohibits the execution of agreements with private entities that do not prove prior experience in activities relevant to the subject matter of the agreement. Resolution No. 758/2024 – CA, in its Article 17, includes a range of criteria that may be adopted for selecting a strategic partner, among which is the level of experience (length of experience). Therefore, the criteria outlined in the Notice under discussion strictly follow applicable internal regulations and legislation, as well as the best practices of public administration.

### 3) CONCLUSIONS

Based on the arguments presented above, it is concluded that the challenge raised is unfounded and, therefore, the requests made are hereby denied, given that the alleged nullities are not substantiated. In accordance with item 18.3 of the Public Call Notice No 001/2025 - DIN, this outcome will be communicated directly to the party that submitted the request. Furthermore, in keeping with the principle of transparency, this content will be made available—in Portuguese and in English—on SANEPAR's website, along with other public materials related to the process, so that it may be accessed by any party interested in the selection process.



This is the announcement.

Curitiba, April 24, 2025.

*(electronically signed)*  
**Anatalicio Risdén Junior**  
Chief Innovation and New Business Officer  
SANEPAR



ePROCOLO



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