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Public Service Commission

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-M-E-M-O-R-A-N-D-U-M-

DATE: May 4, 2026

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Joshua Cohn, Public Utility Analyst I, Division of Accounting & Finance

RE: Docket No. 20250088-WU - Application for staff-assisted rate case in Lake County by Sun Communities Finance LLC, d/b/a Water Oak Utility.

Please placed the attached information submitted by Dinah Schiegner in the consumer correspondence section.

JC/at

Attachment

LEGAL FINDINGS AND OBSERVATIONS

Florida Public Service Commission — Docket No. 20250088-WU
Sun Communities Finance, LLC d/b/a Water Oak Utility — Application for Staff-Assisted
Rate Case, Lake County, Florida

*Prepared by: Dinah Schiegner, J.D. (Ret.) Water Oak Estates Resident | Former Vice President,
Water Oak Estates HOA*

Prefatory Note

These findings are drawn from, and substantially corroborated by, the formal letter of the Office of Public Counsel (OPC), submitted April 17, 2026, to Adam Teitzman, Office of Commission Clerk, Florida Public Service Commission (Docket No. 20250088-WU). The OPC letter was authored by Bart Fletcher, Legislative Analyst. Additional source material includes the Staff Recommendation filed March 26, 2026, the April 7, 2026, Commission Agenda Conference record, and Water Oak Utility annual reports filed with the Commission and the Florida Department of Environmental Protection (DEP). I present these findings in my capacity as a retired Attorney with a prosecutorial background, and as a direct stakeholder — a resident of Water Oak Estates who participated in and closely observed the entirety of these proceedings.

FINDING NO. 1

The Proposed Rate Increase Is Based on Unreliable and Internally Contradictory Data

Sun Communities Finance, LLC d/b/a Water Oak Utility filed for a revenue increase of \$294,379 — representing a 175.17% rate increase — in this staff-assisted rate case (SARC). The OPC has formally recommended that the Commission delay its Proposed Agency Action (PAA) decision until Commission Staff completes a comprehensive investigation into the billing determinants used to establish test year revenues. This recommendation is not procedural in nature. It is grounded in documented, material inconsistencies in the Utility's own certified submissions to Florida government agencies.

The OPC identified five specific numerical contradictions between the Utility's Annual Report (Schedule W-4), its billing records, and its monthly operating reports filed with the DEP:

1. Gallons pumped from wells in the 2024 Annual Report do not match the DEP monthly operating report total of 117,276,285 gallons.
2. Gallons sold to customers on Schedule W-4 (91,394,000) do not match the Utility's own billing records (67,673,649 gallons).
3. Schedule W-4 reports zero gallons for line flushing and line-break loss; the Staff Recommendation documents 2,998,514 gallons for those same categories.

4. The identical figure for water sold to customers appears in both the 2023 and 2024 Annual Reports — a statistical improbability raising serious questions about data integrity.
5. The customer base grew 75.97% from 1998 to 2024, yet reported gallons sold to customers dropped 42.02% over the same period — a result that defies rational explanation absent meter failures or systematic underbilling.

Each of these annual reports was certified by the Utility's Chief Financial Officer under Florida law. Section 837.06, Florida Statutes, provides that knowingly making a false statement in writing to mislead a public servant constitutes a second-degree misdemeanor. The OPC properly flagged these contradictions. The Commission must not allow a rate increase to be built on a foundation of data this demonstrably unreliable.

FINDING NO. 2

The Utility Had Prior Knowledge of Meter Failures and Affirmatively Misrepresented That Knowledge to the Commission

When Commission Staff asked Water Oak directly — via Staff's Sixth Data Request, Question 1 — whether it was aware of ongoing customer concerns regarding improperly functioning meters prior to the customer meeting, the Utility responded: "No."

That representation is contradicted by the evidentiary record. A customer correspondence filed with the Commission on January 20, 2026 (Document No. 00426-2026), written by a former Water Oak employee and current resident, stated under his own name and personal knowledge the following material facts:

"I believe in 2020 or 2021 . . . all the water meters were replaced by an outside agency. I was working in the maintenance department at the time and we did assist. Multiple meters failed or were incorrectly installed at the wrong address. This led to some residents paying a water bill for a neighbor. Some of these have been corrected but some have not. I also know that many residents here receive a water bill with a minimum amount due which is between \$6 and \$7 monthly, because the meter is inoperable."

This testimony — from an individual with direct firsthand knowledge — directly contradicts the Utility's claim of ignorance. Residents with inoperable meters received flat minimum bills while their actual water consumption was unmetered and unrecorded. The cost of that unmetered water was absorbed across all other residents. This is not a minor billing anomaly. It is a systematic failure with direct rate-making consequences: understated test-year revenues produce overstated rates. The OPC correctly applied the Commission's own prior precedent on this point (Order No. PSC-2007-0129-SC-WS), which states that setting rates based on flawed metering data is neither fair nor reasonable to customers or to the Utility.

FINDING NO. 3

A Long and Documented History of Regulatory Non-Compliance Predates the Current Rate Filing

The OPC provided the Commission with a comprehensive regulatory history of Water Oak Utility under Sun Communities Finance, LLC's ownership, dating to 1997. That history reveals a pattern of recurring violations, penalties, and compelled corrective measures spanning nearly three decades:

- 1997:** The Commission denied Water Oak's requested acquisition adjustment of \$525,305 upon transfer of Certificate No. 454-W.
- 2000:** The Commission found water overearnings of \$25,851 (21.24%); ordered implementation of a conservation program; ordered a reuse project plan; and ordered the Utility to pay \$4,484 in outstanding regulatory assessment fees plus \$1,121 in penalties and \$627.76 in interest. The Commission also noted the Utility's failures to remit Regulatory Assessment Fees and to maintain accounts in conformance with the NARUC Uniform System of Accounts.
- 2002:** A formal complaint by Dr. William F. Weir regarding improper irrigation billing methods was settled only after extensive PSC staff intervention and negotiation.
- 2010:** The Commission ordered implementation of a conservation rate structure following a request for revenue-neutral rate restructuring.
- 2003–2023:** The Utility received 14 separate price index revenue increases totaling \$48,064, plus a \$5,848 limited proceeding increase in 2010. The final index increase in this series — \$14,010, effective October 1, 2023 — was the largest single index grant in the Utility's history.

This history is directly relevant to the Commission's quality-of-service determination in the current proceeding. The OPC has recommended either a 15-basis-point ROE penalty — equating to a revenue requirement impact of \$2,570 — or, alternatively, a 15% reduction to Contractual Services (Management Fees), equating to a revenue requirement impact of \$2,822, mirroring the Commission's recent action in the Grenelefe SARC.

FINDING NO. 4

The Hardship to Residents Is Real, Documented, and a Matter of Public Record

Water Oak Estates is a manufactured home, land-lease community. Its residents — largely seniors on fixed incomes — already pay annual lot rent increases of at least 5% per year. The same corporate entity, Sun Communities, simultaneously serves as both landlord (collecting lot rent) and utility operator (now seeking a 175.17% water rate increase). This dual role creates a structural conflict of interest that the Commission should weigh carefully.

The human cost of this proposed increase was placed directly before the Commission through resident correspondence. B.B., a resident of Nelson Drive within Water Oak Estates — whose 92-year-old mother has lived in the community for over 39 years and subsists on \$1,750 per month in Social Security — wrote to the Commission to formally protest what was described in some resident communications as a proposed 400% increase in combined water and sewer costs. B.B. also documented that Sun Communities begins eviction proceedings after just one month of unpaid lot rent, and that two residents were actively facing eviction at the time of that letter.

Manufactured home communities on leased land were designed as an affordable housing alternative. A rate increase of this magnitude — built on data the OPC has now shown to be unreliable — is inconsistent with the Commission's statutory obligation to set rates that are fair and reasonable under Section 367.081, Florida Statutes.

FINDING NO. 5

A Delay in the PAA Decision Is Both Legally Supported and Practically Necessary

The 15-Month Effective Date for this SARC is November 8, 2026. Commissioner La Rosa correctly noted at the April 7, 2026, Agenda Conference that approximately six months remain within which the Commission may render its decision. An Agenda Conference is already scheduled for November 3, 2026, with a Staff Recommendation filing date of October 22, 2026.

The OPC has established that the Commission has, in recent cases, gone beyond the intended seven-month PAA portion of the 15-month statutory timeframe when circumstances warranted. In the Grenelefe SARC, the initial Agenda Conference was planned for November 4, 2025; the Commission's PAA decision was ultimately made at the February 3, 2026, Agenda Conference — a delay of approximately three months. In the 2014 Crestridge Utilities SARC, the PAA portion extended to approximately 13 months.

A delay here is not a procedural luxury. It is a practical necessity. The OPC has recommended that Commission Staff conduct a comprehensive audit and billing analysis, including a service territory site visit comparable to the lot-to-lot engineering site visits used in prior utility-and-user (U&U;) analyses. That audit should include a full transponder-level review of meter functionality and a reconciliation of all data discrepancies identified above. Setting rates without that information would, as the Commission stated in Order No. PSC-2007-0129-SC-WS, be "neither fair nor reasonable to the customers or the utility."

Conclusion

These findings reflect my professional assessment as a retired attorney with a background in fraud and regulatory enforcement, and as a resident with direct, sustained involvement in this proceeding. The record before the Commission contains unresolved data contradictions, a credible allegation of material misrepresentation by the Utility, a documented history of non-compliance, and a proposed rate increase that would cause measurable financial harm to

some of the most financially vulnerable residents in this community.

I fully support the OPC's recommendations: delay the PAA decision; direct Commission Staff to conduct a thorough investigation and audit; apply an appropriate quality-of-service penalty; and do not approve any rate increase until the integrity of the underlying data has been verified and confirmed.

Respectfully submitted, Dinah Schiegner, J.D. (Ret.) Water Oak Estates Resident | Former Vice President, Water Oak Estates HOA Florida PSC Docket No. 20250088-WU Date: May 2, 2026