

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

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

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**DATE:** May 12, 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.

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

JC/at

Attachment

# FLORIDA PUBLIC SERVICE COMMISSION

Docket No. 20250088-WU

In re: Application of Sun Communities Finance, LLC d/b/a Water Oak Utility for a Staff-Assisted Rate Case in Lake County, Florida

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May 12, 2026

## FORMAL NOTICE OF FRAUDULENT OMISSION IN GENERAL SERVICE CUSTOMER REPORTING AND UTILITY REVENUE ACCOUNTING

Submitted by: Dinah Schiegner Former Vice President, Water Oak Estates Homeowners Association Current Resident, Water Oak Estates — Lady Lake, Lake County, Florida

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### I. THE BOTTOM LINE — WHAT SUN COMMUNITIES DID

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Sun Communities Finance, LLC d/b/a Water Oak Utility ("the Utility") is asking this Commission to approve a 175.17% water rate increase on 1,337 senior citizens living on fixed incomes. The entire justification for that increase rests on test-year revenue and consumption data submitted by the Utility itself.

**That data is wrong. Deliberately and materially wrong.**

The Utility operates six commercial-grade amenity facilities inside Water Oak Estates — a full-service restaurant, two clubhouses with commercial kitchens, two large recreational swimming pools, full shower facilities, a sales office, and an administration office. Every one of those facilities is connected to the Utility's potable water distribution system. Every one of those facilities has a meter. And not one of them — not a single one — has ever been billed, reported, or counted as a general service customer in any filing submitted to this Commission.

**The Utility pumped that water. The Utility distributed that water. The Utility's own facilities consumed that water. And the Utility told this Commission it never happened.**

Now the Utility wants the 1,337 families of Water Oak Estates to pay for it — through a 175.17% rate increase built on the very data the Utility falsified by omission.

### II. THE UTILITY'S OWN OFFICER EXPOSED THE LIE — IN WRITING

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On February 20, 2026, Sun Communities Division Vice President Amy Herndon wrote a memorandum to Matthew Sibley. In that memorandum, Ms. Herndon stated:

***"I was able to confirm that 15 of the 16 General Customers have 5/8" x 3/4" waterlines, which supply irrigation only. The remaining 'customer' has a 2" line that services the new community pool and bathhouse."***

— Amy Herndon, Division Vice President, Sun Communities Finance, LLC Memorandum to Matthew Sibley, February 20, 2026

Read that carefully. Ms. Herndon confirms that the Utility's 16 general service accounts consist of 15 irrigation lines and one 2-inch potable water line serving the new community pool and bathhouse.

**That leaves five major commercial facilities completely unaccounted for. Completely. Not underbilled. Not miscategorized. Gone. Vanished from the record as if they do not exist.**

The Office of Public Counsel, through Legislative Analyst Bart Fletcher (Filing No. 01137-2026), has already documented that the Utility's general service revenues are understated and that customer counts have shifted inexplicably — from 19 accounts in the 2024 Annual Report, to 17, then to 16. Each number was presented as correct. None of them was. And none of them included the five facilities identified below.

**III. THE FIVE FACILITIES MISSING FROM EVERY FILING IN THIS DOCKET**

Ms. Herndon's February 20 memorandum accounts for one of the six major Sun Communities amenity facilities: the new community pool and bathhouse, connected via the 2-inch general service meter. The five facilities below do not appear anywhere in any Utility filing submitted to this Commission. Each is individually metered. Each consumes potable water — not irrigation water — every single day. Each belongs to Sun Communities Finance, LLC, the same entity that IS the Utility.

#	Facility	What the Utility Is Hiding
1	<b>Oak House Restaurant Golf Course Pro Shop &amp; Cart Barn</b>	A full commercial restaurant. Potable water — NOT irrigation. Daily food service, commercial kitchen operations, and restrooms. Potentially the single highest-volume unaccounted potable water consumer in the entire Water Oak system.
2	<b>Water Oak Estates Sales Office</b>	A commercial office space. Potable water. Drinking water, restrooms, and daily facility use — zero billing, zero reporting.
3	<b>Water Oak Estates Satellite Clubhouse</b>	Commercial kitchen on site. Recreational swimming pool. Multiple bathrooms. High-volume daily potable water use. Never billed. Never reported.
4	<b>Water Oak Estates Administration Office</b>	Commercial office space. Potable water. Drinking water, restrooms, and daily facility use — zero billing, zero reporting.

#	Facility	What the Utility Is Hiding
5	<b>Water Oak Estates Main Clubhouse</b>	The largest structure on the property. Commercial kitchen. Large recreational swimming pool. Hot tub. Sauna. Full bathrooms. Full shower facilities. The highest-volume unaccounted potable water consumer in the entire community. Not a single gallon ever billed or reported.

**Five metered commercial facilities. Zero billing. Zero reporting. Zero accountability. And a 175.17% rate increase built on the data that pretends those five facilities do not exist.**

#### **IV. THE SMOKING GUN: 35 MILLION GALLONS OF "UNACCOUNTED-FOR" WATER**

PSC Staff and the Office of Public Counsel have both flagged Water Oak Utility's excess unaccounted-for water (EUW) as a serious and unexplained problem. The documented EUW for the test year is approximately 35 million gallons. Thirty-five million gallons of water that the Utility pumped, treated, and distributed — and cannot account for.

**The Commission now has an explanation staring it directly in the face.**

When a full-service restaurant operates daily and is never billed — that is unaccounted-for water. When a large clubhouse with a commercial kitchen runs daily service and is never billed — that is unaccounted-for water. When two recreational swimming pools are filled, maintained, and replenished throughout the year and are never billed — that is unaccounted-for water. When a satellite clubhouse with its own commercial kitchen and pool serves the community every week and is never billed — that is unaccounted-for water.

**The Utility is not losing 35 million gallons to mystery. The Utility is losing 35 million gallons to its own amenity facilities — the ones it never told this Commission about.**

And then, having created that gap through its own deliberate omission, the Utility turned around and used that gap to justify charging 1,337 senior residents 175.17% more for their water.

#### **V. THE BROKEN METERS — AND SUN COMMUNITIES' REFUSAL TO FIX THEM — QUALITY OF SERVICE**

The test-year consumption data submitted by the Utility to justify this rate increase was generated by meters that residents have documented — in writing, formally, and in overwhelming numbers — as broken, malfunctioning, or producing inaccurate readings. The Utility's response to those documented complaints was nearly nonexistent.

METRIC	RESULT
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Total formal resident service requests submitted	<b>300+</b>
Forms actually reviewed by Water Oak maintenance	<b>~12%</b>
Of those reviewed — resulting in any repair or new equipment	<b>Less than 5%</b>
Of those repaired — still showing calculation errors	<b>Majority</b>

Sun Communities received over 300 formal, documented resident requests for meter and transmitter inspection. They reviewed approximately 36. They repaired fewer than 15. The majority of those repairs still produced inaccurate readings.

**The Utility is now asking this Commission to approve a 175.17% rate increase based on consumption data generated by those same broken, unrepaired, and inaccurate meters. The data is not reliable. The rate increase built on it is not supportable. And the Commission has the documented proof — in the form of over 300 resident service requests — that the Utility knew its meters were failing and chose to do almost nothing about it.**

## **VI. THE CONFLICT OF INTEREST IS NOT INCIDENTAL — IT IS THE POINT**

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The Utility's full legal name is Sun Communities Finance, LLC d/b/a Water Oak Utility. Sun Communities Finance, LLC is not a third-party operator engaged at arm's length. It is the landlord. It owns the land. It collects the lot rent. It runs the restaurant. It operates the clubhouses, the pools, the sales office, and the administration office. It employs the general manager. And it owns and operates the water utility that serves every resident in the community.

**This is not a utility company that happens to have an affiliated landlord. This IS the landlord — wearing a utility company's hat, filing sworn documents with this Commission, and asking for rate increases that benefit the same corporate entity that is simultaneously collecting lot rent from the same 1,337 households.**

Under Rule 25-30.465, Florida Administrative Code, affiliated transactions between a regulated utility and its affiliates must be fully disclosed and treated at arm's length. The failure to bill — or even report — the parent company's own commercial facilities as general service customers is not a clerical oversight. It is the Utility billing itself nothing, while billing its captive residential customers 175.17% more. That is the very definition of an undisclosed affiliated transaction used to benefit the affiliate at the ratepayers' expense.

## **VII. WHAT THE UTILITY HAS VIOLATED — AND WHAT THIS COMMISSION MUST DO**

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- **Section 367.081, Florida Statutes — Just and Reasonable Rates**

A rate that is built on falsified data is not a just and reasonable rate. It is an unjust rate built on an incomplete record. The Commission cannot lawfully approve a rate increase when the applicant has concealed its own consumption from the test-year revenue calculation.

● **Section 367.0814, Florida Statutes — Staff-Assisted Rate Case Accuracy**

Staff's entire analysis in a staff-assisted rate case depends on the accuracy and good faith of the Utility's own submissions. The omission of five metered commercial facilities — confirmed by the Utility's own Division Vice President — is a material breach of the Utility's obligation to provide complete and accurate information to Staff.

● **Rule 25-30.465, Florida Administrative Code — Affiliated Transactions**

The Utility's failure to disclose and bill its own parent company's commercial facilities constitutes an undisclosed affiliated transaction that has artificially inflated the apparent revenue deficiency used to justify the rate increase. This Commission must investigate and remedy that inflation before any rate is approved.

● **Section 837.06, Florida Statutes — False Statements to a Public Servant**

Every filing in this docket carries a certification of accuracy under penalty of law. The Utility's sworn representation that all general service customers are irrigation-only accounts — when five of its own metered commercial potable-water facilities appear nowhere in the billing record — may constitute a false official statement. This Commission should refer this question to the appropriate authority for investigation.

## **VIII. WHAT THIS COMMISSION MUST DO NOW**

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The undersigned demands that this Commission, through its Staff and the Office of Public Counsel, take the following immediate action before any further proceedings on the Utility's rate application:

1. Compel the Utility to produce a complete meter inventory for every metered connection within Water Oak Estates — identifying, by meter address and account number, every connection serving a restaurant, clubhouse, pool, office, or any other non-residential facility. No exceptions. No omissions.
2. Compel the Utility to produce full metered consumption records for each of the five unaccounted facilities identified in Section III — for the entire test year and for all billing periods through the date of this filing.
3. Direct Staff to recalculate the test-year revenue requirement incorporating the consumption and billing revenues from all six amenity facility accounts — including the pool and bathhouse already identified by Ms. Herndon — using the Utility's own approved tariff rates.

4. Direct Staff to determine what portion of the 35-million-gallon EUW figure is attributable to the unaccounted consumption at the Utility's own facilities, and to restate the EUW calculation accordingly.
5. Open an investigation into whether the Utility's omission of its own commercial facilities from the general service customer rolls constitutes a violation of the affiliated transaction disclosure rules under Rule 25-30.465, F.A.C.
6. Impose an immediate hold on final approval of any rate increase until every one of the foregoing actions is complete, verified, and presented for review by Staff, the Office of Public Counsel, and the affected ratepayers of Water Oak Estates.

## **IX. CONCLUSION**

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Sun Communities Finance, LLC asked this Commission to approve a 175.17% water rate increase. To get that increase, it submitted test-year data to this Commission that omitted five of its own metered commercial facilities — a restaurant, two clubhouses with commercial kitchens, two swimming pools, and full shower facilities — from its billing records, its general service customer counts, and its revenue calculations. Its own Division Vice President confirmed in writing that the one facility it did disclose — the community pool and bathhouse — is on a 2-inch potable water line, not an irrigation line, directly contradicting the Utility's sworn representation that every general service account is irrigation only.

The 1,337 senior residents of Water Oak Estates — fixed-income families in a land-lease community who cannot move their homes — deserve a Commission that will not approve a rate increase built on data this corrupted.

**Every gallon the Utility pumped must be accounted for. Every facility it owns must be billed. Every dollar of revenue it concealed must be restored to the rate calculation before this Commission acts.**

**Anything less is not regulation. It is ratification of the fraud.**

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Respectfully but urgently submitted,

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**Dinah Schiegner**

Former Vice President, Water Oak Estates Homeowners Association

Current Resident, Water Oak Estates

Lady Lake, Lake County, Florida

Docket No. 20250088-WU

*Submitted in the public interest and on behalf of the 1,337 residential ratepayer households of Water Oak Estates, Lake County, Florida.*