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DANIEL PEREZ
Speaker of the House of Representatives

May 14, 2026

VIA: ELECTRONIC FILING

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

Docket No. 20250108-WS – Application for staff-assisted rate case in Lake County by Sunlake Estates Utilities, L.L.C.

Dear Mr. Teitzman:

The intent of this letter is to advise the Commission, its staff, and Sunlake Estates Utilities, L.L.C. (Sunlake or Utility) of the Office of Public Counsel's (OPC) observations and recommendations, based on a review of the Staff report filed April 15, 2026. First and foremost, the OPC appreciates the work put into the Staff Report, particularly the recommended extension of the amortization period for capital recovery to seven years on page 10 of the Staff Report, "in order to mitigate the immediate annual rate impacts."

As reflected in the docket file for Docket No. 20250088-WU for Sun Communities Finance, LLC d/b/a Water Oak Utility (a sister company of Sunlake), the OPC filed three observation letters expressing, among other things, understated general service customers and gallons of water sold for the test year in that Staff-Assisted Rate Case (SARC).¹ The OPC suspects a similar understatement of customers and gallon of water sold for Sunlake in the instant SARC.

¹ Document Nos, 01137-2026, 02230-2026, and 02623-2026, filed on February 17, 2026, April 17, 2026, and May 6, 2026, respectively.

Before going into to the issues in the Staff Report, the OPC would like to cover the history of Sunlake's closed dockets with the Commission and some reported information to the Florida Public Service Commission (Commission), the Florida Department of Environmental Protection (FDEP), and the St. Johns River Water Management District (SJRWMD or District).

History of Sunlake

On pages one through two of Order No. PSC-2014-0018-PAA-WS, issued January 7, 2014, in Docket No. 20130180-WS, *In re: Application for original certificates to provide water and wastewater service in Lake County by Sunlake Estates Utilities, L.L.C.* it reflects the following in pertinent part:

Sunlake Estates Utilities, L.L.C. (Sunlake or Utility) has been providing potable water and wastewater service to Sunlake Estates Mobile Home Community (Sunlake MHC), located in Grand Island, Florida, since around 1978. The Utility currently serves approximately 448 residential and 12 general service customers, which include a clubhouse, fire station, recreation center, and maintenance bam. Sunlake MHC is an adult residential golfing community.

On June 27, 2013, the Utility filed an application for original water and wastewater certificates and initial rates and charges in Lake County. Historically, the Utility included the cost of water and wastewater service in customers' lot rental fees. As such, the Utility was exempt from Commission regulation, pursuant to Section 367.022(5), Florida Statutes (F.S.), and was granted an exemption from Commission jurisdiction by Order No. 19567. The Department of Business and Professional Regulation enforces the Florida Mobile Home Act set out in Chapter 723 of the Florida Statutes. Section 723.037, F.S., requires that 90 days' written notice be provided to the affected residents when a mobile home park wishes to change its lot rental fees. As such, Sunlake MHC's prospectus will need to be amended and its lot rental fees will need to be reduced pursuant to this section.

Sunlake MHC is in an area of the St. Johns River Water Management District (SJRWMD) which has a two-day a week landscape irrigation restriction. On July 3, 2013, SJRWMD issued a Consumptive Use Permit (CUP) requiring the Utility to reduce its consumption of water. The CUP states that the maximum annual groundwater withdrawals from the Florida aquifer must not exceed 119.66 million gallons in 2013 and increases approximately one percent per year until 2020. The permit expires August 30, 2026, and the amount not to exceed for 2020 through 2026 is the same at 128.13 million gallons. As part of this application for original certificate rates, the Utility is proposing to implement a water conservation rate structure. In support of this request, the Utility states that such a rate structure is required by the SJRWMD as a condition of obtaining a CUP. In correspondence to Commission staff, the Utility states that the water conservation rate structure is appropriate due to the high water consumption at Sunlake MHC, and the overall objective of the SJRWMD to conserve water. Based on proposed revenues, the Utility will be a Class C water and wastewater utility.

Sunlake Homeowners' Association, Inc. (HOA) filed a timely objection to the application on August 8, 2013. On August 28, 2013, Commission staff conducted a noticed, informal meeting with the Utility, HOA, and Office of Public Counsel (OPC) to discuss the Utility's application and the objection. After the meeting, the HOA decided it was not interested in pursuing an administrative hearing and withdrew its protest.

On October 10, 2013, a noticed customer meeting was held at the Sunlake Clubhouse to give customers an opportunity to comment on the Utility's application for water and wastewater certificates and proposed initial rates and charges. The meeting was noticed to all renters and property owners by mail. Approximately 200 customers attended the meeting with 28 customers speaking at the meeting. The customers' concerns were that the Utility never informed the customers that they

were over-consuming water, the meters are not calibrated or not working properly, complaints of infrastructure issues, and that the application was a way for the Utility to make a profit. The customers also asked questions about the Commission process and what would happen after the Utility is granted a certificate. Commission staff answered all the questions that were asked. Twenty-two customers provided written comments to the Commission, most stating their opposition to the application.

(Underline emphasis added and Footnote 1 omitted.)

On January 6, 2015, a joint application for authority for transfer of majority organizational control was filed by GCP REIT II and Sun Communities Operating Limited Partnership. By Order No. PSC-2015-0211-FOF-WS,² issued May 27, 2015, the Commission found that the transfer of majority organizational control to Sun Communities Operating Limited Partnership was in the public interest and approved it effective May 5, 2015.

On October 16, 2023, the Utility filed for a SARC.³ On December 18, 2023, the Commission Staff issued its First Data Request in that SARC. On February 26, 2024, Sunlake proposed the implementation of rates in three equal phases over two years. The Utility, however, reserved the right to implement full compensatory rates at the end of this SARC proceeding if, at the end of this proceeding, the utility management, in its sole discretion, determined that the process had taken too long or had too much opposition in order to be completed. On March 25, 2024, the Commission Staff issued its Second Data Request in that SARC. On April 3, 2024, the Commission Staff issued its Third Data Request in that SARC, as well as to four sister companies in Docket Nos. 20230113-SU, 20230117-WS, 20230118-WS, and 20230119-WU.

On June 5, 2024, the Commission's Office of General Counsel issued a memorandum noting the Sun Communities and its affiliates withdrawal of its five SARCs and the Commission

² Docket No. 20150020-WS. *In re: Joint application of GCP REIT II and Sun Communities Operating Limited Partnership for authority for transfer of majority organizational control of Sunlake Estates Utilities, L.L.C.*

³ Docket No. 20230120-WS, *In re: Application for staff-assisted rate case in Lake County by Sunlake Estates Utilities, L.L.C.*

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Staff accepted these withdrawals. Pursuant to 2.07(C), Administrative Procedurals Manual, the Commission Staff requests that all five SARC dockets be administratively closed.

In an email from Sun Communities and affiliates' counsel dated June 5, 2024, it stated in pertinent part, the following:

Please accept this email as the Notification from Sun Communities that we wish to withdraw the 5 SARC applications submitted late last fall for the systems operated by Sun Communities and its affiliates.

While these 5 systems are in dire need of rate relief immediately, This withdrawal in agreed to under the assurances we received from Staff that the information already submitted will not have to be resubmitted as both the PSC and Sun Communities Staffs have expended a great deal of time and energy in providing information on Rate base and operations that we do not want to have to provide again.

In Order to effectuate that goal we will need as a key step, to receive detailed information from Staff about what it is that they need and what it is that they feel has been satisfied and particularly what has not been satisfied and why, as far as source documents and records they need to move forward with processing these cases. It is imperative that we receive from the staff as a first step a detailed listing of the needed info including what has been and what has not been satisfactorily provided in each system. In my mind receipt of such detailed lists is a first step in insuring that we can prepare to refile these cases in a timely manner. Without it we can do nothing. Because we are not clear on what exactly is needed to move forward.

We believe if we must do this one system at a time as suggested by Staff during our call, that the Water Oak and Gulfstream cases should go first. Hopefully if we can get an idea of what is needed on those and in what format, we will begin to understand what will be on the lists of needed information for the other systems as well.

(Underline emphasis added.)

Since its 2013 certificate docket, the Utility has been granted collectively \$16,159 for price index increases as reflected in the table below.

WS No. or Docket No.	Type	Amount Granted	Effective Date
WS-2017-0104	INDEX	\$705	12/16/2017
WS-2022-0077	INDEX	\$3,082	07/19/2022
WS-2023-0091	INDEX	\$6,967	09/30/2023
WS-2024-0051	INDEX	\$2,289	08/13/2024
WS-2025-0040	INDEX	\$3,116	06/13/2025

Reported Information to the Commission, the FDEP, and the SJRWMD

The following table captures the reported gallons of finished water on Schedule W-4 of the Utility’s 2024 Annual Report.

Line No.	Month	Schedule W-4 Annual Report 2024
1	January	3,279,000
2	February	3,227,000
3	March	4,026,000
4	April	3,711,000
5	May	4,840,000
6	June	4,225,000
7	July	3,609,000
8	August	3,507,000
9	September	3,640,000
10	October	3,540,000
11	November	4,700,000
12	December	<u>4,700,000</u>
13		<u>47,004,000</u>
14		

The following table captures the reported 47,457,000 gallons of finished water produced on the Utility’s 2024 FDEP Monthly Operating Reports (MORs).

Line No.	Month	FDEP MORs 2024
1	January	3,279,000
2	February	3,227,000
3	March	4,026,000
4	April	3,711,000
5	May	4,840,000
6	June	4,225,000
7	July	3,609,000
8	August	3,507,000
9	September	3,640,000
10	October	3,540,000
11	November	5,203,000
12	December	<u>4,700,000</u>
13		<u>47,507,000</u>
14		

The following table captures the reported gallons of finished water produced on the Utility’s 2024 SJRWMD Pumpage Reports for Station 1-Potable and Station 3-Golf Course.

Line No.	Month	SJRWMD Water Use Pumage Report 2024 Potable	SJRWMD Water Use Pumage Report 2024 Golf Course	SJRWMD Water Use Pumage Report 2024 Potable and Golf Course
1	January	3,321,000	334,996	3,655,996
2	February	3,227,000	454,480	3,681,480
3	March	4,003,000	407,039	4,410,039
4	April	3,912,000	945,284	4,857,284
5	May	4,544,000	889,690	5,433,690
6	June	3,973,000	925,917	4,898,917
7	July	3,792,000	886,823	4,678,823
8	August	3,507,000	901,041	4,408,041
9	September	3,542,000	940,641	4,482,641
10	October	3,542,000	940,641	4,482,641
11	November	5,394,000	820,551	6,214,551
12	December	<u>4,744,000</u>	<u>806,743</u>	<u>5,550,743</u>
13		<u>47,501,000</u>	<u>9,253,846</u>	<u>56,754,846</u>
14				

The following compilation table reflects the differences in the reported gallons to the Commission, the FDEP, and the SJRWMD.

Line No.	Month	FDEP MORs & Annual Report Difference	SJRWMD & Annual Report Difference	FDEP MORs & SJRWMD Reports Difference
1	January	(50,000)	376,996	426,996
2	February	0	454,480	454,480
3	March	0	384,039	384,039
4	April	0	1,146,284	1,146,284
5	May	0	593,690	593,690
6	June	0	673,917	673,917
7	July	0	1,069,823	1,069,823
8	August	0	901,041	901,041
9	September	0	842,641	842,641
10	October	0	942,641	942,641
11	November	503,000	1,514,551	1,011,551
12	December	<u>0</u>	<u>850,743</u>	<u>850,743</u>
13		<u>453,000</u>	<u>9,750,846</u>	<u>9,297,846</u>
14		<u>0.96%</u>	<u>20.74%</u>	<u>19.59%</u>
15				

The OPC suggests that the variances in the reported gallons of finished water could impact the calculation of excessive unaccounted for water.

Issue 3 – Excessive Unaccounted for Water

On page 6 of the Staff Report, it states, in pertinent part, the following:

Excessive Unaccounted for Water

Rule 25-30.4325, F.A.C., provides factors to be considered in determining whether adjustments to operating expenses are necessary for EUW. EUW is defined as “unaccounted for water in excess of 10 percent of the amount produced.”

Unaccounted for water is all water that is not sold, metered, or accounted for in the records of the Utility.

EUW is calculated by subtracting both the gallons sold to customers and the gallons used for other services such as line flushing, from the total gallons pumped and purchased for the test year, and dividing by the sum of the gallons pumped and purchased. The amount in excess of 10 percent, if any, is the EUW percentage.

A review of Sunlake's 2024 monthly operating reports on file with the DEP indicates the Utility produced 47,507,000 gallons of water during the test year. In response to staff's data requests, the Utility indicated that it purchases no water and did not identify any other water uses during the test year in its annual reports. The Utility provided an estimate of line losses from known water breaks during the test year, but the estimated water lost exceeded the amount produced in all months with identified losses and during the test year as a whole. An examination of the Utility's billing records indicated 34,378,801 gallons of treated water was sold to its customers. The calculation $(47,507,000 + 0 - 34,378,801 - 0) / (47,507,000 + 0)$ results in 27.63 percent unaccounted for water. The Rule allows a 10 percent margin; therefore, there is 17.63 percent EUW.

(Underlined emphasis added.)

Further, as discussed in detail below for Issue 6, the OPC believes the recommended gallons of water sold of 34,378,801 is understated. This could impact the calculation of excessive unaccounted for water.

Issue 6 – Test Year Operating Revenues

On page 8 of the Staff Report, it states that the Commission “Staff selected the test year ended December 31, 2024, for this rate case.” On page 13 of the Staff Report, it states, in pertinent part, the following:

The Utility recorded total test year operating revenues of \$108,001 for water. The water revenues included \$108,001 of service revenues and no miscellaneous revenues. Staff's review of the audit indicated that the Utility's billing register consisted of several inaccuracies for the water system during the test year. The Utility billed an incorrect base charge of \$11.22 rather than the Commission-

approved BFC of \$11.44 for the 5/8-inch x 3/4-inch meter size, which resulted in an undercharge of \$0.22 per month. During the test year, some of the residential customers' (landowners) bills were recorded as non-applicable due to a new billing system, which improperly uploaded bills to the system. Therefore, the meters were manually read; however, some of the residential usage was still missing due to customers moving in and out during the test year. As a result, staff utilized the customers' average monthly usage for the year to supplement the incomplete billing data. Furthermore, the general service customers were not billed during the test year.

In response to audit staff's request, the Utility provided revised billing data to reflect the water provided to landowners who were not billed during the test year, which resulted in an additional 573,929 gallons. Staff's accounting of the missing residential usage resulted in an additional 436,842 gallons. These additional residential gallons total 1,010,771 (573,929 + 436,842). For general service, staff discovered that the Utility's certificate case consisted of several general service customers that were not included in the billing register.¹¹ In response to staff's inquiry, the Utility provided billing data for seven general service customers. Five of the customers have two inch meters and the [other] two customers have one inch meters. Based on the data provided, the general service consumption should be 1,987,000 gallons.

The Utility was approved for a price index rate adjustment outside of the test year effective June 13, 2025. Therefore, staff annualized test year operating revenues by applying the adjusted number of billing determinants to the rates effective June 13, 2025. As a result, staff determined test year service revenues should be \$126,946 for water. This results in an increase to service revenues of \$18,945 (\$126,946 - \$108,001) for water. Based on the above, the appropriate test year operating revenues for Sunlake Estates' water system are \$126,946.

(Underline emphasis and footnote 11 omitted.)

According to Schedule W-4 of its 2024 Annual Report, Sunlake reported 30,431,000 gallons of water sold. According to page 7 of its SARC Application, the Utility also reported 30,431,000 gallons of water sold.⁴ The OPC reviewed all of the workpapers for the Staff Report. The “Inputs and Outputs” tab of the Excel file named Revised Water Rates Calculator – Sunlake (RR)_ECO.xls, reflects 34,378,000 gallons of water sold, consisting of 32,391,000 gallons for residential customers and 1,987,000 gallons for general service customers. This represents an increase of 3,947,000 or 12.97% gallons of water sold above the reported amount in Sunlake’s 2024 Annual Report and the Utility’s SARC Application in the instant case.

First, Order No. PSC-2014-0018-PAA-WS, page one, issued January 7, 2014, states that: “[t]he Utility currently serves approximately 448 residential and 12 general service customers, which include a clubhouse, fire station, recreation center, and maintenance barn” and that “Sunlake MHC is an adult residential golfing community.” This begs the question: what caused the Utility to lose five general service customers since 2014 (if in fact they were lost)?

Second, in its SARC Application for Docket No. 20230120-WS,⁵ the Utility reflected 113,051,000 gallons of water pumped and 85,575,000 gallons of water sold for the 2022 calendar year. According to Schedule W-3 of Sunlake’s 2022 and 2024 Annual Reports, the Utility reflected the same number of customers, so in other words, there was no decline in its customer base. This begs a couple of questions. First, why did the gallons of water sold decrease by 51,197,000 (85,575,000 less 34,378,000) gallons or 59.83% from Sunlake’s 2023 SARC Application to the 2024 test year recommended amount in the instant SARC? Second, why did the Utility reflect only 19,557,000 gallons of water sold in its 2022 Annual Report compared to the 85,575,000 gallons of water sold for 2022 in its 2023 SARC Application?⁶

⁴ Document No. 08854-2025, filed on September 2, 2025.

⁵ Sunlake later withdrew its 2023 SARC Application.

⁶ Subsection (2) of Rule 25-30.110, Florida Administrative Code, states: “In General. Each utility must furnish to the Commission the results of any required tests and summaries of any required records. The utility must also furnish the

Third, on Schedules W-9 and W-11 of its 2016 Annual Report, Sunlake reflected 379 total customers and 52,040,000 gallons of water sold. This equates to an annual average water usage per customer of 137,308 (52,040,000 divided by 379). On Schedule W-3 of its 2024 Annual Report, the Utility reported total customers of 466. As such, from 2016 to 2024, Sunlake experienced growth of 87 customers or 22.96%. Applying the 2016 annual average water usage per customer of 137,308 to the additional 87 customers equates to incremental estimated water usage of 11,945,796. Adding this incremental water usage of 11,945,796 gallons to the 2016 total gallons of water sold of 52,040,000, yields an estimated gallons of water sold of 63,985,796 for the 2024 test year. The 36,985,796 estimated amount is 29,607796 gallons or 86.12% greater than the 34,378,000-test year recommended gallons of water sold in the instant case.

Fourth, according to Sun Communities' website for Sunlakes Estates on May 1, 2026, this waterfront community includes a 9-hole golf practice range, a marina, and pools. Based on the OPC's review of the site plan map of Sunlake Estates Community, the following amenities that could be also general customers of the Utility: 1) 9-hole golf practice range; 2) fire house; 3) community garden; 4) recreation center; 5) two pools; hot tub/spa; 6) clubhouse; 7) office; 8) marina; 9) large common areas around the outer perimeter of the community; 10) common areas in the interior of Sunlake Boulevard, Lake Drive, Hudson Way, and Sun Meadow Lane; 11) common area on Grand Traverse Circle; and 12) two separate common areas in medians on Great Lakes Boulevard. Additional amenities include: 1) shuffle board; 2) RV storage; 3) dog run; 4) boat launch; 5) softball; 6) pickleball; 7) bocce court; 8) pavilion; 9) basketball; 10) preserve; and 11) fire pit.⁷

The following is the site plan map of Sunlake Estates Community as of May 1, 2026.

Commission with any information concerning the utility's facilities or operation that the Commission requests and requires for determining rates or judging the practices of the utility. All such data, unless otherwise specified, must be consistent with and reconcilable with the utility's annual report to the Commission." (Underline emphasis added.)

⁷ The OPC would note that the area in or around these amenities could require water irrigation.

SUNLAKE ESTATES



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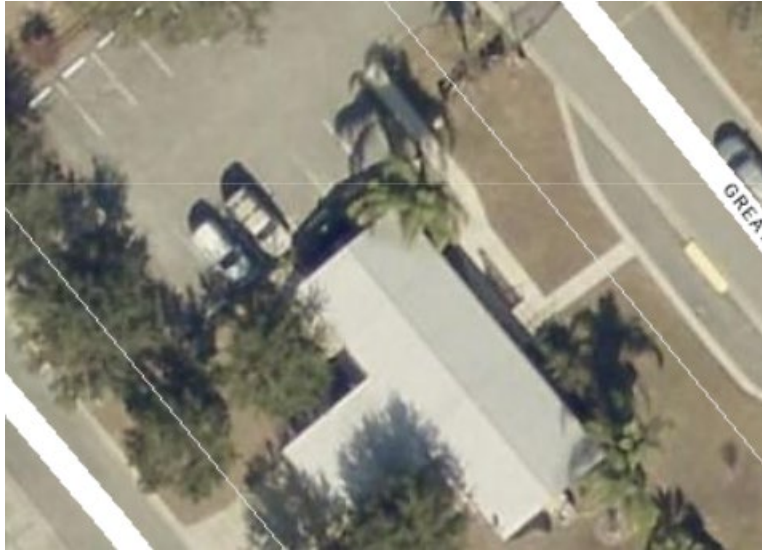
9-Hole Practice Golf Course Range Aerial⁸

The screenshot displays the Lake County Interactive Map interface. At the top, the search bar contains the parcel number 3906218. Below the search bar are various map controls: Zoom In, Pan, Full Extent, Identify, Select, Measure, Buffer, Sales, Clear, Print, and Share. The map shows an aerial view of a golf course range with a red boundary around the main area. A blue circle with the number 1 is placed on the map. The property information panel on the left provides the following details:

- 3906218**
- THOMAS BOAT LANDING RD**
- Owner:** COMMUNITY SUNLAKE JOINT VENTURE
- Owner Address:** 27777 FRANKLIN RD STE 200, SOUTHFIELD, MI, 48116
- Parcel Number:** 021825010005700005
- Parcel Type:** Land Base
- Subdivision:** HIGLEY SUB
- Year Built:**
- Land Value:** 163800
- Building Value:**
- Misc Value:**
- Total Just Value:** 163800
- Last Sale Price:** N/A
- Last Sale Date:** 1/01/1970
- Millage:** 0001
- Last Tax Amount:** 2203
- Land Use:** VACANT RESIDENTIAL
- Property Class Description:**
- Acres:** 19.50631027
- [More info](#) [Zoom to](#)
- [Property Appraiser](#), [Tax Collector](#), [Building Permits](#), [Public Services](#), [Google Maps](#), [Street View](#), [EagleView](#), [Bing Bird's Eye](#), [FEMA Flood Map](#)

⁸ The OPC would point out that there is an identified building structure on the aerial of the golf course and unsure whether this structure requires any water use needs.

Office Aerial



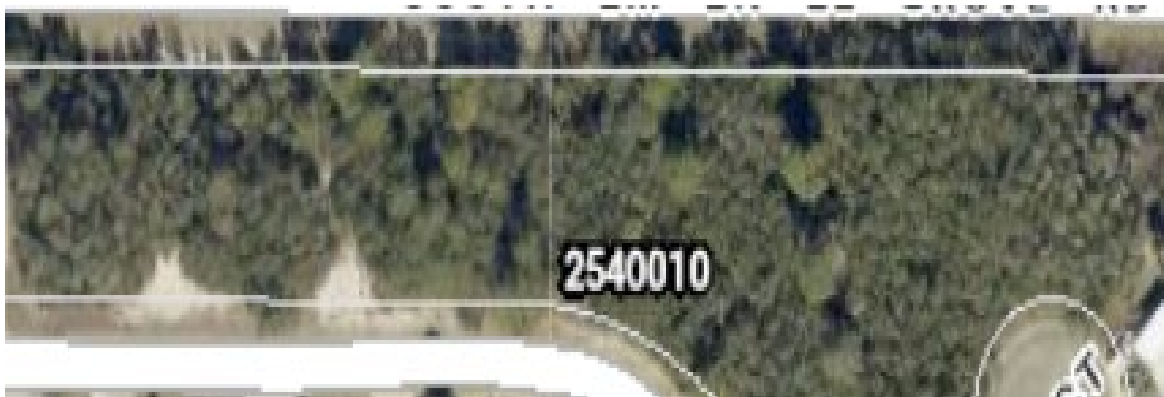
Recreation Center, Two Pools, Hot Tub/Spa, Clubhouse, Shuffle Board Aerial



Marina, Softball,⁹ Pickleball, Bocce Court, Pavilion, Basketball, and Fire Pit



Preserve



⁹ The OPC would suggest that the softball field would receive irrigation.

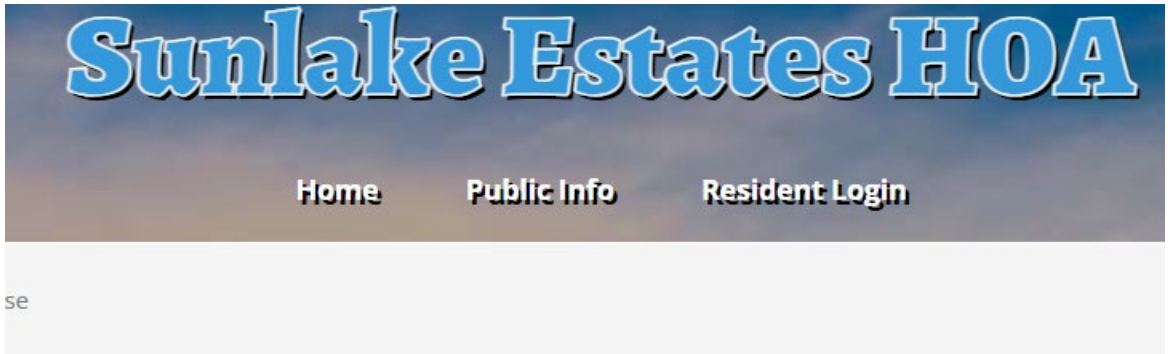
Community Garden and Fire House



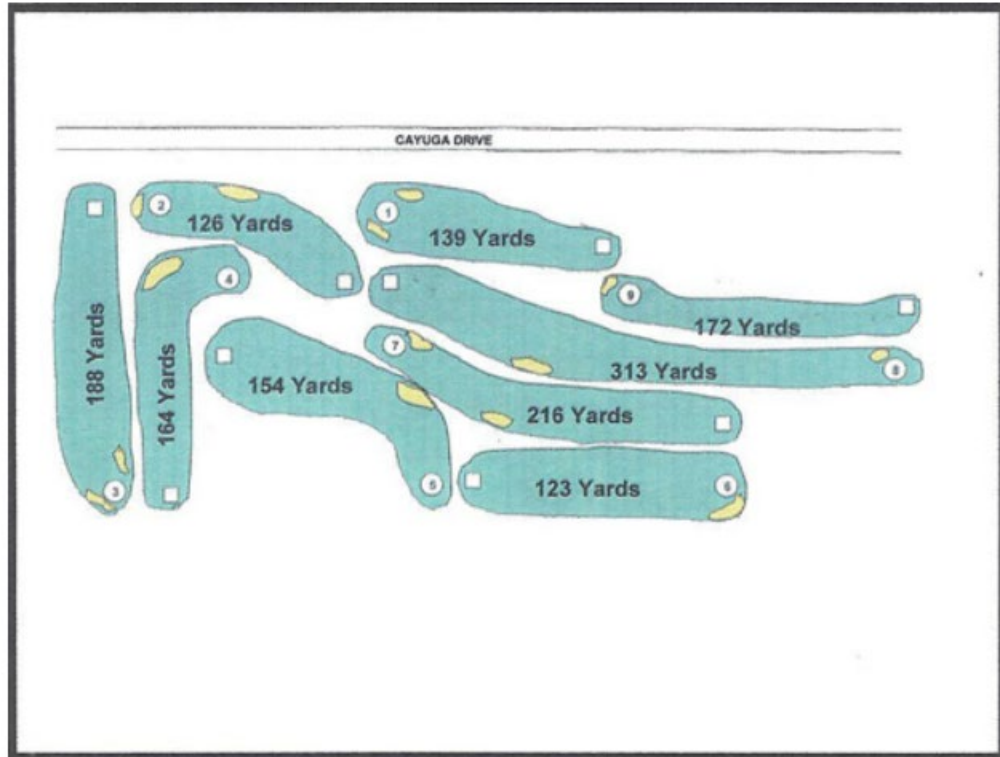
Common Area on Grand Traverse Circle



The following is the layout of the golf course based on the Sunlake Estates HOA website, as of May 6, 2026.



Map of Golf Course



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Conclusion

In conclusion, the OPC respectfully requests the Staff and the Commission consider our above-mentioned observations and recommendations.

Respectfully submitted,

/s/ *Bart Fletcher*

Bart Fletcher
Legislative Analyst