

March 11, 2026

VIA ELECTRONIC FILING

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

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

Dear Mr. Teitzman:

On behalf of Sunlake Estates Utilities, L.L.C. (“Utility”), this letter is the response to Staff’s Second Data Request dated March 2, 2026.

- 1. Pro Forma Financing:** Please explain how the Utility intends to finance the proposed pro forma investments. Please identify whether the funding will be obtained through debt, equity, or other financing sources. If funding has already been received for the pro forma investments, please provide any supporting documentation.

RESPONSE: The investments will be financed by the Utility owner’s equity.

- 2. U.S. Environmental Protection Agency (EPA) Expense:** Audit staff identified an EPA expense in the amount of \$3,636.93 (Audit Workpaper 43-1.5). Please provide a description of the expense and how frequently the Utility incurs this expense. Lastly, indicate whether this expense is related solely to water service or both water and wastewater services.

RESPONSE: The U.S. Environmental Protection Agency (EPA) expense represents the ongoing costs required for the Utility to comply with federal water-quality and environmental regulations, including mandated testing, monitoring, reporting, and system operation standards. These compliance obligations occur continuously and are incorporated into the Utility’s annual operating budget. This expense applies to both water and wastewater services, as EPA regulatory requirements govern the performance and environmental protection standards of each.

- 3. Milian, Swain & Associates, Inc. Expenses:** In its application, the Utility is requesting to recover pro forma expenses, in the amount of \$5,000, for accounting consulting services. Please indicate when this service will be completed and provide any invoices, if available. Please indicate if the expenses are related to both water and wastewater services.

RESPONSE: Milian, Swain & Associates, Inc. invoices to date total \$5,850, and should be split between water and wastewater. Invoices to date are attached.

- 4. Bad Debt Expense:** According to the Utility's Annual Reports for the years 2022, 2023, and 2024, it recorded \$0 for bad debt expense.
- Please confirm that the reported bad debt expense of \$0 is accurate for the years 2022, 2023, and 2024.
 - If not, please provide the correct bad debt expense amounts for each year.

RESPONSE: Bad debt is fully absorbed at the community level, which means that any uncollectible amounts are not in any way assigned to the utility entity. This approach provides a more accurate picture of each community's operational results and ensures accountability for revenue cycle practices at the community level.

Below are the amounts of reported bad debt for the community for the below years:

2022: \$15,576.28; 2023: \$12,465.98; 2024: \$19,293.05

- 5. Outside Operator Costs:** In its application, the Utility is requesting the recovery of a pro forma expense in the amount of \$8,831.77 due to an increase in outside operator costs.
- Please provide the 2026 monthly service fee used to calculate the cost increase.
 - Please provide the 2026 outside operator contract and all related invoices.
 - Please describe the tasks performed by the outside operator.

RESPONSE: Please see the attached documents.

- 6. Salaries and Wages:** Please explain how the Salaries and Wages expense of \$9,642 for water and wastewater was allocated from the parent company to the Utility. Please provide a detailed breakdown of the calculation, identify all allocation factors used, and include supporting documentation.

RESPONSE: See attached. 'Payroll Allocation Methodology' and 'Allocation Methodology'.

Sincerely,
/s/ Daniel J. McGinn

DJM:

cc: Brian Lenberg (via email -BLenberg@psc.state.fl.us)
Garret Kelley (via email - GKelley@psc.state.fl.us)
discovery-gcl@psc.state.fl.us (via email)