

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:** April 3, 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 place the attached information submitted by the Board of Directors, Water Oak Estates Homeowners Association in the consumer correspondence section.

JC/lg

Attachment

# WATER OAK ESTATES HOMEOWNERS ASSOCIATION

Water Oak Estates | Lake County, Florida | 55+ Retirement Community

March 30, 2026

**Chairman Gabriella Passidomo Smith**

**Commissioner Mike La Rosa**

**Commissioner Gary F. Clark**

**Commissioner Bobby Payne**

**Commissioner Ana Ortega**

Florida Public Service Commission

2540 Shumard Oak Boulevard

Tallahassee, Florida 32399-0850

**RE: Formal Petition, Objection, and Demand for Relief — Docket No. 20250088-WU In Re: Application of Sun Communities Finance, LLC d/b/a Water Oak Utility for a Staff-Assisted Rate Case, Lake County, Florida**

Dear Chairman Passidomo Smith and Distinguished Commissioners:

On behalf of the Water Oak Estates HOA Board of Directors and the residents we serve, we submit the enclosed Formal Petition, Objection, and Demand for Relief in the above-referenced docket. This letter gives the Commission important context for that filing and speaks directly to what is at stake for the men and women who live in Water Oak Estates.

Water Oak Estates is a 55-and-older land-lease retirement community in Lake County, Florida. Our residents are retirees living on fixed incomes. Many are in their seventies, eighties, and beyond. They chose this community because it was stable and affordable. A proposed water rate increase of 175.17 percent — more than doubling their current water bills — threatens everything they planned for.

This Commission is required by law to make sure that utility rates are just, reasonable, and not unfairly burdensome to customers who have no choice but to pay them. The HOA submits that the rate application filed by Sun Communities Finance, LLC d/b/a Water Oak Utility does not come close to meeting that standard.

The enclosed Petition documents five serious problems, each supported by the Utility's own records and applicable Florida law:

1. A potential double-charging violation under Chapter 723, Florida Statutes. The Utility is trying to bill residents a second time for infrastructure already covered by their monthly lot rent.
2. A direct and irreconcilable conflict of interest. Sun Communities Finance, LLC is both the community's landlord and its water utility operator — at the same time.
3. A pattern of ignoring broken water meters reported by residents, then using the resulting bad data as the basis for the rate increase request.
4. A material error in the reported customer count — 1,265 reported versus 1,337 actual — which artificially inflated the proposed rates.
5. A proposed rate increase that is excessive, unsupported, and inconsistent with the just and reasonable standard required by Section 367.081, Florida Statutes.

The HOA also directly objects to the Commission's decision to grant temporary rates reflecting the full proposed increase. That decision was made too soon. It did not account for the serious problems now before this Commission, and it is causing ongoing financial harm to elderly residents who cannot afford it. The Commission has both the authority and the obligation to take another look.

The HOA Board has tried every available option to resolve these concerns directly with the Utility. Sun Communities Finance, LLC has not engaged in good faith. The residents of Water Oak Estates now look to this Commission — as they have every right to do under Florida law — for the protection and fair oversight that is the Commission's core mission.

We ask each Commissioner to carefully review the enclosed Petition and the evidence it contains. The residents of Water Oak Estates have earned that attention.

Respectfully submitted,

**Water Oak Estates HOA Board of Directors**

Water Oak Estates, Lake County, Florida

*Enclosure: Formal Petition, Objection, and Demand for Relief — Docket No. 20250088-WU*

# FLORIDA PUBLIC SERVICE COMMISSION

Formal Petition and Objection to Proposed Rate Increase

## Docket No. 20250088-WU

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

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## FORMAL PETITION, OBJECTION, AND DEMAND FOR RELIEF

Submitted by the Board of Directors, Water Oak Estates Homeowners Association

On Behalf of All Residents of Water Oak Estates — Lake County, Florida

Date of Submission: March 30, 2026

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### I. INTRODUCTION AND STANDING

The Board of Directors of Water Oak Estates Homeowners Association (hereinafter 'Petitioner' or 'HOA') hereby submits this formal Petition and Objection to the Florida Public Service Commission (hereinafter 'Commission' or 'PSC') in the above-captioned docket. Petitioner represents the interests of the residential customers of Water Oak Utility, a water-only utility operated by Sun Communities Finance, LLC (hereinafter 'Utility' or 'Sun Communities'), within the 55+ land-lease retirement community of Water Oak Estates, Lake County, Florida.

Petitioner has standing to appear before this Commission pursuant to Section 367.121, Florida Statutes, and applicable Commission rules. The HOA Board has a legal and fiduciary obligation to advocate on behalf of its members, all of whom are directly and materially affected by the rate increase at issue in this proceeding.

### II. OBJECTION TO THE COMMISSION'S GRANT OF TEMPORARY RATES

Petitioner respectfully, yet firmly, objects to the Commission's preliminary decision to grant Water Oak Utility temporary rates reflecting a 175.17 percent increase over existing rates. This decision is not only premature — it is deeply troubling.

The residents of Water Oak Estates are retired individuals living on fixed incomes in a 55-and-older community. A rate increase of this magnitude, imposed before the full evidentiary record has been developed and before this Petition has been fully adjudicated, inflicts immediate and irreversible financial harm upon the most economically vulnerable members of this community. The Commission's grant of temporary rates under these circumstances disregards the very consumer protection mandate the PSC was created to uphold.

Petitioner asserts that the temporary rate order was issued without adequate scrutiny of the Utility's submitted data, which — as detailed herein — contains material errors, unsupported assumptions, regulatory violations, and a fundamental conflict of interest that render the underlying rate application unreliable in its entirety. The Commission should immediately re-examine its basis for granting temporary rates and take all appropriate steps to protect ratepayers pending final resolution of this docket.

Pursuant to Section 367.0814(6), Florida Statutes, if temporary rates are collected and the final approved rates are lower, the Utility is required to refund the difference with interest. Petitioner demands that the Commission strictly enforce this provision and require the Utility to post adequate financial security as required by law.

### **III. FINDINGS OF FACT**

Petitioner submits the following material findings of fact, each supported by documentary evidence and the Utility's own records filed in this docket:

#### **Finding No. 1 — Unlawful Double-Charging in Violation of Section 723.031, Florida Statutes**

Sun Communities Finance, LLC is simultaneously the landlord of Water Oak Estates and the operator of its water utility. Residents of Water Oak Estates pay monthly lot rent to Sun Communities. That lot rent contractually covers the use of community infrastructure, including the water system, pipes, and related equipment.

Section 723.031, Florida Statutes, governing mobile home lot rental agreements and land-lease communities, expressly prohibits a landlord from charging residents separately for services or infrastructure already included within the lot rental amount. The Utility's proposed rate increase seeks to bill residents a second time for the very infrastructure already covered by their lot rent. This constitutes an unlawful double charge and a direct violation of Chapter 723, Florida Statutes.

*Statutory Reference: Section 723.031, F.S. (Rental agreement requirements); Section 723.037, F.S. (Lot rental amount increases — notice and procedural requirements).*

#### **Finding No. 2 — Irreconcilable Conflict of Interest**

Sun Communities Finance, LLC occupies a dual role in this proceeding that is fundamentally incompatible with the public interest standard this Commission is charged with enforcing. As both the community's landlord and its water utility operator, Sun Communities controls every financial lever affecting residents — lot rent on one side, water rates on the other. This conflict of interest permeates every figure, every cost allocation, and every assumption submitted by the Utility in this docket.

No independent third party has verified the allocation of shared costs between the Utility's water operations and Sun Communities' landlord operations. Petitioner asserts that this Commission cannot, consistent with its statutory mandate, approve any rate increase submitted by an entity with this degree of financial self-interest without requiring complete, independent cost verification.

*Statutory Reference: Section 367.081(2)(a), F.S. (Rates must be just, reasonable, and not unduly discriminatory); Section 367.121, F.S. (Commission's authority to investigate utility operations and protect ratepayer interests).*

### **Finding No. 3 — Systematic Failure to Address Broken Meters; Use of Corrupted Data**

Multiple residents of Water Oak Estates reported broken and malfunctioning water meters to the Utility. Those reports were ignored. Despite the existence of known meter failures, the Utility relied upon meter-based consumption data — data it knew or should have known to be inaccurate — as the evidentiary foundation for its proposed rate increase.

A rate application built upon corrupted, unreliable consumption data cannot satisfy the evidentiary standard required for Commission approval. Residents who were overbilled due to broken meters have suffered direct financial harm for which the Utility has provided no remedy, no acknowledgment, and no correction.

*Statutory Reference: Section 367.111, F.S. (Utility obligations regarding service quality and meter accuracy); Florida Administrative Code Rule 25-30.335 (Meter testing and maintenance requirements).*

### **Finding No. 4 — Material Customer Count Discrepancy**

The Utility reported a residential customer count of 1,265 in its rate application. Independent verification by the HOA establishes that the actual number of residential customers served is 1,337 — a discrepancy of 72 customers, representing approximately 5.7 percent of the reported base.

Customer count is a foundational variable in rate design. An understated customer count artificially inflates the per-customer cost allocation, resulting in a higher proposed rate than is mathematically justified. Whether this discrepancy is the product of negligence or intentional misrepresentation, it is material and must be corrected before any rate order is finalized.

*Statutory Reference: Section 367.081(2), F.S. (Rates must be based upon accurate and verified cost-of-service data); Section 367.0814, F.S. (Staff-assisted rate case procedural and evidentiary requirements).*

### **Finding No. 5 — Proposed Rate Increase of 175.17 Percent Is Unjust, Unreasonable, and Unsupported**

The Utility seeks a rate increase of 175.17 percent — more than double the existing rates — upon a fixed-income, elderly residential population in a 55-and-older land-lease community. The rate application supporting this request contains overstated operating expenses, unverified cost allocations, misclassified expense categories, inaccurate tax figures, and the corrupted consumption data described above.

PSC Staff has already identified and reduced a number of the Utility's claimed expenses. Petitioner submits that the remaining proposed increase remains excessive and unjustified, and that no rate order consistent with the Commission's mandate of just and reasonable rates can be entered until all of the deficiencies identified herein are fully resolved.

*Statutory Reference: Section 367.081(1), F.S. (All rates shall be just, reasonable, compensatory, and not unfairly discriminatory); Section 367.081(8), F.S. (Mandatory rate reduction provisions applicable four years following rate case approval).*

## **IV. STIPULATIONS**

Petitioner stipulates to the following facts for purposes of this proceeding:

1. Water Oak Utility is a Class C water-only utility subject to the jurisdiction of the Florida Public Service Commission pursuant to Chapter 367, Florida Statutes.
2. Sun Communities Finance, LLC d/b/a Water Oak Utility filed its application for a Staff-Assisted Rate Case on June 23, 2025, with an official filing date of August 8, 2025, under Docket No. 20250088-WU.
3. The test year selected by PSC Staff ended December 31, 2024.
4. The Utility reported total gross revenues of \$179,227 and operating expenses of \$342,931 for the test year.
5. The proposed rate increase, as filed, reflects an increase of 175.17 percent over current rates.
6. Water Oak Estates is a 55-and-older land-lease retirement community in Lake County, Florida, governed in part by Chapter 723, Florida Statutes.
7. Sun Communities Finance, LLC is simultaneously the landlord of Water Oak Estates and the operator of its water utility.

## **V. DEMANDS FOR RELIEF**

Based upon the foregoing Findings of Fact, the applicable provisions of Chapter 367 and Chapter 723, Florida Statutes, and the Commission's own rules and precedent, Petitioner respectfully demands the following relief:

### **Demand No. 1 — Immediate Suspension or Reconsideration of Temporary Rates:**

The Commission should immediately suspend or reconsider its grant of temporary rates reflecting a 175.17 percent increase, pending a full and independent review of the evidentiary deficiencies identified herein. The financial harm being inflicted upon elderly, fixed-income residents while this proceeding remains pending is neither just nor consistent with the Commission's consumer protection mandate.

### **Demand No. 2 — Investigation of Double-Charging Violation:**

The Commission should initiate a formal investigation into whether the Utility's proposed rate structure violates Section 723.031, Florida Statutes, by charging residents separately for infrastructure already covered under their lot rental agreements. Any rate approved in this proceeding must be structured so as not to constitute an unlawful double charge upon residents of a land-lease community.

### **Demand No. 3 — Independent Audit and Cost Verification:**

The Commission should order a full, independent audit of the Utility's cost-of-service data, with particular attention to: (a) the allocation of shared costs between the Utility's water operations and Sun Communities' landlord operations; (b) the accuracy of all expense categories and tax figures; and (c) the integrity of consumption data derived from meters known to be broken or malfunctioning.

**Demand No. 4 — Correction of Customer Count:**

The Commission should require the Utility to submit a verified, corrected customer count and recalculate all cost-of-service and rate design components using the accurate figure of 1,337 residential customers.

**Demand No. 5 — Remediation of Broken Meters:**

The Commission should order the Utility to immediately inspect, repair, or replace all malfunctioning meters and to provide appropriate credits or refunds to any resident who was overbilled as a result of meter failure, consistent with Florida Administrative Code Rule 25-30.335.

**Demand No. 6 — Financial Security for Temporary Rate Collections:**

Consistent with Section 367.0814(6), Florida Statutes, the Commission should require the Utility to post adequate financial security — in an amount sufficient to cover all temporary rate collections plus interest — to ensure full refund capability in the event that final approved rates are lower than the temporary rates currently in effect.

**Demand No. 7 — Denial or Substantial Reduction of the Proposed Rate Increase:**

Based upon the totality of the evidence presented herein, the Commission should deny the proposed 175.17 percent rate increase in its entirety, or, in the alternative, substantially reduce the approved rate to a level that is just, reasonable, and consistent with the Utility's verified, legitimate cost of service — and no more.

**VI. CONCLUSION**

The residents of Water Oak Estates are not statistics on a rate case spreadsheet. They are retired men and women who have built their lives in this community, living on fixed incomes, entitled to the protections of Florida law and the fair oversight of this Commission.

Sun Communities Finance, LLC has submitted a rate application riddled with material errors, unsupported costs, and regulatory violations — all while occupying the irreconcilable dual role of landlord and utility operator. The Commission's preliminary grant of temporary rates based upon this flawed submission was premature and must be revisited.

Petitioner respectfully urges this Commission to fulfill its statutory mandate: to ensure that all utility rates are just, reasonable, and in the public interest. Anything less would constitute a failure of the regulatory protection these residents are entitled to receive under Chapter 367 and Chapter 723, Florida Statutes.

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Respectfully submitted,

**Water Oak Estates HOA Board of Directors**

Water Oak Estates, Lake County, Florida

Date: March 30, 2026

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Florida PSC Docket No. 20250088-WU | Submitted by Water Oak Estates HOA Board of Directors | March 30, 2026  
This document does not constitute legal advice. Prepared for submission to the Florida Public Service Commission.