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-

DATE: May 26, 2026

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

FROM: Brian Lenberg, Public Utility Analyst II, Division of Accounting & Finance

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

Please place the attached email regarding staff's response to Cynthia Kaiser's questions in the consumer correspondence section.

BL/at

Attachment

From:	Brian Lenberg
To:	"cakaiser215@gmail.com"
Cc:	Garret Kelley; Devlin Higgins
Subject:	Sunlake Estates Utilities; Customer Inquiries; Dkt. No.: 20250108-WS
Date:	Monday, May 18, 2026 3:30:57 PM

Good afternoon Ms. Kaiser,

The Commission appreciates your engagement in the docket and takes your comments into consideration for our final recommendation.

Sunlake has been regulated by the Commission since it was granted its water and wastewater certificates in 2014. The Utility was transferred to Sun Communities in 2015. Please note that since that transfer, the Utility has not undergone a comprehensive rate case. While the Utility has received index-based rate adjustments, these increases primarily help offset general inflation and do not account for plant additions, system improvements, or significant increases in operating expenses over the years.

In a rate case, Commission staff conducts a comprehensive review of the Utility's operations to determine the appropriate rates necessary for the Utility to provide safe and reliable service. Staff examines the Utility's revenues and expenses for a designated test year, which is a recent 12-month period intended to represent normal operating conditions. During this review, the Utility is audited, and staff evaluates whether the Utility's expenses are necessary and prudent for providing service. Staff verifies these expenses with invoices, receipts, contracts, and financial records. Staff also reviews its assets and new plant additions made to their facilities.

Now, to address questions you provided in Sunlake's consumer correspondence docket section. Please forgive me if I misunderstand any of your questions.

1. **Can SUN substantiate the bad debt that is "absorbed" by the customers?**

Bad debt refers to customer accounts that are deemed uncollectible. Sunlake Estates Utilities has not recorded any bad debt expense for at least the past three years. Additionally, the Commission only reviews expenses associated with the Utility's regulated operations.

2. **In what manner is this bad debt absorbed by the customers?**

   When asked about why the Utility recorded a $0 bad debt balance, the Utility responded as the following:

   "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."

3. **Are permit violations issued by the Saint John's Water Management District taken into**

consideration? SUN's permit expires in August of this year.

Yes, permit violations issued by the St. John's River Water Management District are taken into consideration in staff's final recommendation. Staff reviews the status of permits and violations in coordination with the Florida Department of Environmental Protection and the St. John's River Water Management District.

Please let me know if you have any more questions. Thank you.

Brian Lenberg
Florida Public Service Commission
Public Utility Analyst
Division of Accounting & Finance
Blenberg@PSC.STATE.FL.US
Tel: 850.413-6404