

March 7, 2012

JOHN Q. ADAMS II
Certified Public Accountant

AUSTIN K. VEALEY
Certified Public Accountant

VANESSA L. KING
Enrolled Agent

Ms. Ann Cole
Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RE: Docket 100048-WU
Audit Control No. 11-161-2-1
Sunshine Utilities of Central Florida, Inc.

RECEIVED - FPSC
12 MAR 12 AM 11:14
COMMISSION
CLERK

Dear Ms. Cole:

The following are Sunshine Utilities of Central Florida, Inc. responses to the audit findings mentioned above:

1. The Utility is in agreement with audit finding 1
2. The Utility is in agreement with audit finding 2
3. The Utility is in agreement with audit finding 3
4. The Utility is in agreement with audit finding 4
5. The Utility is in agreement with audit finding 5
6. The Utility is in agreement with audit finding 6
7. The Utility is in opposition to audit finding 7 regarding salaries; the Utility is in agreement with the portion of this audit finding related to miscellaneous expense.

Regarding audit finding 7, you requested an explanation justifying the Salaries and Wages – Officer expense of \$136,694. Please know James H. Hodges (now deceased) functioned in the role of President of Sunshine Utilities, Inc. for many years as did Clarise D. Hodges (spouse of deceased) as Vice President.

As a family based business, over the past few years the full duties and responsibilities of operating the utility were transferred by design from the Hodges to their two sons. Ensuring the complete success of the two sons running the utility, Mr. Hodges remained close to the business and, up to the point of his death, gave the final word in all major decisions, including compensation. As the duties and responsibilities increased exponentially for the sons through this transition period, compensation did not at Mr. Hodges sole discretion.

You can see the compensation levels for the two sons, James H. Hodges, Jr. and Dewaine W. Christmas – listed in the MFR's and the annual reports.

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FPSC-COMMISSION CLERK

Pursuant to Mr. Hodges passing, a corporate meeting was held in January 2012 with the following updates voted upon with an effective date of June 1, 2012:

- Clarise G. Hodges will have the title of President Emeritus without compensation.
- Dewaine W. Christmas will become President and his compensation will be increased to \$100,000 from \$49,987 per annum.
- James H. Hodges, Jr. will become Vice President and his compensation will be increased to \$100,000 from \$47,477 per annum.
- Pam Christmas, a 20 year employee, will assume the role of Secretary and her compensation will be increased to \$45,000 per annum from approximately \$30,000.
- Jane Rop, a 20 year employee, will assume the role of Treasurer and her compensation will increase to \$45,000 from approximately \$30,000.

Given the size of the utility and the many responsibilities carried out by the relative few, the compensation changes mentioned above still reflect the conservative side of reasonable compensation. Certainly, if a job description is required, we will be glad to provide.

If we can provide further information regarding this issue, please do not hesitate to contact us.

Sincerely,



John Q. Adams II
Certified Public Accountant

JQA/pja

Sunshine Utilities of Central Florida - Employees and their Duties

OLD DUTIES

James H. Hodges Jr. - Operations Manager/Secretary

Maintain electrical equipment
Assist and oversee repair of broken lines
Work with engineer on designing, extending, modifications to water system
Oversee all plant operations
Inspections and general maintenance
Infield handling of customers complaints
Emergency 24 hr a day call
Scheduling line flushing and preventative maintenance
Work in conjunction with certified operator to maintain proper chemical balance
Interview prospective service technicians
Scheduling of all outside work to be performed
Set Company policies
Meet with developers
Board and Committee Meetings
Perform the duties of the Vice President in their absence
Evaluating the success of the corporation

NEW DUTIES

James H. Hodges Jr. - Operations Manager/Vice President

Maintain electrical equipment
Assist and oversee repair of broken lines
Work with engineer on designing, extending, modifications to water system
Oversee all plant operations
Inspections and general maintenance
Infield handling of customers complaints
Emergency 24 hr a day call
Scheduling line flushing and preventative maintenance
Work in conjunction with certified operator to maintain proper chemical balance
Interview prospective service technicians
Scheduling of all outside work to be performed
Set Company policies
Meet with developers
Board and Committee Meetings
Perform the duties of the President in their absence
Evaluating the success of the corporation
Recruiting, hiring and developing staff
OSHA compliance
Successful contract negotiation
Optimize of customer satisfaction through improved operations
Maximizing workforce
Human Resources
Budget oversight

Sunshine Utilities of Central Florida - Employees and their Duties

OLD DUTIES

Pamela Christmas - Billing Clerk Supervisor

Answer and direct incoming calls to appropriate department
Generate work orders for serviceman
Set up new customer accounts
Maintain and balance cash drawer
Handle payments from walk-in customers
Log incoming calls
Re-bill past customers with outstanding balances
Compile report of monthly hookups
Compile bad debt report
Input meter readings
Generate monthly bills, final bills, and shut off notices
Calculate lost gallons
Bill all current and past due customers
Maintain net billed sales
Maintain hookup logs
Maintain write off logs
Determine deposit refunds
Coordinate all locates thru One-Call Locates
Customer Service
Board and Committee Meetings
Minutes of Meetings
Annual Meeting of Shareholders

NEW DUTIES

Pamela Christmas - Billing Clerk Supervisor/Secretary

Answer and direct incoming calls to appropriate department
Generate work orders for serviceman
Set up new customer accounts
Maintain and balance cash drawer
Handle payments from walk-in customers
Log incoming calls
Re-bill past customers with outstanding balances
Compile report of monthly hookups
Compile bad debt report
Input meter readings
Generate monthly bills, final bills, and shut off notices
Calculate lost gallons
Bill all current and past due customers
Maintain net billed sales
Maintain hookup logs
Maintain write off logs
Determine deposit refunds
Coordinate all locates thru One-Call Locates
Customer Service
Board and Committee Meetings
Minutes of Meetings
Annual Meeting of Shareholders
Corporate Records
Stock Transfers and Dividends
Compliance with Federal and State Governance Laws
Governance Liason for Officers and Directors
Shareholder Engagement on Governance Issues

Sunshine Utilities of Central Florida - Employees and their Duties

OLD DUTIES

Jan Rop - Bookkeeper

Input and balance daily accounts receivable
Bank Deposits
Check reconciliation
Handle insufficient funds checks
General ledger posting and month end journal entries
Process weekly payroll
Weekly, quarterly and year end payroll tax reports
Process accounts payable
Profit and loss statements
Generate cut off list
Follow up status on open work orders
Gather information for accountant to prepare annual reports
Input all time into payroll
Prepare W-2s and 1099s
Petty cash disbursements
Keep full and accurate accounts of receipts and disbursements
Custody of all corporate funds and financial records
Ensuring that companys cash flow is adequate to allow it to operate
Ensure compliance with relevant legislation
Board and Committee Meetings
Providing advice on financial matters impacting company

NEW DUTIES

Jane Rop - Treasurer

Input and balance daily accounts receivable
Bank Deposits
Check reconciliation
Handle insufficient funds checks
General ledger posting and month end journal entries
Process weekly payroll
Weekly, quarterly and year end payroll tax reports
Process accounts payable
Profit and loss statements
Generate cut off list
Follow up status on open work orders
Gather information for accountant to prepare annual reports
Input all time into payroll
Prepare W-2s and 1099s
Petty cash disbursements
Keep full and accurate accounts of receipts and disbursements
Custody of all corporate funds and financial records
Ensuring that companys cash flow is adequate to allow it to operate
Ensure compliance with relevant legislation
Board and Committee Meetings
Providing advice on financial matters impacting company
Report on Finances at corporate annual meetings
Evaluating financial impact on any business dealings
Providing advice on financial matters impacting company

Sunshine Utilities of Central Florida - Employees and their Duties

OLD DUTIES

Dewaine Christmas - Manager/Treasurer

Report to the President on all matters of the corporation
Responsible for overseeing daily operations of corporation
Knows all phases of operations and can fill in as needed
Responsible for payments of accounts payable
Scheduling of all water testing for compliance
Works in conjunction with Attorney and CPA
Works with FDEP and FPSC on related matters
Works with operations manager on scheduling work
Works with engineer and developer to obtain new water systems
Handles customers complaints that staff cannot resolve
Review pre bill reports prior to processing customer statements
Gathers information to prepare annual reports
Review and Revise tariffs as needed
Set Company policies
Review and sign all official documents
Review and implement benefit programs
Disciplinary actions as needed
Review monthly operating reports
Completes and Maintain all Consumptive Use Permits
Developer Agreements
Shareholder Engagement on Governance Issues
General and active management of corporation
Guide in the growth of the corporation
Lead the day to day operation of corporation
Presides over all corporate meetings
Board and Committee Meetings
Corporate Records
Stock Transfers and Dividends
Compliance with Federal and State Governance Laws
Governance Liason for Officers and Directors
Perform the duties of the President in their absence
Recruiting, hiring and developing staff
OSHA compliance
Successful contract negotiation
Optimize of customer satisfaction through improved operations
Maximizing workforce
Human Resources
Budget oversight
Report on Finances at corporate annual meetings
Evaluating financial impact on any business dealings

NEW DUTIES

Dewaine Christmas - President

Make all corporate decisions
Responsible for overseeing daily operations of corporation
Knows all phases of operations and can fill in as needed
Responsible for payments of accounts payable
Scheduling of all water testing for compliance
Works in conjunction with Attorney and CPA
Works with FDEP and FPSC on related matters
Works with operations manager on scheduling work
Works with engineer and developer to obtain new water systems
Handles customers complaints that staff cannot resolve
Review pre bill reports prior to processing customer statements
Gathers information to prepare annual reports
Review and Revise tariffs as needed
Set Company policies
Review and sign all official documents
Review and implement benefit programs
Disciplinary actions as needed
Review monthly operating reports
Completes and Maintain all Consumptive Use Permits
Developer Agreements
Shareholder Engagement on Governance Issues
General and active management of corporation
Guide in the growth of the corporation
Lead the day to day operation of corporation
Presides over all corporate meetings
Board and Committee Meetings
CEO of corporation
Final authority in all business matters
Final authority on all financial matters
Final authority on all contracts with developers
Approves all acquisitions and mergers

Sunshine Utilities of Central Florida - Employees and their Duties

OLD DUTIES

James Hodges Sr. - President

CEO of corporation
Final authority in all business matters
Final authority on all financial matters
Final authority on all contracts with developers
Approves all acquisitions and mergers

NEW DUTIES

Deceased

Clarise Hodges - Vice President

Perform the duties of the President in his absence

President Emeritus