

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In re: Application for limited
proceeding to recover costs of
water system improvements in
Marion County by Sunshine Utilities
of Central Florida, Inc.**

Docket No. 992015-WU

Filed: July 23, 2002

DIRECT TESTIMONY

of

JOANN SCHNEIDER

on behalf of

SUNSHINE UTILITIES OF CENTRAL FLORIDA, INC.

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FPSC-COMMISSION CLERK

DIRECT TESTIMONY OF JOANN SCHNEIDER

1

2 **Q: Please state your name and address.**

3 A: My name is JoAnn Schneider. My address is Post Office Box 337,
4 Summerfield, Florida 34492-0337.

5

6 **Q: By whom are you employed?**

7 A: I am currently employed by Monroe Insurance Management Services,
8 Inc.

9

10 **Q: By whom were you previously employed?**

11 A: Sunshine Utilities of Central Florida, Inc. ("Sunshine").

12

13 **Q: What is the purpose of your testimony?**

14 A: The purpose of my testimony is to: (i) describe my responsibilities as
15 officer manager for Sunshine from 1984 through June 1997, which
16 included preparation of the utility's Annual Report to be filed with
17 the Florida Public Service Commission (the "Commission"); (ii)
18 explain the entries I made to certain sections of the utility's 1990 and
19 1991 Annual Reports; and (iii) explain the scope and responsibilities
20 of Sunshine's president during the time that I was employed by
21 Sunshine.

22

23 **Q: Are there any exhibits to your testimony?**

24 A: Yes. I am sponsoring the following exhibits:

25

DIRECT TESTIMONY OF JOANN SCHNEIDER

1 Exhibit ___ (JS-1) Copy of page E-6 from the Sunshine
2 Utilities 1991 Annual Report
3 addressing compensation of officers.

4 Exhibit ___(JS-2) Copy of page E-6 from the Sunshine
5 Utilities 1990 Annual Report
6 addressing compensation of officers.

7

8 **Q: When were you employed by Sunshine, and in what capacity?**

9 A: I was employed as the Office Manager of Sunshine from 1984
10 through June of 1997.

11

12 **Q: What were your duties and responsibilities as Office Manager**
13 **of Sunshine?**

14 A: I managed the office and was responsible for completing paperwork
15 for the utility, including routine filings with the Florida Department
16 of State, Division of Corporations, and the Commission.

17

18 **Q: Did your duties and responsibilities include preparing**
19 **Sunshine's Annual Report filed with the Commission?**

20 A: Yes, as Office Manager, I was responsible for preparing Sunshine's
21 Annual Report each year.

22

23 **Q: Did you prepare Sunshine's Annual Report for the calendar**
24 **year ending December 31, 1991?**

25 A: Yes.

DIRECT TESTIMONY OF JOANN SCHNEIDER

1 **Q: Who were the officers of Sunshine in 1991?**

2 A: James H. Hodges, Sr. was the president of the utility. His wife,
3 Clarise G. Hodges, was the vice-president.
4

5 **Q: Was Mr. Hodges working as a full-time employee of Sunshine**
6 **in 1991?**

7 A: Yes. For the entire duration of my employment with Sunshine, Mr.
8 Hodges always worked full-time for Sunshine in his roles as
9 president, a member of the board of directors, and as an owner of the
10 utility.
11

12 **Q: Did you complete the portion of Sunshine's 1991 Annual**
13 **Report addressing compensation of officers?**

14 A: Yes. As I previously stated, one of my duties as Office Manager was
15 to complete Sunshine's Annual Report. A copy of page E-6 from the
16 1991 Annual Report addressing compensation of officers is attached
17 to my testimony as Exhibit ____ (JS-1).
18

19 **Q: In column (c) of page E-6 of the 1991 Annual Report entitled**
20 **"% of Time Spent As Officer Of Utility" it states 50% for Mr.**
21 **Hodges. What does this number reflect?**

22 A: Prior to 1991, Mr. Hodges was the sole owner of Sunshine. However,
23 in 1991, Mr. Hodges gave half of his ownership interest in the utility
24 to his wife and the utility's vice-president, Clarise Hodges. Because
25 Mr. Hodges and Mrs. Hodges each held a 50% interest in the utility, I

DIRECT TESTIMONY OF JOANN SCHNEIDER

1 stated in the Annual Report that they each spent 50% of their time
2 as an officer of the utility.

3

4 **Q: Was the 50% of the time that you indicated Mr. Hodges spent**
5 **as an officer of the utility the only time that Mr. Hodges spent**
6 **working for the utility?**

7 A: No. As I have indicated, the 50% indicated on the Annual Report was
8 a reflection of Mr. Hodges' ownership interest in the utility, and not
9 the amount of time that he was working for the utility. Mr. Hodges
10 worked full-time for the utility during all of the years that I was the
11 utility's Office Manager.

12

13 **Q: From your perspective, what were Mr. Hodges'**
14 **responsibilities as president of Sunshine while you were**
15 **employed by Sunshine?**

16 A: Mr. Hodges had many of the same responsibilities as any traditional
17 corporate officer. For example, he made broad management
18 decisions concerning the utility and conducted meetings of the
19 shareholders. However, Mr. Hodges' duties and work for Sunshine
20 were much more than simply making broad policy decisions
21 concerning the growth and direction of the company. Mr. Hodges
22 was involved in overseeing the operation of the 21 separate water
23 systems that make up the utility. Mr. Hodges was on-call around the
24 clock, throughout the year to respond to any issue that might arise
25 pertaining to the operation of the utility. He was also responsible for

DIRECT TESTIMONY OF JOANN SCHNEIDER

1 managing the utility's finances, working on environmental
2 compliance matters, and dealing with customer service and employee
3 issues.

4

5 **Q: Did you complete the portion of Sunshine's 1990 Annual**
6 **Report addressing compensation of officers?**

7 A: Yes. A copy of page E-6 from the 1990 Annual Report addressing
8 compensation of officers is attached to my testimony as Exhibit
9 ____ (JS-2).

10

11 **Q: In column (c) of page E-6 of the 1990 Annual Report entitled**
12 **"% of Time Spent As Officer Of Utility" it states 100% for Mr.**
13 **Hodges. What does this number reflect?**

14 A: As I previously mentioned, in 1990, Mr. Hodges was the sole owner of
15 the utility. The 100% entry on page E-6 was included to reflect Mr.
16 Hodges' 100% ownership interest in Sunshine Utilities.

17

18 **Q: Did you intend for the 100% in column (c) of page E-6 of the**
19 **1990 Annual Report to indicate that Mr. Hodges was a full-**
20 **time employee of the utility?**

21 A: No. Although Mr. Hodges always worked full-time for the utility
22 while I was with Sunshine, I intended for the 100% entry to reflect
23 his ownership interest and not his employment status.

24

25

DIRECT TESTIMONY OF JOANN SCHNEIDER

1 **Q: Did Mr. Hodges' responsibilities and functions performed for**
2 **the utility in 1990 differ from his responsibilities and**
3 **functions performed for the utility in 1991?**

4 A: No. Mr. Hodges worked full-time for Sunshine in 1991 just as he did
5 in 1990 and in every other year that I worked for Sunshine.

6

7 **Q: Does that conclude your direct testimony?**

8 A: Yes.

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UTILITY NAME: SUNSHINE UTILITIES, INC.

YEAR OF REPORT DECEMBER 31, 19 <u>91</u>

COMPENSATION OF OFFICERS

For each officer, list the time spent on respondent as an officer compared to time spent on total business activities and the compensation received as an officer from the respondent.

NAME (a)	TITLE (b)	% OF TIME SPENT AS OFFICER OF UTILITY (c)	OFFICERS COMPENSATION (d)
JAMES H. HODGES, SR.	PRESIDENT	50	\$ 66,207.
CLARISE G. HODGES	VICE PRESIDENT	50	\$ 20,678.
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$

COMPENSATION OF DIRECTORS

For each director, list the number of director meetings attended by each director and the compensation received as a director from the respondent.

NAME (a)	TITLE (b)	NUMBER OF DIRECTORS MEETINGS ATTENDED (c)	DIRECTORS COMPENSATION (d)
N/A	N/A	N/A	\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$

UTILITY NAME: Sunshine Utilities, Inc.

YEAR OF REPORT
 DECEMBER 31, 1990

COMPENSATION OF OFFICERS

For each officer, list the time spent on respondent as an officer compared to time spent on total business activities and the compensation received as an officer from the respondent.

NAME (a)	TITLE (b)	% OF TIME SPENT AS OFFICER OF UTILITY (c)	OFFICERS COMPENSATION (d)
James H. Hodges	President	100	\$ 64386.00
			\$
			\$
			\$
			\$
			\$
			\$
			\$

COMPENSATION OF DIRECTORS

For each director, list the number of director meetings attended by each director and the compensation received as a director from the respondent.

NAME (a)	TITLE (b)	NUMBER OF DIRECTORS MEETINGS ATTENDED (c)	DIRECTORS COMPENSATION (d)
James H. Hodges	President- Director	1	\$ None
			\$
			\$
			\$
			\$
			\$
			\$
			\$