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September 20, 1996

HAND-DELIVERED

Blanca S. Bayo, Director
Division of Records and Reporting
Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0870

Re: Application for rate increase by City Gas Company of Florida
Docket No.: 960502-GU

Dear Ms. Bayo:

Enclosed for filing and distribution are the original and fifteen copies of the Response by City Gas Company of Florida to Accusations of Former Employee, Her Family, and Supporters Made During September 9, 1996 Service Hearing in the above docket.

Please acknowledge receipt of the above on the extra copy enclosed herein and return it to me. Thank you for your assistance.

Yours truly,

Joe McGlothlin
Joseph A. McGlothlin

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Blanca S. Bayo
Encls.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for
rate increase by City
Gas Company of Florida

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Docket No. 960502-GU

Filed: September 20, 1996

**RESPONSE BY CITY GAS COMPANY OF FLORIDA TO
ACCUSATIONS OF FORMER EMPLOYEE, HER FAMILY,
AND SUPPORTERS MADE DURING SEPTEMBER 9, 1996 SERVICE HEARING**

During the customer service hearing conducted by Commissioners Deason and Garcia in Miami on September 9, 1996, a former employee who was recently dismissed by the Company for falsifying leak survey reports, members of her family, and supporters from an organization called PULSE made various accusations against the Company. The Company denied the accusations and offered to respond to them. The Commissioners suggested that the Company submit a written response. The Company's response follows.

The witnesses' assertions fall into three categories:

1. They asserted that City Gas Company was responsible for falsifying reports.
2. They asserted that City Gas Company fails to maintain its system properly in poorer neighborhoods.
3. A former employee asserted that she received discriminatory treatment while she was employed at City Gas.

The Company responds to each charge as follows:

I.

Three employees falsified the records in question without the Company's knowledge, much less authority. City Gas confronted and promptly terminated the employees who had falsified reports when their misconduct became known to the Company.

When referring to "falsified documents," the witnesses were alluding to an incident which City Gas had reported to the Commission prior to the service hearing. As part of a formal program to implement its policy of requiring and enforcing moral conduct in the performance of employees' business responsibilities, City Gas periodically requests each of its employees to answer a questionnaire regarding the employee's knowledge of inappropriate activities. Through the response of one employee (who was not involved in the activity) and a subsequent internal investigation, City Gas determined that three individuals in its Distribution Department, including the former employee who appeared at the service hearing, had been preparing leak survey reports which falsely indicated that certain required surveys of portions of the distribution system had been completed timely. The three individuals did not come forward voluntarily to make their actions known to management. Rather, through another employee who had observed the actions and who answered his questionnaire forthrightly, management learned of the activity and confronted the employees. Only then did they acknowledge what they had been doing. A thorough internal investigation established that the activity was limited to the three individuals, one of whom occupied a supervisory position.

Having established the scope of the problem, and having identified those responsible for it, the Company promptly initiated strong corrective action. It took the following steps:

- (1) The Company informed the Florida Public Service Commission of the situation.
- (2) The Company engaged two outside consulting firms to perform a complete survey of the entire Miami distribution system.
- (3) The Company terminated the employment of all three of the individuals who had been engaging in the falsification of the reports.

These are the facts surrounding the discovery of falsified reports which were the subject of comments during the customer service hearing on September 9, 1996. The Company's strong response to its discovery of the situation demonstrates that it will not tolerate employee behavior that fails to adhere to the Company's strict, uncompromising emphasis upon safety. City Gas believes that the Commission, its customers, and the public would not want the Company to respond in any other way.

II.

City Gas Company maintains all of its system properly, regardless of location.

It is unfortunate that the former employee, her family members, and misinformed supporters elected to divert a hearing that was intended to be an opportunity for customers to comment on the rate case and the quality of service they receive into an occasion to air a perceived employee grievance, and to make

irresponsible claims -- originating from the same employee who had been terminated for compromising the priority the Company places on safety -- that City Gas fails to maintain its system properly in poorer neighborhoods. The accusations are false, unfounded, and without merit. To refute the charge, City Gas needs only to point to the action it took when it learned of the employees' misconduct. City Gas promptly engaged two consulting engineering firms to completely survey the entire Miami system. Engaging the engineering firms to perform this scope of work was initially the Company's proposal. The Commission Staff agreed with the proposal and incorporated this course into its required response. City Gas proposed this extensive action -- one that is disproportionate to the misdeeds of the terminated employees -- specifically to emphasize its commitment to the safety and integrity of its entire system. If the results of the division-wide survey indicate the need for corrective maintenance at any location within its service area, City Gas will perform it conscientiously and thoroughly -- as it always has done.

City Gas Company is proud of its outstanding safety record, which it has achieved by diligently carrying out proper and safe operational and maintenance practices throughout all of its system. The Commission Staff -- who have overseen the Company's maintenance practices over time -- are familiar with the sound condition of the City Gas system. City Gas intends to maintain its fine safety record, by ensuring its distribution system remains sound and by insisting that its employees exhibit the Company's commitment to safety in the performance of their duties.

The Company stands ready to provide any additional information that the

Commission may require to demonstrate the propriety of its maintenance activities. It will respond here to two "corollary" accusations by the former employee that are particularly egregious:

1. City Gas staffs the maintenance function appropriately. The former employee referred to the Company's statement that it has carefully managed overall payroll expense and accused City Gas of creating an unsafe situation by skimping on manpower needed to perform safety-related maintenance. The charge is false. The Distribution Department has the same number of positions now that it has had for years. More importantly, the Company can and does augment its internal resources with outside services whenever necessary. The surveys in question did not fail to conform to requirements because of the unavailability of resources, but rather because three employees hid the situation from management by falsifying records.

2. Management policies protect employees who alert the Company to improper activities. The discharged employee also claimed the reason she participated in the falsification of records was because she feared her supervisor would retaliate if she refused. The Company's carefully structured Human Resources program leaves no room for this excuse. The Company devised the conduct questionnaire specifically to enable its employees to communicate to senior management without any such concerns. By design, the questionnaire is processed by the Company's legal officer, and is not seen by the employee's supervisor. Employees are commended, not punished, for providing information that enables management to address areas that need corrective action. In fact, that is what happened in the case of the falsified

reports, except that the person who used the questionnaire to report the situation was not one of the three individuals who were engaged in the activity. The dismissed employee who appeared at the hearing did not mention the falsification of reports in her answers to the same questionnaire.

III.

The charges of employee discrimination are unfounded and belong in another forum.

City Gas believes that the Commission will agree that accusations by an employee of employer discrimination are outside the purview of its jurisdiction. City Gas Company denies it has discriminated against the former employee and will defend its decision to terminate her and any other employment-related charges before the proper forum having jurisdiction over the matter at the appropriate time.

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Attorneys for City Gas
Company of Florida

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of City Gas Company of Florida's Response to Accusations of Former Employee, Her Family and Supporters made during September 9, 1996 Service Hearing have been furnished by hand delivery to the following this 20th day of September, 1996.

Vicki Johnson
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Jack Shreve
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111 W. Madison Street, Rm 812
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Joseph A. McGlothlin