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**REBUTTAL TESTIMONY OF BERT T. PHILLIPS
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
ON BEHALF OF
SOUTHERN STATES UTILITIES, INC.
DOCKET NO. 920199-WS**

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1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Bert T. Phillips and my business address

3 is 1000 Color Place, Apopka, Florida 32703.

4 Q. WHAT IS YOUR POSITION WITH SOUTHERN STATES

5 UTILITIES, INC. ("SOUTHERN STATES" OR THE

6 "COMPANY")?

7 A. I am Chairman and President of Southern States.

8 Q. ARE YOU THE SAME BERT T. PHILLIPS WHO PREVIOUSLY

9 SUBMITTED DIRECT TESTIMONY IN THIS PROCEEDING?

10 A. Yes, I am.

11 Q. PLEASE BRIEFLY DESCRIBE THE PURPOSE OF YOUR REBUTTAL

12 TESTIMONY.

13 A. I will address the proposed adjustments of Public

14 Counsel's witness Kimberly H. Dismukes regarding

15 certain dues paid by the Company to retain

16 membership in certain business and professional

17 organizations.

18 Q. DO YOU AGREE WITH MS. DISMUKES' PROPOSED ADJUSTMENT

19 TO REMOVE CHAMBER OF COMMERCE DUES AND ASSOCIATED

20 EXPENSES FROM THE COMPANY'S REVENUE REQUIREMENTS?

21 A. No, I do not. The chambers of commerce are active

22 voices in the business community which represent

23 the interests of Southern States and our customers

24 in a variety of ways. The most critical service

25 provided by the chambers is the representation of

1 our interests in opposition to tax increases on
2 business, and particularly utilities, which
3 repeatedly are being proposed in the Florida
4 legislature. For example, in return for the
5 Company's 1991 dues and related expenditures of less
6 than \$2,000, our interests were represented in
7 opposition to the 1991 legislative proposals to levy
8 a tax on water utility services and implement other
9 taxes or tax increases which would have increased
10 Southern States' cost of doing business. Of course,
11 if taxes are imposed on water utility service or are
12 otherwise applicable to Southern States, the Company
13 must pay these taxes and pass through the cost to
14 our customers. By assisting in the defeat of such
15 tax proposals, the chambers of commerce effectively
16 saved our customers a minimum of \$1,200,000 in 1991
17 (which represents the total gallons sold, in
18 thousands, by the Company in 1991 times \$.10, the
19 proposed tax).

20 The Florida Chamber of Commerce is involved in the
21 issue of health care. The Chamber seeks to insure
22 that any proposed mandated plan does not add to the
23 cost of goods or services of companies already
24 providing coverage.

25 The Chamber also is active in efforts to control

1 workers' compensation costs and abuses. Spiraling
2 workers' compensation costs directly impact our cost
3 of serving our customers.

4 In addition, membership in the chambers of commerce
5 insures that the Company is provided with
6 information, such as tax proposals, on a timely
7 basis so that our voice can be heard. This benefit
8 is achieved at both the state and local chamber
9 levels since county boards also have authority to
10 enact rules and ordinances which can increase
11 Southern States' cost of doing business and
12 ultimately, the rates we must charge our customers
13 for service.

14 For these reasons, our request to recover chamber
15 of commerce dues from ratepayers may be
16 distinguished from the facts apparently presented
17 to the Commission in Docket No. 810002-EU (cited by
18 Ms. Dismukes) where the utility apparently
19 identified no benefits which accrued to customers
20 from that utility's participation in a chamber of
21 commerce.

22 I also disagree with Ms. Dismukes' proposal to deny
23 Southern States recovery of dues paid to the Florida
24 Public Relations Association ("FPRA").

25 The objectives of the FPRA are to promote the

1 highest standards of professional ethics; exchange
2 knowledge, trends, ideas and innovation; and provide
3 new and direct channels of communication. The FPRA
4 provides services and programs dedicated to
5 improving the professional competence of its
6 members. The Public Relation News, an international
7 weekly for public relations, public administration
8 and communication executives defines "Public
9 Relations" as the management function which (1)
10 evaluates public attitudes, (2) identifies the
11 policies and procedures of an individual or an
12 organization with the public interest and (3) plans
13 and executes a program of action to educate the
14 public. In addition to the basic obligation of
15 Southern States to be able to communicate
16 effectively with our customers, certain water
17 management districts now are requiring Southern
18 States to educate our customers in water
19 conservation techniques and the water supply
20 problems Florida now faces -- and will face in the
21 future if appropriate steps to conserve water are
22 not taken now by our customers as well as the
23 industry. In addition, in her speech to SEARUC
24 which I referred to in my direct testimony,
25 Commissioner Easley identifies the need for all

1 entities involved in the industry to educate
2 customers regarding the costs of providing water and
3 wastewater service in Florida. For reasons such as
4 these, the Company has obtained membership in the
5 FPRA so that appropriate Company personnel are
6 trained in the most effective communication
7 techniques available, with emphasis on the
8 customer's needs. In this way, we can fulfill the
9 obligations I have referred to in the most effective
10 manner possible without having to engage in "hit or
11 miss" type communications with our customers. The
12 messages we must send to our customers are too
13 important to risk them not being understood. Also,
14 the two individuals who participate as active
15 members of the FPRA are able to share the
16 communications techniques they have learned with
17 other Company personnel, particularly the Speakers
18 Bureau (consisting of approximately 20 employees)
19 which made more than 50 presentations in 1991
20 regarding the benefits and techniques of general
21 conservation and Xeriscaping," a highly praised
22 water conservation technique. For these reasons,
23 I strongly disagree with Ms. Dismukes' allegation
24 at page 41, lines 16 through 19 of her testimony
25 that "it appears that the purpose of [FPRA] is to

1 support the public relations efforts of its members
2 which largely benefits stockholders not ratepayers."
3 Southern States' relationship with the chambers of
4 commerce as well as the FPRA benefit our customers
5 as much as, and I would argue more than, our
6 shareholders.

7 Q. DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?

8 A. Yes, it does.