

**ORIGINAL
FILE COPY**

ST. GEORGE ISLAND UTILITY COMPANY, LTD.

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
REGARDING THE APPLICATION FOR INCREASED RATES FOR
ST. GEORGE ISLAND UTILITY COMPANY, LTD.**

IN FRANKLIN COUNTY

DOCKET NO. [REDACTED] WU

**REBUTTAL TESTIMONY OF
WAYNE H. COLONEY, P.E., P.L.S.**

DOCUMENT NUMBER-DATE

06775 JUL-78

FPSC-REGS/REPORTING

1 REBUTTAL TESTIMONY OF WAYNE H. COLONEY, P.E., P.L.S.

2 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

3 REGARDING THE APPLICATION FOR INCREASED RATES FOR

4 ST. GEORGE ISLAND UTILITY COMPANY, LTD.

5 IN FRANKLIN COUNTY

6 DOCKET NO. 940109-WU

7 **Q. Please state your name, position and employment**
8 **address?**

9 A. Wayne H. Coloney, P.E., P.L.S., President, Coloney
10 Company Consulting Engineers, Inc., 1014 North Adams
11 Street, Post Office Box 668, Tallahassee, FL 32302.
12 Telephone: 904/222-8193; Fax 904/222-9824.

13 **Q. Have you previously filed direct testimony in this**
14 **proceeding?**

15 A. Yes, I have.

16 **Q. What is the purpose of your rebuttal testimony?**

17 A. The purpose of my rebuttal testimony is to respond
18 to the direct testimony of the OPC and PSC staff
19 witnesses.

20 **Q. A question has been raised concerning the validity**
21 **of the engineering appraisal of the St. George Island**
22 **water system which was submitted in connection with**
23 **your testimony in the utility company's last rate case.**
24 **Do you still believe that study is valid and accurate?**

25 A. Yes, I certainly do. My original cost study was and

1 is a complete and thorough evaluation of the St. George
2 Island water system as of the date of the study.

3 **Q. Have you seen or heard anything that would cause**
4 **you to question your study?**

5 A. No, I have not. I have carefully examined an
6 earlier study by William M. Bishop dated approximately
7 10 years prior to my study and I believe that it was
8 accurate at that time. After that examination, I
9 remain confident that my study as submitted in the last
10 rate case is accurate, complete and valid and that it
11 is, in fact, generally consistent with the work of Mr.
12 Bishop when changes during the 10 year time gap are
13 properly considered.

14 **Q. A question has also been raised regarding the issue**
15 **of whether the St. George Island water system is in**
16 **compliance with the statutes, rules and regulations**
17 **administered by the Florida Department of Environmental**
18 **Protection. Do you have an opinion regarding this**
19 **issue?**

20 A. Yes, I do.

21 **Q. What is that opinion?**

22 A. I believe the St. George Island water system is in
23 substantial compliance with all of the statutes, rules
24 and regulations administered by the Florida Department
25 of Environmental Protection.

1 **Q. How would you compare the current status of the**
2 **system with the status of the system as it existed when**
3 **you first started doing work for the company?**

4 A. I have seen the St. George Island water system grow
5 and develop from a system of questionable reliability
6 into a first class system that provides safe and
7 reliable water service for its customers, and that has
8 the capacity to grow and to continue serving its
9 existing customers and those projected to be added
10 within the foreseeable future. This is confirmed by my
11 personal observations as well as the various reports
12 and studies that have been conducted regarding the
13 system.

14 **Q. To what would you attribute this success?**

15 A. There are a number of factors, but the primary one
16 involves the perseverance and management abilities of
17 Gene Brown, who has been the driving force behind the
18 utility company's success over the past several years
19 since he assumed the position as general manager.

20 **Q. What, if any, training or experience do you have in**
21 **the field of management?**

22 A. In addition to over 40 years of actual executive
23 management experience, I am a principal in Coloney, Von
24 Soosten & Associates, Inc., which is a management
25 consulting company. We specialize in corporate

1 turnaround counseling, crisis management and advice to
2 companies experiencing severe cash flow shortages and
3 operational problems. The principals of our management
4 company all have extensive management experience and
5 expertise. They include Geoffrey C. Murphy, who served
6 as chief financial officer of Eastmark, Inc. and as
7 chief administrative officer of Beatrice International
8 Foods Company.

9 **Q. Have you had an opportunity to observe Gene Brown**
10 **in his role as manager of the St. George Island Utility**
11 **Company.**

12 A. Yes, I have.

13 **Q. Do you have an opinion as to whether he is an**
14 **effective, competent and capable manager of the utility**
15 **company?**

16 A. Yes, I do.

17 **Q. What is that opinion?**

18 A. I believe that Gene Brown has proven himself to be
19 a very effective, efficient, competent and capable
20 manager of St. George Island Utility Company. In fact,
21 he has done an absolutely phenomenal job in taking over
22 a company in crisis and bringing it to a high level of
23 operating efficiency within a very limited time, with
24 limited resources. When Gene Brown took over as
25 general manager in the fall of 1991, I was frankly

1 concerned as to whether the company would be able to
2 avoid bankruptcy and complete failure, to the detriment
3 of the owners and lenders as well as the customers on
4 St. George Island. I have been extremely impressed
5 that Gene Brown was able to solve the myriad of
6 problems facing the utility company, including the
7 completion of the necessary improvements to the system
8 to bring it up to a new high level of operating
9 efficiency and service to the company's customers
10 on St. George Island. I have observed him solving one
11 problem after another through perseverance, hard work
12 and managerial ability. I do not know who else could
13 have stepped in and solved all of the problems that
14 existed in the fall of 1991, considering the many
15 pressures on the company, and considering the lack of
16 cash flow which had caused so many of the company's
17 problems up until that time. He has solved these many
18 many problems over the past 2 1/2 years, and the
19 company now operates efficiently and effectively while
20 providing safe and reliable water service to its
21 customers on St. George Island. However, the company
22 must have adequate operating revenue for this level of
23 service to continue.

24 **Q. Does that conclude your testimony?**

25 **A. Yes, it does.**