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**REBUTTAL TESTIMONY OF IDA M. ROBERTS
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
ON BEHALF OF
SOUTHERN STATES UTILITIES, INC.
DOCKET NO. 950495-WS**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Ida M. Roberts and my business address

3 is Southern States Utilities, 1000 Color Place,

4 Apopka, Florida 32703.

5 **Q. IN WHAT CAPACITY ARE YOU EMPLOYED?**

6 A. My position is Manager of Community Affairs,

7 Conservation and Communications.

8 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**

9 **PROFESSIONAL BACKGROUND AS WELL AS YOUR**

10 **RESPONSIBILITIES IN YOUR CURRENT POSITION.**

11 A. I am a 1965 graduate of the University of Florida

12 with a Bachelor's degree in Journalism and

13 Communications. I also obtained a Juris doctor

14 degree from the University of Miami Law School in

15 1976. I began my career working in communications

16 for National Airlines, Inc. prior to going to law

17 school. Subsequent to law school, I clerked for a

18 federal judge, worked for two law firms and

19 ultimately opened my own law practice. I have

20 nearly two decades of experience in

21 communications, public affairs and government

22 relations. Formerly, I have been manager of

23 communications for Eastern Airlines, and was vice

24 president of corporate communications for

25 Southeast Banking Corporation for nine years. I

1 was also director of communications and investor
2 relations for Breed Technologies, Inc., another
3 Florida corporation. I have been the executive
4 director of the Coalition for Florida's Future,
5 where I was active on major Florida public policy
6 issues, and have been the senior attorney for the
7 Florida Elections Commission. I joined SSU in
8 1992. My primary responsibilities in my current
9 job are to spearhead the Company's communications
10 with customers, the press and opinion leaders in
11 the communities in which SSU operates and manage
12 the SSU's award winning conservation efforts.

13 **Q. ARE YOU A MEMBER OF ANY PROFESSIONAL SOCIETIES OR**
14 **ASSOCIATIONS?**

15 A. I am a member of the Florida Bar Association, and
16 have been president of Women in Communications. I
17 am a former member of the Public Relations Society
18 of America and the Florida Public Relations
19 Association. I am also currently a member of
20 Leadership Florida and Leadership Orlando.

21 **Q. ARE YOU A MEMBER OF ANY TRADE ASSOCIATIONS?**

22 A. I am a member of the American Waterworks
23 Association, the Florida Water Resources
24 Association and the WaterWise Counsel.

25 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

1 A. I will respond to customer comments from some
2 customers during customer service hearings which,
3 with the assistance of leading questions from
4 Public Counsel, cast aspersions on the accuracy of
5 information provided by SSU to our customers. In
6 so doing, I will outline the communications
7 efforts SSU has made to communicate the impact of
8 this rate case on our customers.

9 **Q. COULD YOU IDENTIFY ANY PROFESSIONAL EXPERIENCE YOU**
10 **MIGHT HAVE WHICH WOULD QUALIFY YOU AS EXPERT IN**
11 **COMMUNICATIONS?**

12 A. My undergraduate degree is in journalism and
13 communications, and I have nearly 20 years of
14 experience in communications with five major
15 Florida corporations, including heading the
16 department for what was Florida's largest banking
17 organization. In these assignments, I was in
18 charge of internal communications, customer
19 communications, speech writing, an audio visual
20 studio, wrote and published annual reports,
21 communicated with Wall Street on a regular basis
22 and was a public speaker on many subjects and on
23 many occasions.

24 **Q. WHY DID SSU EMBARK ON A SPECIFIC COMMUNICATIONS**
25 **PROGRAM WITH CUSTOMERS ON THE IMPACT OF THIS RATE CASE?**

1 A. The status of SSU's rates has become complex
2 because of the 1992 case, the reversal on appeal,
3 the separate uniform rate investigation, the
4 jurisdiction case and now the 1995 rate case. At
5 several customer service hearings held early on in
6 this proceeding, the Public Counsel argued that
7 SSU was not informing the customers of the
8 potential extent of the impact upon them of recent
9 decisions in the 1992 case and the extent of their
10 exposure in this case. We took OPC comments
11 seriously and agreed that we should embark on a
12 complete campaign to inform our customers as fully
13 as possible. Our communications include letters to
14 our customers, notices on customer bills and as
15 many customer meetings as possible so that our
16 customers would have a clearer understanding of
17 how their rates have been and would be impacted by
18 pending matters.

19 **Q. WHERE WERE CUSTOMER MEETINGS HELD?**

20 A. While we have held customer meetings throughout
21 the state during the pendency of all of the above
22 proceedings, the most recent customer meetings
23 were held in Dunnellon, Port Richey, Palatka,
24 Leesburg, Deland, Orlando, Kissimmee, Fort Myers
25 and Stuart.

1 **Q. WHO FROM SSU WAS PRESENT AT THESE CUSTOMER**
2 **MEETINGS?**

3 A. I was present at each customer meeting along with
4 representatives from our rate department, customer
5 service department, engineering department and
6 operations. These individuals were present in
7 anticipation of any questions that might come up
8 regarding rates, quality of service, improvements
9 and customer service.

10 **Q. WHAT WAS THE FORMAT OF THESE MEETINGS?**

11 A. The meetings began with a brief formal
12 presentation, then the meeting was opened for
13 questions and answers.

14 **Q. PLEASE EXPLAIN THE FORMAL PRESENTATION.**

15 A. First, the history of four separate cases was
16 discussed -- the 1992 rate case, the uniform rate
17 investigation, the jurisdictional case and now the
18 1995 rate case. Also, discussed were the 1993 and
19 1994 indexings. The First Circuit Court of Appeal
20 reversal of the finding in the 1992 case and the
21 FPSC's October 19, 1995 decision on the mandate to
22 change to modified stand alone rates also were
23 discussed. We tried to clear up a misconception
24 amongst customers about the legality of uniform
25 rates explaining that, procedurally, the Court

1 held that the FPSC had to make a finding of
2 "functional relatedness" prior to authorizing
3 uniform rates. The fact that rate structure was a
4 completely open question in this rate case, as in
5 all rate cases, was explained. The Company's
6 current authorized rate of return was discussed,
7 as well as the Company's net losses and the more
8 than \$100 million in additional plant and
9 equipment placed into service since rates last
10 were established. Changes in the Clean Water Act
11 and Safe Drinking Water Act and the enforcement by
12 the Water Management Districts through their
13 permitting authority and the enforcement of the
14 Florida Department of Environmental Protection
15 were also presented. I also discussed the State's
16 groundwater and that it was a resource of the
17 State of Florida under Chapter 343, dissimilar to
18 other states, like Texas, for example, where the
19 owners of land have full and virtually unlimited
20 access to water underneath their property. I
21 discussed saltwater intrusion using material from
22 the Water Resources Atlas of Florida, published by
23 Florida State University. Specifically, I
24 discussed that saltwater intrusion not only occurs
25 from the coasts, but that it lies underneath the

1 aquifer at varying depths throughout the State.
2 According to the Water Resources Atlas of Florida,
3 saltwater intrusion occurs 40 feet for each foot
4 of aquifer removal above sea level. I also
5 discussed the ever more strict requirements on
6 wastewater treatment and the State's movement
7 toward use of reclaimed water for non-potable
8 purposes to reduce freshwater withdrawals,
9 pollution prevention and to augment the rain cycle
10 in replenishing the aquifers. Finally, I
11 discussed the two prong nature of a rate case
12 where the FPSC first reaches a decision on the
13 revenue requirement and then determines rate
14 structure. I explained that the revenue
15 requirement is the amount of additional money due
16 to SSU. The second decision, and one which could
17 make a very big difference in the level of rates
18 charged in each service area, was on rate
19 structure -- how the revenue requirement is
20 divided amongst customers, i.e., stand alone
21 rates, modified stand alone rates, uniform rates
22 or another rate structure. I explained the
23 differences between stand alone, modified stand
24 alone (or capped rates) and uniform rates. And,
25 finally I discussed the benefits of uniform rates,

1 how many other states have authorized them and how
2 they have been authorized in Florida since 1981 in
3 a number of different cases. Finally, I addressed
4 the reverse osmosis issue stating that this type
5 of advanced treatment was much more costly than
6 standard treatment because it treated brackish
7 water and, for that reason, we proposed an
8 additional charge for customers of our reverse
9 osmosis plants.

10 **Q. WERE ANY HANDOUTS GIVEN AT THESE MEETINGS AND WHAT**
11 **MATERIAL WAS AVAILABLE FOR CUSTOMER REVIEW?**

12 A. We handed out at each meeting existing and
13 proposed rates for each service area. The
14 handouts included existing base facility charges
15 and gallonage charges, as well as both of these on
16 a modified stand alone, stand alone and uniform
17 rate structure and these rates were calculated as
18 if SSU were to receive 100 percent of the rate
19 change that it requested -- giving customers the
20 true extent of their maximum exposure. All of
21 these options were also given to customers on a
22 bill out basis, using the average gallonage used
23 in each service area. Also available for customer
24 review at these meetings were the lists of capital
25 improvements made in each service area through

1 1995 as well as those planned for 1996.

2 **Q. WERE THERE ANY DIFFICULTIES IN SETTING UP THESE**
3 **MEETINGS?**

4 A. We were on a very tight schedule. We wanted to
5 have the new interim rates, if any, available for
6 customers as well as what the maximum final rates
7 would be under all three options being discussed
8 at that time in the form of handouts to any
9 customers who chose to attend our information
10 meetings. We did not know about interim rates
11 until January 4. The draft tariffs were not
12 complete until January 8, and not finally approved
13 until January 12. During this brief period of
14 time, we scheduled the meetings and the notices
15 were printed. Notices for the first meetings were
16 delivered to SSU, addressed and mailed on January
17 12 for the first meetings to be held on January
18 16. We anticipated they would be delivered on
19 Saturday and most were. However, some were not
20 delivered Saturday and, because Monday was a
21 national holiday, some customers did not get their
22 postcards until the day of the meeting. We do
23 know that some customers received their notices
24 because they attended the meeting. If any were
25 delivered after the meeting date, there really is

1 no plausible explanation except just inadequate
2 mail service. This problem, however, only existed
3 with customers in Citrus, Marion and Pasco
4 counties. Cards for meetings held January 18 for
5 Bradford, Clay, Putnam, Lake, Brevard and Volusia
6 counties and for January 19 meetings for Orange,
7 Seminole and Osceola counties were mailed January
8 13. Cards for the meetings for Charlotte, Lee,
9 Martin and St. Lucie Counties, held on January 22
10 and January 23 were mailed January 16.

11 **Q. WHAT WAS YOUR PURPOSE IN HOLDING THESE MEETINGS?**

12 A. The purpose was to communicate to our customers
13 the extent of their rate exposure in this case
14 before the customer meetings and to satisfy the
15 continual comments by OPC that we were not
16 communicating this to our customers.

17 **Q. DID YOU EVER SAY THAT THE FPSC HAD ALREADY**
18 **ESTABLISHED REVENUES FOR SSU IN THIS CASE?**

19 A. Absolutely not. One customer in Mt. Dora said
20 that that was said. I did explain the two prong
21 nature of rate cases, explaining first that the
22 FPSC determines revenue requirements, after
23 discovery and the technical hearings in
24 Tallahassee are complete, then the Commission will
25 decide the appropriate rate structure, i.e., how

1 that revenue requirement is divided among
2 customers.

3 **Q. DID YOU EVER GIVE A PERCENTAGE OF REVENUE**
4 **REQUIREMENT THAT SSU WOULD RECOVER IN THIS CASE?**

5 A. Absolutely not. I explained that the rates that
6 were on the customer handouts were the rates that
7 would go into effect if SSU got 100 percent of its
8 request. I explained that likely was not going to
9 happen because both the FPSC and OPC pour over the
10 company's books and records to determine the
11 prudence of each and every expenditure and
12 determine how much and what expenditures will go
13 in rate base. I further explained that I had no
14 idea what revenue requirement they would
15 determine, but that in our 1992 case we received
16 approval for approximately 70 percent of our
17 request.

18 **Q. HOW WERE THE LOCATIONS OF MEETINGS SELECTED?**

19 A. Since many service areas were invited to each
20 meeting, we selected geographic locations that
21 were most central to all the service areas
22 involved.

23 **Q. DID YOU INFORM CUSTOMERS THAT THEY WERE**
24 **REPRESENTED BY PUBLIC COUNSEL IN THIS CASE?**

25 A. Yes. I advised the customers that they were

1 represented by the Office of Public Counsel and
2 also that some customer groups had hired private
3 attorneys. I gave out the telephone numbers of
4 both the FPSC and OPC for customers to use if they
5 had any questions they did not want to direct to
6 SSU. At one meeting, I explained that OPC has
7 requested a huge number of documents, taken
8 depositions of our witnesses and audited our books
9 and records at our headquarters. On one inquiry,
10 I did answer that I had heard OPC express a
11 concern about remaining neutral on the rate
12 structure issue because the impact on customer
13 groups is different depending on which rate
14 structure is selected.

15 **Q. WHY DO YOU THINK THERE WAS SOME CUSTOMER**
16 **MISUNDERSTANDING AS EXPRESSED AT THE CUSTOMER**
17 **SERVICE HEARINGS?**

18 A. Trying to explain everything that has happened in
19 the four separate proceedings is very complicated.
20 I said the same thing at each and every customer
21 meeting. In some instances, customers get so
22 concerned about possible increases that they do
23 not focus on what is said accurately. At the last
24 few customer hearings, at least one customer
25 brought up a different subject each time by taking

1 a few words mentioned during the formal
2 presentations and placing an out of context
3 interpretation on them. In my opinion, there was
4 a concerted effort by Public Counsel and possibly
5 others to discredit SSU and its attempts to
6 communicate fully and thoroughly with its
7 customers. Now that we have communicated with
8 customers, OPC is implying that we are misleading
9 them. Because it has been one person saying one
10 new thing at each hearing, I believe that when
11 they relay the few words to others, a brand new
12 interpretation was placed on them by someone who
13 was not in attendance at the customer meetings.
14 It is this new interpretation that was being
15 presented at the last few hearings. It also
16 cannot pass notice that several attempts by Public
17 Counsel at the customer service hearings to lead
18 customers to Public Counsel's desired result --
19 the discrediting of SSU information -- were
20 unsuccessful.

21 **Q. DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?**

22 **A.** Yes, it does.