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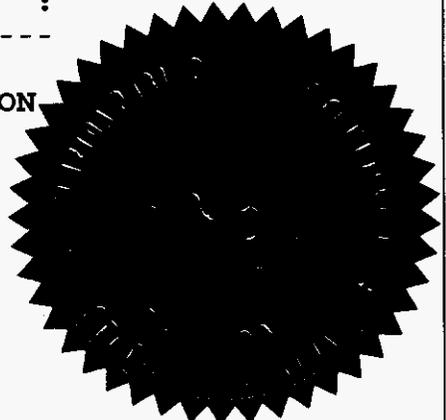
BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of : DOCKET NO.
: 950495-WS
Application for a rate increase and :
Increase in service availability charges :
By SOUTHERN STATES UTILITIES, INC., for :
Orange-Osceola Utilities, Inc., in :
Osceola County, and in Bradford, Brevard, :
Charlotte, Citrus, Clay, Collier, Duval, :
Highlands, Lake, Lee, Marion, Martin, :
Nassau, Orange, Osceola, Pasco, Putnam, :
Seminole, St. Johns, St. Lucie, Volusia, :
and Washington Counties. :

FIFTH DAY - AFTERNOON SESSION

VOLUME 19

Pages 1947 through 2066



PROCEEDINGS: HEARING

BEFORE: CHAIRMAN SUSAN F. CLARK
COMMISSIONER J. TERRY DEASON
COMMISSIONER JULIA L. JOHNSON
COMMISSIONER DIANE K. KIESLING
COMMISSIONER JOE GARCIA

DATE: May 4, 1996

TIME: Commenced at 11:15 a.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: PEGGY L. OWENS, RMR, RPR

APPEARANCES:
(As heretofore noted.)

WITNESSES

1		
2	NAME	PAGE NO.
3	JOHN B. WHITCOMB	
4	Redirect Examination by Mr. Hoffman	1953
5	DALE G. LOCK	
6	Direct Examination by Mr. Armstrong	1976
7	Prefiled Direct Testimony Inserted	1979
8	Cross Examination by Mr. Beck	2015
9	Redirect Examination by Mr. Armstrong	2061
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EXHIBITS			
	NUMBER	ID.	ADMTD.
1			
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3	135		1975
4	136		1975
5	137		1975
6	138		1975
7	139		1075
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9	141		1975
10	142	(Lock) DGL1-4	1978
11	143	(Lock) Excerpt from Florida	2026
12		League of Cities Cooperative	
		Salary Survey dated 2/1994	
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14		League of Cities Cooperative	
		Salary Survey dated 4/1994	
15	145	(Lock) Excerpt from Florida	2038
16		League of Cities Cooperative	
		Salary Survey dated 5/1994	
17	146	(Lock) Composite Confidential	2045
18		Packet	
		1. Excerpt, VP Finance	
		& Administration	
19		2. Calculation of 1994	
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20		3. SSU 1994 Incentive	
		Compensation Plan	
21			
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23			
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P R O C E E D I N G S

(Transcript continues from Volume 18.)

COMMISSIONER DEASON: If the City of Venice was not one of the data points, that line would shift from the carryover, would it not?

WITNESS WHITCOMB: Yes.

COMMISSIONER DEASON: It would flatten a great deal, would it not?

WITNESS WHITCOMB: Yes.

I would like to just comment that you shouldn't read too much into that information because all these other factors have not been controlled for in the analysis.

COMMISSIONER DEASON: Yesterday when you were talking about the income effect of the rate structure and the effect of a change in base facility charge keeping the gallonage charge constant, that would result -- everything else being equal -- that would result in a marginal income effect. And that would, in your opinion, result in higher usage, perhaps very marginally, so but nevertheless higher usage.

WITNESS WHITCOMB: Correct.

COMMISSIONER DEASON: I believe you gave the example of a base facility charge of \$5 with say

1 a gallonage charge of a dollar, and then a base
2 facility charge of \$10 with a gallonage charge of a
3 dollar. That under those two rate structures you
4 would think that the higher usage would be with the
5 base facility charge of \$5.

6 WITNESS WHITCOMB: In a very theoretical --

7 COMMISSIONER DEASON: It would be \$5 more
8 of disposable income.

9 WITNESS WHITCOMB: In a theoretical way,
10 yes.

11 COMMISSIONER DEASON: In a theoretical
12 way. In a common sense way, let me ask you a
13 question about that. Do you think it is possible
14 that a customer, a customer under one rate structure
15 -- that is the five-dollar base facility charge and
16 another customer with a ten-dollar base facility
17 charge, that it may be conceivable that the customer
18 with the ten-dollar base facility charge may consume
19 more gallonage if the customer is only concerned
20 about the bottom line of the bill, and they know that
21 their bill only increases marginally; so bottom line,
22 when there is a higher base facility charge.

23 For example, the customer with the
24 five-dollar base facility charge would show a lower,
25 I'm sorry, a higher percentage increase in bottom

1 line bill for every additional gallon consumed,
2 perhaps to some type of a breaking point. I don't
3 know where that would be. Have you ever observed
4 that phenomenon at anytime in your studies?

5 WITNESS WHITCOMB: No. The economic theory
6 is based, the economic theory supports the marginal
7 price, is the price signal that a rational customer
8 with perfect information would respond to. I think
9 there is some defection from that standpoint in that
10 I believe that certain people think it should be an
11 average of some of these prices on the block rate
12 structure, which is sending the signal to these
13 customers. But in all these studies, they are
14 concentrating on the gallonage charge, because that
15 is, that is affecting, that decision affects their
16 bill.

17 You bring out it can change the percentage
18 of the total bill. So this is even a different
19 perception issue, and even an alternative price
20 specification that you could then run and test and
21 see the results of that. You would say some function
22 of the total bill.

23 And in all the studies that are out there,
24 120 empirical studies, that particular price signal
25 specification hasn't been used.

1 COMMISSIONER DEASON: Are you aware of any
2 economists that describe to the theory that customers
3 are concerned with bottom line bills?

4 WITNESS WHITCOMB: No.

5 COMMISSIONER DEASON: I would invite you to
6 attend some of our demand side management hearings.
7 That's just an aside. That's all the questions.

8 CHAIRMAN CLARK: Redirect.

9 MR. HOFFMAN: Thank you, Madam Chairman.

10 **JOHN B. WHITCOMB**

11 resumed the stand on behalf of Southern States
12 Utilities, and having previously been duly sworn,
13 testified as follows:

14 **REDIRECT EXAMINATION**

15 BY MR. HOFFMAN:

16 Q Dr. Whitcomb, I think that we can at
17 minimum glean from the extensive cross examination
18 regard concerning your two studies, that the study
19 that you rely on in support of your proposed
20 elasticity adjustment in this proceeding was the
21 first study, the WATERATE 2.1, which is attached as
22 JBW-3 to your testimony; is that correct?

23 A That's correct.

24 Q Let me ask you this, first. If you were to
25 have used the second study in support of a price

1 elasticity adjustment in this case, that is the
2 WATERATE 2.2, what would the impact be on the
3 proposed elasticity adjustment that you are
4 recommending?

5 A The second study, which I call the updated
6 study, has price elasticities that are slightly
7 higher than the original studies at the price ranges
8 that we are looking at. To that extent, the price
9 elasticity adjustment would be higher if using the
10 updated model than the original model.

11 Q Okay. And therefore, under the second
12 model the impact on projected consumption and,
13 therefore, projected revenue would have been greater.

14 A Projected consumption would be lower under
15 the updated model; and thus, the rates would be
16 slightly higher.

17 Q Okay. You helped me with that. I didn't
18 state that correctly. Okay. There would have been,
19 the impact on projected consumption as a result of
20 your second study would be what as compared to your
21 first study?

22 A The impact on projected consumption would
23 be less.

24 Q Now, in response to some questions from Mr.
25 McLean, there was some discussion concerning one peer

1 reviewer's comments. Do you recall that?

2 A Yes.

3 Q Now, that peer reviewer's comments were
4 directed to your second study, not your first study;
5 is that correct?

6 A Correct.

7 Q Now, we learned from those questions that
8 your second study was not accepted for publication
9 because of what was characterized by one reviewer as
10 a fatal flaw; do you recall that?

11 A Yes.

12 Q Let me first ask you this. In light of
13 that criticism why then has SMFWMD moved forward with
14 the implementation of your second study through the
15 WATERATE software program?

16 A Well, as I described at length yesterday,
17 the inference that the demand curve should be assumed
18 to be relevant outside the range of experience is a
19 standard that is set which would eliminate almost 90
20 percent of almost all research done in a situation.

21 We believe that within this range of \$0.40
22 to \$7.05, that we have come up with the best demand
23 curve possible to fit the situation. We've also
24 looked at coming up with the most credible and
25 accurate information. It is very important to SWFWMD

1 that they have the most credible study. They have
2 amassed the largest database on the subject.

3 It is important that the analysis is also
4 done at that level. If we assumed -- we could have
5 got the paper published as laid out in cross
6 examination Exhibit No. 136, Page 2, as that letter
7 describes. We could have got that paper published if
8 we had gone ahead and used the conventional demand
9 function. There wouldn't be any controversy about
10 it. But we wouldn't do that. I wouldn't do it. My
11 colleagues wouldn't do it and SWFWMD didn't want to
12 do that because that would assume, that would assume
13 the price elasticity is constant over the whole price
14 spectrum. All evidence suggests that is not the
15 case.

16 Now, the Commissioners here have to render
17 some judgment -- and the staff -- have to render some
18 judgment on credibility of this new innovative
19 technique that we've come up with. I point out that
20 if you want to go and use the conventional technique,
21 we've already calculated the data, we've presented it
22 to OPC and can be used in this rate case. The net
23 effect would be that the price elasticity adjustment
24 would be greater.

25 Now, you can use that, but myself and my

1 team aren't going to stand behind that number because
2 we know that the price elasticity is a function of
3 price level. All the evidence supports that. That
4 is our stance.

5 Q Dr. Whitcomb, you have published before, as
6 I understand it?

7 A Yes. I have published a number of articles
8 in water demand analysis.

9 Q All right. And those are outlined in your
10 Exhibit JBW-1?

11 A Yes.

12 Q All right, sir. All you needed to do in
13 order to get published again was to concede to this
14 alleged fatal law; is that correct?

15 A Yes. If we, if we had gone the
16 conventional way, it is my impression it would be, it
17 would have been accepted for publication. We weren't
18 going to sacrifice our integrity just to get another
19 publication. It is too important to -- we have, we
20 have done so much work to get this database together
21 that we want to have also the best analytical tools
22 employed in this case.

23 Q Well, you mentioned that you are not alone
24 in your assessment that there is not a fatal flaw
25 with respect to your second study.

1 A That's right. All my colleagues that I've
2 shared this comment with, Jay Yingling of SWFWMD, who
3 is going to be testifying here, also feels the same
4 way. And it is our intent for these more than 50
5 registered users here in Florida to have the best
6 information. That is why we sent out WATERATE 2.2.

7 Q Well, is the fact that the WATERATE 2.2
8 software is being used by I think you said 50 other
9 utilities in Florida indicative of the fact that
10 there is not a fatal flaw in that study?

11 MR. MCLEAN: Objection, leading.

12 MR. HOFFMAN: Do you want me to rephrase
13 it, Madam Chairman?

14 CHAIRMAN CLARK: Yes.

15 BY MR. HOFFMAN:

16 Q Dr. Whitcomb, are you aware of any
17 circumstances which would indicate to you, any other
18 circumstances, which would indicate to you that there
19 is not a fatal flaw in your second study?

20 A Well, the fatal flaw -- you mean, you have
21 this mantra of fatal flaw. Again, it is not the
22 model. It is not the model. It is the inference
23 where the fatal flaw is. All the research we worked,
24 we've done, is not applicable to prices above the
25 \$7.05 per thousand gallons.

1 And in this case, we have a model that is
2 being widely used, and we believe is credible.

3 Q Well, to your knowledge, how many other
4 utilities in Florida are using the WATERATE 2.2
5 model?

6 A Somewhere around 75 now.

7 Q Thank you. Let me go back to one of my
8 first line of questions concerning the impact of the
9 second study, just for purposes of clarification. As
10 I understand it, the impact of the second study, the
11 WATERATE 2.2, would be that projected consumption
12 would be less as compared to the first study; is that
13 correct?

14 A Yes.

15 Q And therefore, that would result in a
16 higher elasticity adjustment?

17 A Yes.

18 Q Thank you. Now, there were a number of
19 questions concerning the applicability of your study
20 to SSU's various service areas; do you recall those
21 questions?

22 A Yes.

23 Q You have testified on a number of occasions
24 now with respect to the climate issue, do you recall
25 that?

1 A Yes.

2 Q You've testified on the similarity and
3 variance of the net irrigation requirement when you
4 compare the SWFWMD utilities to the SSU plants and
5 facilities; do you recall that?

6 A Yes.

7 Q Let me ask you this. Is there any degree
8 of similarity between the rate structures of the
9 utilities that were looked at in the study and the
10 rate structure of SSU's customers which lead you to
11 conclude that the studies should be applied to SSU's
12 customers?

13 A Yes. I would say, first of all, we have
14 gone to extensive steps to account for differences
15 that rate structure may have on this case. We, as in
16 Commissioner Deason's line of questioning, we
17 accounted for the income effect that can happen from
18 these, from different rate structures.

19 One of Dr. Dismukes' claims is that we
20 didn't account for this factor when we actually did.

21 The other point to be made is that about 50
22 percent of SSU's customers have a non-block quantity
23 charge and about 50 percent have an effective
24 declining block rate when you look at both water and
25 sewer components.

1 If you look at the SWFWMD study, about 39
2 percent of the customers in that study faced a
3 non-block rate. That's when you include -- effective
4 non-block rate -- when you include those that have
5 minimum bills. If you look at those that had a
6 declining block rate or some mixed declining block
7 rate, that was 57 percent of the sample. Hence,
8 there is very close similarity also in rate
9 structure.

10 Q All right. Were you finished, Dr.
11 Whitcomb?

12 A Yes.

13 Q Commissioner Deason did ask you some
14 questions about the income factor. Can you explain
15 for us the degree of significance that a customer's
16 income has in your study on a proposed elasticity
17 adjustment?

18 A The primary factor effecting price
19 elasticity is price level as reflected in our
20 report. There is some difference in price elasticity
21 related to income.

22 I believe you are mixing up the income and
23 how income effects price elasticity and this other
24 issue, which is the income effect, which has to do
25 with a -- it is more of a theoretical point based on

1 disposable income.

2 Q Okay. What has a greater impact on
3 consumption, price or rate structure?

4 A Price.

5 Q Why is that?

6 A Price is the relevant information that a
7 customer looks at when deciding to consume another
8 unit or to cut back on water use by one unit. It is
9 the reward they get for doing that. It is the direct
10 impact.

11 Q In one of Mr. Twomey's questions you stated
12 that a goal of the rate structure in terms of the 40
13 percent based facility charge and 60 percent
14 gallonage charge that you are recommending in this
15 case is to encourage conservation. Do you recall
16 that?

17 A That is one of two goals.

18 Q Okay, you are getting to my next question,
19 which was are there any other goals that are
20 reflected by that proposal?

21 A Water conservation was one objective.
22 Financial risk is the other objective. They are
23 competing goals. You can't get more without
24 sacrificing the other. You have to come to some
25 level of compromise to come to the desired point.

1 Q Dr. Whitcomb, are you aware that interim
2 rates were placed in effect in this rate proceeding
3 in January of 1996?

4 A Yes.

5 Q In light of that fact, would you agree that
6 50 percent of the elasticity impact will be felt by
7 SSU's customers by December 31 of 1996?

8 A I would say that you, the price elasticity
9 impact is certainly in effect right now; that is,
10 precisely 50 percent of whatever gets proposed here
11 is not known.

12 Q You adjusted for 75 percent of the total
13 expected elasticity in the MFRs; is that correct?

14 A Correct.

15 Q If that adjustment is reduced below that
16 level, then all else being equal, what would be the
17 expected impact on Southern States' revenues in 1997
18 and thereafter?

19 A Well, to the extent that you are
20 underestimating the price elasticity adjustment, you
21 are overstating projected revenues, which decreases
22 the gallonage charge, which when water consumption
23 becomes lower will actually be a decrease in SSU's
24 revenue.

25 Q There would be an underrecovery of

1 revenue?

2 A Correct.

3 Q I also want to be clear on the issue of the
4 weather normalization charge. Does the weather
5 normalization charge address only weather impacts or
6 all variables that impact weather?

7 A As I said earlier, I believe it should
8 probably be recalled the water normalization clause
9 and not the weather normalization clause.

10 Q So it is impacted by all those variables?

11 A Yes.

12 Q Okay. Dr. Whitcomb, based on your
13 knowledge and experience, have clauses like the gas
14 adjustment clause, fuel adjustment clause that is
15 employed by this Commission, a weather normalization
16 clause, all of these at some point were new
17 innovations in their respective industries; were they
18 not?

19 A That's correct.

20 Q Well, take for example the fuel adjustment
21 clause. Do you believe that implementation of the
22 fuel adjustment clause would have required the
23 extensive level of analysis that is being applied to
24 your proposed weather normalization clause in this
25 proceeding?

1 A It seems like that would be a smaller issue
2 than this one.

3 Q Let me follow up with another question on
4 that, Dr. Whitcomb. In considering the weather
5 normalization clause or the water normalization
6 clause, what is it that requires scrutiny on your
7 part? What is it that is more difficult about it, in
8 your opinion?

9 Is it the actual implementation of the
10 clause and calculating the appropriate
11 overcollections or undercollections, or is it the
12 principles that ought to be considered by the
13 Commission in determining whether or not the
14 application of the clause is appropriate?

15 A I believe it is going to take some work to
16 set it up and get it going. Once it does get going
17 the way that SSU has proposed, then it would become a
18 minor administrative task just adjusting the
19 consumption from -- actual consumption with projected
20 consumption for each month and making the
21 calculations from that.

22 Q In your opinion, is there anything that is
23 complex concerning the issue of whether or not the
24 Commission should accept for SSU the weather
25 normalization clause?

1 A Well, if you went to the stand-alone rates
2 it would be much more difficult to make the
3 calculations for WNC. You would then have to make
4 the calculations on a system-by-system basis.

5 Q That would be an application issue, isn't
6 that correct?

7 A Correct.

8 Q I'm talking about concepts. In your
9 opinion, is there anything that is significantly more
10 complex about the weather normalization clause when
11 you compare it with, say, the fuel adjustment clause
12 in terms of the goals that SSU is attempting to reach
13 through the clause?

14 MR. TWOMEY: Pardon me, Madam Chairman. I
15 don't believe it has been established, unless I
16 missed something, one, this is beyond the scope of
17 the cross examination; and two, I don't think it has
18 been established that Dr. Whitcomb understands how
19 fuel adjustment clauses or the other clauses
20 mentioned operate here in Florida in terms of their
21 complexity.

22 MR. HOFFMAN: Madam Chairman, if I may, I
23 would like to go back then and ask Dr. Whitcomb if he
24 does have a familiarity with, for example, the fuel
25 adjustment clause here in Florida.

1 CHAIRMAN CLARK: Go ahead.

2 BY MR. HOFFMAN:

3 Q Dr. Whitcomb, are you familiar with the
4 fuel adjustment clause mechanism in Florida?

5 A In general terms.

6 Q Okay. Could you give us your general
7 understanding of how that clause works and why it
8 exists?

9 A The clause exists because there are certain
10 uncontrollable factors to the utility, that they
11 cannot control the price of fuel. And hence, when
12 the price of fuel changes, the fuel adjustment clause
13 essentially passes that along directly in a very
14 timely fashion into rates on an automatic basis.

15 Q Do you see any similarities between that
16 fuel adjustment clause and SSU's proposed weather
17 normalization clause?

18 A Of course.

19 Q What would those be?

20 A That the -- I guess the point here is that
21 Florida's water consumption is the most variable in
22 the country on an annual basis, if you look at it,
23 mainly due to weather. Its unpredictability is,
24 makes it very likely, actually the risks, it is a
25 tremendous risk that actual consumption will not

1 equal potential projected consumption. To that
2 extent, the WNC is going to mitigate that for the
3 customers and the company.

4 Q Yesterday Mr. McLean asked you a number of
5 questions concerning your qualifications. And I
6 believe at one point Mr. McLean asked you yesterday
7 if you are an expert on water demand elasticity. Do
8 you recall those questions?

9 A Yes.

10 Q And I believe that your response to Mr.
11 McLean was that you are an expert on water demand
12 elasticity, do you recall that?

13 A Yes.

14 Q What is the basis for your statement?

15 A Well, if you look at my education through
16 undergraduate, and then into graduate school, it is
17 focused on water demand analysis almost exclusively.
18 In graduate school at Johns Hopkins University I was
19 the -- my faculty adviser was one of the foremost
20 authorities on water demand analysis, John Bowland.

21 Since then I've published a number of
22 articles on water demand analysis. I've conducted
23 over 30 studies on water demand analysis in a
24 consulting capacity over the last ten years
25 concerning almost exclusively water and sewer

1 customers.

2 I've worked for the World Bank. I've
3 worked for two utilities on water demand, on water
4 price elasticity studies here in Florida. And
5 currently, I am the principal investigator of a large
6 empirical project going on in the southwestern U.S..
7 The folks out in the southwest reviewed the swfwmd
8 price elasticity study, and a companion or sister
9 project is currently on way going -- being conducted
10 there. That's the states of California, Arizona and
11 Nevada.

12 And I would like to point out that Dr. Phil
13 Halberson at the Las Vegas Valley Water District was
14 very impressed with the SWFWMD study. That is why he
15 funded this next project.

16 Q Dr. Whitcomb, do you believe Dr. Dismukes
17 to be qualified to analyze and comment on a water
18 demand elasticity study?

19 MR. MCLEAN: Objection, way beyond the
20 scope of cross.

21 MR. HOFFMAN: Madam Chairman, there were
22 numerous questions directed by Mr. McLean yesterday
23 to Dr. Whitcomb on the issue of Dr. Dismukes' ability
24 to comment on the price elasticity study. I think --

25 CHAIRMAN CLARK: I will allow the

1 question.

2 MR. HOFFMAN: Thank you.

3 WITNESS WHITCOMB: I would think in this
4 capacity before the Commission of reviewing the
5 credibility of our study, that someone like Dr.
6 Beecher that was here earlier, who has a command of
7 water pricing policy, and knows -- I know she has
8 done literature reviews and knows the subject matter
9 very well -- may have, would have been a, I would
10 have accepted as more of a more appropriate peer.

11 In looking at Dr. Dismukes' resume I cannot
12 see that he has ever done an empirical water price
13 elasticity study. In his comments he makes in his
14 direct testimony, he shows to me that he doesn't have
15 a mastery of the literature on the subject.
16 Specifically, he declares that the SWFWMD price
17 elasticity study has low explanatory power.

18 If you look at the genre of models that are
19 in the literature, those look at a cross section of
20 homes among utilities, they look at monthly
21 observations over a time series. Within the genre,
22 the SWFMD study has relatively high explanatory
23 power, unlike what he claims.

24 There is one other factor, I think Dr.
25 Dismukes probably is a very good energy economist.

1 And he has some impressive credentials. But when you
2 move into the water field there is a number of
3 specific factors that are specific to the water
4 industry, which you have to learn about. And one
5 point is that Dr. Dismukes claims that SSU's prices
6 are essentially a non-block, uniform rate structure,
7 and he characterizes that when he compares it to the
8 SWFMD study.

9 It is a very common mistake for people that
10 don't deal with this on a daily basis, they ignore
11 the sewer side of it all. Sewer prices, of course,
12 can be part, are an important part or the other half
13 of the price signal being sent out here of rates in
14 Florida. So that he didn't recognize the total
15 pricing, the pricing going on.

16 Q I think in response to one of Mr. McLean's
17 questions yesterday concerning Dr. Dismukes'
18 recommendation that 50 percent of the price
19 elasticity adjustment be approved, I think one of
20 your responses to that suggestion was that he just
21 took the number out of a hat; is that correct?

22 A Correct.

23 Q What is wrong with that?

24 A There is no evidence that he has to base it
25 on. The important point here to be made, and it is

1 an important one, is that it is not between what the
2 estimate, water rate estimate and zero. That is not
3 the basis. It is just as equally likely that the
4 price elasticity adjustment will be greater than our
5 estimate than lower.

6 So in looking at that it is almost saying,
7 well, it could be just as equally likely be 20
8 percent instead of about the 11 percent, 10 percent,
9 11 percent level that I've estimated. So on that
10 basis, you know, you can't just arbitrarily pick a
11 number that seems -- that doesn't have any evidence
12 to support it.

13 Q I just have a few more questions, Dr.
14 Whitcomb. Commissioner Deason asked you some
15 questions concerning your Exhibit JBW-3, page 20 of
16 153.

17 A Correct.

18 Q Do you have that in front of you?

19 A Yes.

20 Q I think he asked you the based facility
21 charge and gallonage charge information for the City
22 of Venice utility. Do you recall that?

23 A I provided the gallonage charge information
24 and I didn't have the base facility charge
25 information available.

1 Q Thank you. Do you have the gallonage
2 charge information or other rate information for the
3 other utilities which are shown on that page?

4 A Yes.

5 Q Could you please provide that information
6 right now?

7 A The list of all the gallonage charges over
8 time is listed on pages 97 through 100, JBW-3.

9 Q So that information is in the record?

10 A Yes.

11 Q All right. Dr. Whitcomb, Mr. McLean asked
12 you a number of questions concerning what was
13 identified as Exhibit 136. Do you have that document
14 in front of you?

15 A Sorry, I can't find it right at this
16 minute.

17 Q I will hand you a copy of it.

18 A Yes.

19 Q If you would turn to page 10 of exhibit
20 136.

21 A Yes.

22 Q You executed a release; is that correct?

23 A Yes.

24 Q What is the date you executed that
25 release?

1 A January 10, 1996.

2 Q Okay. As I understand it, you were
3 requested to do so earlier in your deposition; is
4 that correct?

5 A That's correct.

6 Q Did Public Counsel thereafter request you
7 to take any further action with respect to the
8 information that is identified in that release?

9 A There was an interrogatory where I was
10 essentially asked to provide all the information on
11 the first set of peer review of the article. I told
12 them at, through that, in that interrogatory or
13 document request response that had been discarded
14 back in 1994. Later on he comes and I was sent a
15 release form which I sent to the journal. The
16 journal did not -- ended up not having this first
17 round either. They had discarded it. And that is
18 what I have done in this effort.

19 Q Has anyone from Southern States advised you
20 to be anything less than full and forth right in
21 responding to the discovery request in this case?

22 A No.

23 MR. HOFFMAN: Thank you, Dr. Whitcomb.
24 That's all I have.

25 CHAIRMAN CLARK: Exhibits.

1 MR. HOFFMAN: We would move Exhibit 135.

2 COMMISSIONER CLARK: Without objection

3 Exhibit 135 will be admitted in the record.

4 (Exhibit No. 135 admitted.)

5 MR. HOFFMAN: 136.

6 CHAIRMAN CLARK: Without objection Exhibit

7 136 will be entered in the record.

8 (Exhibit No. 136 admitted.)

9 MS. CAPILISS: Staff moves Exhibits 137

10 through 141.

11 CHAIRMAN CLARK: Without objection,

12 Exhibits 137 through 141 will be admitted in the

13 record.

14 (Exhibit Nos. 136 through 141 admitted.)

15 CHAIRMAN CLARK: Thank you, Dr. Whitcomb.

16 You are excused. We will take a break until a

17 quarter after 12:00. You can order what you want or

18 make arrangements for lunch. We will take no further

19 long breaks after that. Thank you.

20 (Brief recess.)

21 CHAIRMAN CLARK: We will call the hearing

22 back to order. Mr. Armstrong, I take it Ms. Lock is

23 your witness.

24 MR. ARMSTRONG: Yes, she is, Madam Chair.

25 CHAIRMAN CLARK: Okay. Let's just hang on

1 just a minute. Mr. Beck, we are just beginning to go
2 through the formalities for Ms. Lock:

3 All right. Go ahead, Mr. Armstrong.

4 MR. ARMSTRONG: Thank you, Madam Chair.

5 **DALE G. LOCK**

6 was called as a witness on behalf of Southern States
7 Utilities and, having been previously duly sworn,
8 testified as follows:

9 **DIRECT EXAMINATION**

10 BY MR. ARMSTRONG:

11 Q Ms. Lock, do you have before you 30 pages
12 of questions and answers which constitute your
13 prefiled direct testimony in this case?

14 A Yes, I do.

15 Q If I were to ask you the questions
16 contained in that 30 pages would your answers be the
17 same?

18 A Yes. There would except I would like to
19 make one change in my direct testimony.

20 Q What change would that be?

21 A On Page 11, line 10, I would like to change
22 the figure 16.03 percent to 12.9 percent.

23 Q With that change would you -- if I asked
24 you the questions contained in that 30 pages would
25 your answers be the same?

1 A Yes, they would.

2 MR. ARMSTRONG: Madam Chair, we would
3 request that the 30 pages of prefiled direct
4 testimony of Ms. Lock be incorporated into the record
5 as though read.

6 MS. CLARK: Before I do that, let me just
7 check and make sure she has been sworn in.

8 MR. ARMSTRONG: Ms. Lock, have you been
9 sworn in?

10 WITNESS LOCK: Not today.

11 BY MR. ARMSTRONG:

12 Q You were the other day?

13 A Yes.

14 CHAIRMAN CLARK: Okay. Then you were for
15 this proceeding.

16 BY MR. ARMSTRONG:

17 Q That carries over until today.

18 A Thank you.

19 Q You are also sponsoring four exhibits, is
20 that correct?

21 A Yes, that's true.

22 Q Do you have any changes to those exhibits?

23 A No, I do not.

24 MR. ARMSTRONG: Madam Chair, we request
25 that the prefiled exhibits of Ms. Lock be identified

1 with the next available exhibit number.

2 CHAIRMAN CLARK: First, the prefilled direct
3 testimony Ms. Dale Lock will be inserted in the
4 record as though read. And give me the page numbers
5 or the numbers on her exhibits.

6 MR. ARMSTRONG: That would be DGL-1 through
7 DGL-4.

8 CHAIRMAN CLARK: Okay. DGL-1 through 4
9 will be marked as Composite Exhibit 142.

10 MR. ARMSTRONG: Thank you.

11 (Prefilled direct testimony inserted as
12 follows:)

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DIRECT TESTIMONY OF DALE G. LOCK, CCP
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
ON BEHALF OF
SOUTHERN STATES UTILITIES, INC.
DOCKET NO. 950495-WS

DOCUMENT NUMBER-DATE
06022 JUN 28 88
FPSC-RECORDS/REPORTING

1 **Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?**

2 A. My name is Dale G. Lock and my business address is 1000 Color Place,
3 Apopka, Florida 32703.

4 **Q. WHAT IS YOUR POSITION WITH SOUTHERN STATES**
5 **UTILITIES, INC.?**

6 A. My position is Manager of Human Resources for Southern States Utilities,
7 Inc. which I will refer to as "SSU" or the "Company".

8 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND AND WORK**
9 **EXPERIENCE?**

10 A. I am a Certified Compensation Professional by the American
11 Compensation Association with 20 years of human resources management
12 experience, 13 years of which are in the regulated utility industry. I
13 obtained my Bachelor of Science degree in 1973 and a Masters in Science
14 degree in Industrial Psychology from the University of Central Florida in
15 1977. I was employed for six years in the Human Resources department
16 of Florida Power Corporation where I was responsible for administering
17 compensation, benefits and policies. I also spent five years with General
18 Telephone of Florida where I was responsible for employment test
19 development and validation; compensation, supervisory and management
20 skills assessment; and EEO and affirmative action programs. I also
21 worked for the University of Central Florida for five years where I was
22 responsible for all aspects of personnel administration. Finally, I spent

1 three years with Assessment Designs, Inc. where I designed management
2 and supervisory skills assessment center simulation exercises and
3 performed assessor training.

4 **Q. WHAT ARE YOUR PRESENT DUTIES AS MANAGER OF HUMAN**
5 **RESOURCES ?**

6 A. I began my employment with Southern States in February 1993 as Human
7 Resources Administrator. In November 1994, I was promoted to the
8 position of Manager of Human Resources. My duties include the
9 development and administration of SSU's human resources programs and
10 policies in the areas of recruitment, equal employment opportunity,
11 employee relations, training, benefits, compensation, job evaluation, and
12 performance appraisal. I am responsible for the content and administration
13 of our employee benefits programs including the Defined Benefit Pension
14 Plan, 401(k) Savings Plan, Medical/Life/Dental Plans, Short Term
15 Disability, Group Long Term Disability Plan and Pre-tax Dependent &
16 Medical Reimbursement Account, Employee Assistance Program,
17 Unemployment and Worker's Compensation.

18 **Q. WHAT ARE YOUR PROFESSIONAL AFFILIATIONS?**

19 A. I am a member of the American Compensation Association, the Society for
20 Human Resources Management and the Industrial Relations Research
21 Association.

22 **Q. HAVE YOU EVER TESTIFIED BEFORE THE FLORIDA PUBLIC**

1 **SERVICE COMMISSION?**

2 A. Yes. I testified on behalf of Southern States in Docket No. 930945-WS,
3 the statewide jurisdiction docket.

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

5 A. I will describe Southern States' experience with FASB 106, provide
6 information supporting Southern States' requested payroll costs, and give
7 an overview of Southern States' human resources, payroll and training
8 departments' operations which are designed to maximize efficiencies,
9 reduce costs and provide our customers with a labor force capable of
10 providing safe, efficient and sufficient service statewide.

11 **Q. COULD YOU BRIEFLY DESCRIBE THE HISTORY OF FASB 106,**
12 **CONCENTRATING SPECIFICALLY ON HOW IT HAS IMPACTED**
13 **SOUTHERN STATES?**

14 A. In December, 1990, the Financial Accounting Standards Board adopted
15 SFAS No. 106 which was generally effective for fiscal years beginning
16 after December 15, 1992. I will refer to SFAS No. 106 as "FASB 106."
17 FASB 106 addresses the recognition and measurement of post-retirement
18 benefits other than pensions, which I will refer to as "OPEBS." OPEBS
19 are benefits that the employee receives from the employer when the
20 employee retires and are made up of medical care, dental care, life
21 insurance and other miscellaneous benefits. FASB 106 changed the
22 accounting for OPEBS from the "pay as you go" method (cash basis) to

1 an accrual basis which recognizes the expense when the employee earns
2 the benefits. In other words, FASB 106 requires Southern States to
3 recognize OPEB costs as a liability on the Company's financial statements
4 when they are earned, over the employee's working life similar to pension
5 benefits and not when the benefits are paid.

6 **Q. HAS SOUTHERN STATES ADOPTED FASB 106?**

7 A. Yes. The Company adopted FASB 106 on January 1, 1993.

8 **Q. IS SOUTHERN STATES REQUESTING RECOVERY OF ITS OPEB**
9 **COSTS IN THIS PROCEEDING?**

10 A. Yes. Southern States seeks OPEB cost recovery since the expense for
11 OPEBs should be recovered as the employer accrues them. OPEB
12 expenses should be paid for by the ratepayers for whom the employee is
13 performing services rather than future ratepayers. Southern States' OPEB
14 costs for the year ended December 31, 1994 were \$848,032. Exhibit
15 142 (DGL-1) contains a copy of the actuarial valuation report of our
16 OPEB costs projected for the year ended December 31, 1994. The
17 valuation study was performed by Godwins, Booke and Dickinson.

18 **Q. WHAT IS THE PROJECTED 1995 NET PERIODIC OPEB COST**
19 **INDICATED IN THE MFRS?**

20 A. The actuarially estimated 1994 net periodic OPEB cost is \$848,032. We
21 are not yet in receipt of the 1995 actuarial valuation report as of the time
22 of submission of the application for a rate increase in this proceeding. In

1 1995, to reflect prior Commission orders, SSU budgeted only \$787,150 for
2 above the line cost and \$60,882 for below the line cost based upon a
3 weighted average of Commission disallowances in those prior proceedings.
4 In other words, SSU did not increase this budgeted cost in the MFRs to
5 reflect the prior total company OPEB costs of \$992,525 which the
6 Commission had previously authorized in the Marco Island rate
7 proceeding, Docket No. 920655-WS. The company will update the 1995
8 and 1996 OPEB costs upon receipt of the actuarial valuation which is
9 expected in late June.

10 Since the Company is requesting final revenue requirements for the
11 projected year ending December 31, 1996, we have increased the 1995
12 OPEB costs indicated in the MFRs (\$787,150) for that period by 8%. The
13 8% increase reflects the 1996 rate of medical inflation projected by
14 Godwins, Boone and Dickinson. Using an 8% medical inflation factor
15 results in a 1996 total OPEB cost of \$850,122. We believe the 1996
16 projection to be a conservative estimate based upon preliminary analyses
17 of 1995 OPEB costs conducted by Godwins, Boone and Dickenson.

18 **Q. HAS THE COMMISSION AUTHORIZED SOUTHERN STATES TO**
19 **RECOVER OPEB COSTS IN THE PAST?**

20 **A.** Yes. As I just mentioned, most recently, in Order No. PSC-93-1070-FOF-
21 WS in Docket No. 920655-WS, (Marco Island), the Commission approved
22 total Company OPEB costs of \$992,525. The Commission's determination

1 related to a projected test year ended April 30, 1993. As I also indicated
2 earlier, SSU did not include the \$992,525 in the MFRs. However, we
3 intend to request that the Commission permit SSU to recover the actual
4 OPEB costs to be reflected in the Godwin's Actuarial Valuation report for
5 1995, increased by 8%, in final rates. If the actuarial valuation we will
6 receive shortly exceeds the foregoing OPEB cost indicated for 1996 in the
7 MFRs, SSU will so notify the Commission and parties to this proceeding
8 and will request that the difference be used as an offset to any deduction,
9 if any, which the Commission may make to SSU's requested revenue
10 requirements.

11 **Q. PLEASE DESCRIBE SOUTHERN STATES' EFFORTS TO**
12 **CONTROL OPEB COSTS SINCE THE COMMISSION ISSUED ITS**
13 **ORDER IN DOCKET NO. 920655-WS.**

14 A. Before describing our efforts since the order was issued, it must be
15 understood that the record in Docket No. 920655-WS confirmed that
16 Southern States already had taken significant steps in 1992 and 1993 to
17 control OPEB costs prior to the issuance of that order. These cost control
18 measures included: significant steps to reduce costs by adopting and
19 communicating specific cost containment measures such as increasing
20 employee deductible amounts, decreasing SSU's reimbursement amounts
21 for using out-of-network medical providers and user cost sharing by
22 significantly increasing both retiree and active employee premium

1 contributions. Since then we have implemented further cost control
2 measures in each of the plan years for 1994 and 1995. Some highlights
3 of additional cost containment measures are as follows: significant medical
4 plan and coverage re-design to reduce excessive utilization costs;
5 additional new coverages provided for preventive care and physicals;
6 adoption of more aggressive managed care with professional utilization
7 review and use of a primary care physician as a gatekeeper; hospital,
8 surgical and mental health care precertification requirements; increased
9 deductible and coinsurance amounts; introduction of a two (2) tier plan;
10 and escalated premium structure and conversion from an insured plan to
11 a lower cost, self-funded plan governed by ERISA. I note that if it were
12 not for SSU's size, we would not have been able to convert to a lower cost
13 self-funded plan at all. The specific control measures implemented during
14 the period 1992 through 1995 are provided in Exhibit ~~49~~ (DGL-2).

15 As further confirmed during Docket No. 920655-WS, Southern
16 States' OPEB benefits program as a whole provided somewhat lower
17 benefits to our retirees than the average plan of 77 utilities nationwide,
18 eight of which were Florida utilities. In fact, Southern States' medical
19 plan benefits to retirees at age 65 and over were the least generous of the
20 Florida utilities. Since that docket, we have not increased medical plan
21 benefits to active employees nor retirees and have been very aggressive in
22 medical plan cost control measures. In view of the forgoing, I believe it

1 is likely that SSU's benefits remain below the average of utilities
2 nationwide.

3 **Q. DO YOU HAVE ANY OTHER INFORMATION WHICH**
4 **CONFIRMS THE REASONABLENESS OF THE OPEB COSTS**
5 **SOUGHT BY SOUTHERN STATES FOR THE YEAR ENDING**
6 **DECEMBER 31, 1996?**

7 A. Utilities have traditionally attempted to offset lower pay rates than general
8 industry by providing superior employee benefits. SSU's medical plan
9 benefits, however, are only average when compared to general industry.
10 SSU's medical, life, dental and long term disability costs as a percent of
11 payroll, are 11.1%. This ratio of medical benefits dollars as a percent of
12 total payroll dollars is identical to the national average of 11.1% for 1,057
13 employers reported in the most recent 1994 national Chamber of
14 Commerce Employee Benefits Survey. Further evidence of the
15 effectiveness of our benefits cost containment measures is the fact that
16 SSU's medical related benefits increased by 2.28% from 1992 to 1993
17 while the same 1,057 Chamber of Commerce surveyed companies
18 increased medical related benefits costs by 7.7% in the same period.
19 Based on these facts, we believe that SSU's medical benefits are
20 consistent with the average for all industry and are thus reasonable. Further
21 SSU's medical cost containment measures have been more successful than
22 general industry as a whole.

1 **Q. COULD YOU DESCRIBE SOUTHERN STATES' REQUESTED**
2 **PAYROLL AMOUNT FOR THE PROJECTED YEAR ENDING**
3 **DECEMBER 31, 1996, INCLUDING AN EXPLANATION OF THE**
4 **COMPANY'S PROJECTION OF PAYROLL INCREASES SINCE**
5 **THE HISTORIC YEAR ENDED DECEMBER 31, 1994?**

6 **A. Yes. For purposes of this filing, Southern States began with the actual**
7 **payroll for the historic year ended December 31, 1994. Pay increases for**
8 **merit increases are budgeted at 3% for both the years 1995 and 1996.**
9 **Three percent was the percentage of 1994 actual merit spending. Pay**
10 **increases for promotion are budgeted at 1.0% in both 1995 and 1996, again**
11 **based on 1% actual promotion increase spending in 1994. Pay increases**
12 **for license attainment are budgeted at .25% in both 1995 and 1996 again**
13 **based on the same percent of 1994 actual spending. The step adjustment**
14 **pay increases for hourly non-technical employees have been phased out**
15 **following the last increase given on March 2, 1995. The market**
16 **adjustments recommended in the Hewitt Study will replace the step**
17 **adjustment increases. Market and equity adjustments are budgeted at 1.5%**
18 **in 1995 and 1996.**

19 In addition to the 1.5% equity adjustments budgeted, SSU is
20 seeking an additional 4.77% market pay adjustment to bring SSU and
21 Buenaventura Lakes employees closer to competitive market levels. This
22 market adjustment represents a significant addition to payroll expense

1 included in the Company's request for the projected test year ending
2 December 31, 1996.

3 **Q. WHY IS SSU PROPOSING MARKET BASED SALARY**
4 **ADJUSTMENTS?**

5 A. Hewitt Associates conducted an independent external market compensation
6 study for SSU which incorporated pay data from eighteen different survey
7 sources. Hewitt compared SSU's pay for 50 different benchmark job
8 classifications against other state and national employer actual average pay.
9 Hewitt used data from employers who operate within the geographic
10 locations where SSU recruits and hires employees. I will refer to this
11 study as the "Hewitt Study." A copy of the Hewitt Study is provided as
12 Exhibit 142 (DGL-3). The most notable below market pay rates were for
13 those paid to: plant operators, plant maintenance, rate department and
14 customer service personnel. These job categories comprise over 60% of
15 all SSU positions. To ensure the survey comparisons were relevant, all
16 plant operations, maintenance and meter reading jobs were compared
17 exclusively against the Florida League of Cities Wage Survey. Florida
18 cities and counties are among our toughest competitors for employees. In
19 1994, Florida cities and counties paid from 11% to 22% more than SSU
20 for the same job. Overall, SSU's pay rates for the job categories analyzed
21 were found to be on average 17.3% below the surveyed market.

22 **Q. HAVE YOU EXCLUDED RATE DEPARTMENT POSITIONS FROM**

1 **YOUR REQUESTED 1996 PAYROLL ADJUSTMENTS, AND IF SO,**
2 **WHY?**

3 A. The SSU company-wide comparison of average pay to market average pay
4 was recalculated excluding the Rate Department positions. The
5 comparison group for the majority of Rate Department positions was the
6 electric utility industry. Because the Rate Department positions were so
7 far below the comparison market it was believed that including the Rate
8 Department positions would skew the study results. This is confirmed by
9 the fact that by excluding solely the Rate Department positions, the SSU
10 company-wide comparison number drops to ^{12.9%} ~~16.03%~~ below the average
11 market pay. According to Hewitt, when actual pay levels are within +/-5%
12 of the market, they can be considered to be fully competitive. Assuming
13 that pay rates within 5% of the market are reasonably competitive, even
14 after excluding Rate Department positions, SSU currently is still more than
15 11.03% below competitive market pay levels.

16 **Q. HAS SSU CONDUCTED ANY ANALYSIS TO COMPARE THE**
17 **COMPANY'S SALARY STRUCTURE, AVERAGE SALARY AND**
18 **TURNOVER RATES TO THE SALARY STRUCTURE, AVERAGE**
19 **SALARY AND TURNOVER RATES OF OTHER COMPANIES?**

20 A. Yes, and in summary, SSU's salary structure and average salaries are far
21 below market while SSU's employee turnover rates exceed the market
22 significantly.

1 Salary Structure. Salary structure refers to the pay ranges to which
2 jobs are assigned, in other words, the minimum and maximum of pay
3 ranges to which specific jobs are assigned. The SSU salary range
4 structures were originally established based upon 1988 salary survey data.
5 The last time SSU revised these salary ranges was in 1990 when they were
6 adjusted upward by 2%. No adjustments in salary structure have been
7 made since then.

8 According to the Hewitt survey data, southern U.S. companies, on
9 average, raised their salary structure annually by 2.5% for hourly and 3.2%
10 for exempt employees in 1992, 2.6% hourly and 3.0% exempt in 1993, and
11 2.3% hourly and 3.0% exempt in 1994. All Florida companies on average
12 raised their salary structures by 2.1% hourly and 2.4% exempt in 1992,
13 2.2% hourly and 2.7% exempt in 1993, and 3.0% hourly and 3.1% exempt
14 in 1994. The foregoing demonstrate that for these three (3) years the
15 Florida labor market experienced a 7.8% compound growth rate in salary
16 range structures. This indicates that Florida employers on the average
17 increased their salary pay grade minimums and maximums by 7.8% in
18 those three years. During this same period, SSU was unable to increase
19 the salary ranges for our positions, thus SSU fell farther behind the
20 competitive labor market.

21 Salaries. According to the Hewitt survey data, in 1993, average
22 overall salary increase budgets in Florida were 4.0% hourly and 4.4%

1 exempt and, in 1994, 4.1% hourly and 4.4% exempt. In the two years
2 from 1993 to 1994, the average Florida employee thus received an 8.57%
3 compound increase in earnings. At SSU, during this same two year 1993-
4 1994 interval, SSU's more conservative salary increase budgets for merit,
5 equity and step adjustments reflected a compound growth rate of 7.2%.
6 The actual growth in SSU's actual average pay increased by only 1.44%
7 or from \$27,168 in 1993 to \$27,560 in 1994. This fact confirms that,
8 proportionately, SSU is filling more lower paid operator, maintenance and
9 customer service classifications than higher paid positions. Despite SSU
10 efforts to keep up with external market annual pay rate increases in the
11 past few years, SSU's pay rates have remained significantly below the
12 external labor market. As I indicated above, the average SSU employee
13 earned a base compensation of \$27,168 as of 12/31/93. In contrast, in the
14 most recent 1993 National Association of Water Companies (NAWC)
15 survey of Investor-Owned Water Utilities, the average compensation for
16 employees of investor-owned water utilities in the southern United States
17 was \$34,585.97. Average compensation nationally for investor-owned
18 water utility employees in 1993 was \$39,109.15.

19 SSU has not been financially able to implement company-wide
20 salary adjustments due to our current and historically low earnings
21 position.

22 Turnover. As a result of our non-competitive wage and salary

1 scale, SSU also has experienced high rates of turnover, as well as
2 difficulty recruiting. The percentage of turnover in 1992 was 13.2%, with
3 62 out of 469.5 employees separating from SSU's service. The percentage
4 of turnover in 1993, was 13.5 %, with 66 of 489 employees separating
5 from SSU's service. Excluding the Venice Gardens sale and customer
6 service office consolidation which took place in 1994, the percentage of
7 turnover was 11.54% with 58 out of 502.5 employees separating from
8 SSU's service in that year. SSU turnover to date in 1995 has been 11%
9 on an annualized basis, with 13 employees separating from service in the
10 first quarter.

11 These turnover rates are substantially higher than the national and
12 southern United States averages. According to data published by the
13 Bureau of National Affairs ("BNA"), which tracks monthly turnover and
14 reports the national average for all companies nationwide, all U.S.
15 companies averaged 10.8% turnover in 1994. The significance of this
16 statistic is that it includes turnover experienced by retailers and the fast
17 food industry which have turnover rates which can exceed 100%.
18 Approximately 65% of SSU's preventable turnovers in 1993 and in 1994
19 were employees who had less than 3 years of service. In fact, in 1993,
20 nearly 31% of the personnel who separated had less than 1 year of service.
21 In 1993, we compared our average annual turnover to that of other
22 utilities: Orlando Utilities Commission 4.8%, Florida Cities 3.96%, Collier

1 County's Utility Division 9.72% and Minnesota Power 5.4%. Obviously,
2 our 13.5% turnover rate is abysmal by comparison to these other utilities.
3 High turnover contributes to higher recruitment costs as well as lowered
4 employee productivity and added retraining costs. Ultimately, SSU's
5 customer service and operating efficiency suffer when trained employees
6 cannot be retained.

7 **Q. HAS SSU DONE ANYTHING IN THE PAST TO CONTROL**
8 **TURNOVER?**

9 A. Yes. As new inexperienced employees are hired at entry level rates, they
10 are compressed at the low end of their respective pay ranges. To improve
11 retention of these employees and offset lower salary range compression,
12 administrative and clerical employees in salary grades 10 and below
13 previously were compensated with up to three step adjustments, one in
14 each successive six month period. Each step adjustment was equivalent
15 to approximately 3.5%. In anticipation of SSU's implementation of the
16 market based adjustments indicated in the Hewitt Study, the step
17 adjustment program was discontinued after the last step increases on
18 March 2, 1995.

19 Also, in response to the loss of field employees, and as a means of
20 improving competitive pay, plant operators and distribution and plant
21 maintenance employees are given hourly pay adjustments for attainment
22 of additional or higher level licenses. The intent of this pay practice is to

1 give new hires an incentive to attain the training necessary to obtain
2 licenses on an expedited basis and reward them for doing so. However,
3 the job specific market data available in the Hewitt Study indicates that
4 these licensing adjustments alone have not been sufficient to bring SSU
5 pay levels into line with the market.

6 **Q. HAS TURNOVER FOR FIELD PERSONNEL DECREASED SINCE**
7 **THE LICENSING ADJUSTMENTS WERE IMPLEMENTED?**

8 A. Yes, there has been a modest improvement. Turnover has been reduced
9 to 11% in 1995 from the 13% levels in 1992. The Hewitt study, however,
10 demonstrates that for many SSU positions, we are still far below
11 competitive market levels and must remedy the problem to bring turnover
12 to acceptable levels. Please note the double digit percentage increases
13 indicated in the Hewitt Study which would be required for SSU to bring
14 operators to competitive market rates in comparison with the Florida
15 League of Cities Survey.

16 **Q. HAS SSU DONE ANYTHING FURTHER TO CONTROL PAYROLL**
17 **COSTS?**

18 A. Yes. As a result of SSU's poor 1994 financial results, \$600,000 was cut
19 from the 1995 labor budget in anticipation of savings resulting from a
20 hiring freeze which was put into effect on 1/1/95. All 1995 vacancies are
21 now being subjected to re-justification and committee review to determine
22 that refilling is absolutely essential to meet regulatory compliance

1 requirements or to avoid the cessation of critical work.

2 Also, each year reductions are made in the labor budget to account
3 for turnover. In 1995, \$125,000 was cut from the budget to account for
4 payroll lapse as a result of historical turnover and ongoing vacancy levels.
5 As I indicated earlier, the turnover rate has been high in the past so this
6 reduction to accommodate the high turnover rate is larger than it would be
7 if turnover rates were reduced to more normal levels -- as SSU hopes will
8 occur if the Commission approves our request for salary adjustments
9 consistent with the Hewitt Study.

10 **Q. DOES SOUTHERN STATES PROPOSE TO IMPLEMENT THE**
11 **CHANGES SUGGESTED BY THE HEWITT STUDY?**

12 **A.** Yes. In 1995, SSU began implementing competitive market adjustments
13 equal to 1.5% of payroll in order to accommodate a portion of the
14 adjustments indicated in the Study. Southern States believes it is necessary
15 to acknowledge and remedy the salary deficiencies identified in the Hewitt
16 Study and reduce resulting high turnover rates as quickly as possible.
17 SSU's inability to adequately adjust salaries to competitive market levels
18 has been occasioned by our very poor financial results. However, we
19 believe that the high turnover levels we have been experiencing cannot
20 continue indefinitely without adversely impacting quality of service and
21 ultimately costing SSU and our customers more in the long run than the
22 salary adjustments we are proposing. Already, our deficient salary levels

1 have resulted in SSU's inability to recruit and retain employees. The high
2 rates of turnover have caused increased recruitment and re-training costs
3 as well as reduced efficiencies and lowered productivity due to a loss of
4 trained personnel. Ultimately these costs harm our customers. Once
5 Southern States' salary structure is adjusted to better reflect market
6 realities, we believe that reduced productivity during training and
7 orientation, deficiencies in experience and training levels of our employees,
8 employee recruitment costs, and other costs will be mitigated. For these
9 reasons, we have projected adjustments of our salary structures. In 1996,
10 adjustments of \$711,405 or 4.77 % for SSU and \$27,916 or 4.76%, for
11 former employees of Orange Osceola Utilities who will be SSU employees
12 by 1996 (serving the Buenaventura Lakes facilities) were budgeted
13 separately to achieve one-half of the balance of the pay adjustments
14 necessary to bring SSU into a competitive market position. As I
15 previously indicated, our ultimate objective is to pay within 5% of the
16 comparable labor market so adjustments in future years also will be
17 required.

18 **Q. PLEASE INDICATE WHETHER SSU MAINTAINS THE SAME**
19 **EMPLOYEE POLICIES AND BENEFITS FOR ALL SSU**
20 **EMPLOYEES.**

21 **A. SSU maintains the same employee policies and benefits for all of its**
22 **employees, wherever in Florida they may be located or providing service.**

1 These policies and benefits will apply to the current employees of Orange
2 Osceola Utilities who will become SSU employees. Employee policies
3 and benefit programs are developed, implemented and administered by the
4 Human Resources Department in Apopka.

5 For example, with regard to timekeeping practices specifically, SSU
6 has established uniform policies regarding work hours, overtime, breaks,
7 meals, shift differentials, sick time off, vacations, etc. The interpretation
8 and application of these policies or any pertinent laws or administrative
9 rules regarding working hours is the responsibility of the HR Department
10 in Apopka.

11 Payscale also are uniform within the same job classification,
12 regardless of where an employee is based, with the exception of Marco
13 Island which has a geographic wage deferential for licensed operators.
14 Payscale, wage and salary administration, job classification, job
15 description, job evaluation, job placement, performance appraisals, annual
16 merit increases, promotional/demotional salary adjustments, salary surveys,
17 and incentive pay plans are centrally developed, implemented, and/or
18 administered by the HR Department in Apopka. I will discuss these issues
19 later in this testimony.

20 Benefit programs include, but are not limited to, comprehensive and
21 major medical benefits; a medical/dependent care flexible reimbursement
22 account; life insurance; accidental death and dismemberment insurance;

1 long-term disability insurance; 401(k) savings defined contribution plan;
2 defined pension plan and employee assistance plan.

3 Additional policies and programs developed, implemented and
4 administered statewide from Apopka by the HR Department include, but
5 are not limited to, the following list: Equal Employment Opportunity,
6 Hiring Practices, Sexual Harassment, Alcohol and Drugs, Smoking Policy,
7 Conflict of Interest, Pre-Employment Physical, Relocation Policies,
8 Employee Records Administration, Training and Educational Assistance,
9 Safety and Health Standards, Separations Procedures, Employee Discipline,
10 Death of an Employee, Death of a Retiree, Exit Interview Process, and
11 Discipline.

12 **Q. CAN YOU IDENTIFY ANY RECENT CHANGES BY SOUTHERN**
13 **STATES' HUMAN RESOURCES DEPARTMENT WHICH HAVE**
14 **ASSISTED THE COMPANY IN CONTROLLING COSTS?**

15 **A.** Yes. In 1995, Southern States became a self-insurer for our medical plan.
16 Were it not for SSU's size, we would not be able to enjoy the lowered
17 costs associated with a self insured medical plan. According to our medical
18 plan consultants, only employers with 500 or more employees can cost
19 effectively self fund a medical plan. Self funding the medical plan will in
20 the long term not only reduce SSU's costs, but also allow us to provide
21 more affordable medical benefits to our employees and lower costs to our
22 customers. A conglomeration of small independent utilities could never

1 attain the economies of scale that SSU has achieved in its benefit
2 programs.

3 As another example of cost savings, in 1993, SSU consolidated its
4 employee 401(k) Savings Plan and Pension Plan under one lower cost plan
5 administrator. Consolidation of both plan assets under one investment
6 fund manager and single plan administrator lowered asset fees which are
7 incrementally reduced based on a larger combined dollar volume of assets
8 under management. This consolidation also reduced plan record keeping
9 fees and administrative and testing charges.

10 **Q. DOES THE APOPKA OFFICE APPROVE ALL HIRING AND**
11 **TERMINATION OF EMPLOYEES?**

12 **A.** Yes. The HR Department in Apopka assists company supervisors with all
13 disciplinary actions. The HR manager reviews and approves the hiring and
14 termination of all employees. In fact, all aspects of the hiring process are
15 controlled by the recruiter position within HR. Given the location of
16 SSU's statewide facilities, we consider our hiring pool to also be
17 statewide. When a vacancy exists or a new position is requested, the
18 requesting supervisor must complete a "Position Requisition" form. HR
19 reviews Position Requisitions to ensure that they are authorized. All
20 recruiting advertisements are written by the HR Department and placed in
21 appropriate periodicals and newspapers by HR. A statewide recruiting
22 budget (to cover the cost of ads, physicals, drug screens, criminal record

1 checks, interview expenses and any relocations) is developed annually and
2 administered by HR. Across the state, candidates are instructed to apply
3 in person, or send a resume, to the Apopka office. Applications and
4 resumes are pre-screened by the HR department. A panel of qualified
5 candidates is recommended to be interviewed. A Team Interview
6 composed of panelists from the hiring department or a cross-section of
7 departments and facilitated by HR is conducted on selected candidates.
8 The team reaches a hiring decision and recommends selection of a
9 candidate. HR conducts background and reference checks on finalist
10 candidates. A "Recommendation to Hire" form is submitted to HR which
11 reviews the recommendation and supporting documentation (application,
12 reference checks, etc.), obtains any additional information to ensure that
13 a proper hiring decision has been made, approves hiring and approves or
14 negotiates a starting pay rate with the potential employee.

15 Following verbal acceptance of an offer by the candidate, a written
16 offer of employment (contingent on successfully completing a job-related
17 physical examination and drug screen) is prepared by HR and signed by
18 the candidate accepting the offer. Once the letter is signed by the new
19 employee, the employee is referred to the company-designated physician
20 for a post-offer physical examination and drug screening, consistent with
21 established corporate policy. The results of the physical are phoned in and
22 sent to HR by the medical provider. Results of the drug screen are phoned

1 in to HR by the Company's Medical Review Officer. HR informs the
2 local manager of the results of both the physical and drug screen. HR
3 informs any candidate who tests positive on a drug screen of these results
4 in writing through registered mail, indicating that the offer of employment
5 has been withdrawn because the candidate failed to meet the conditions of
6 employment and explaining the candidate's rights of appeal and retesting.
7 If the medical provider suggests that the candidate may not be physically
8 able to safely perform in the vacant position, HR assumes responsibility
9 for determining whether there may be some "reasonable accommodation"
10 (under the Americans with Disabilities Act) that might be made to allow
11 the candidate to perform the essential functions of that job. HR hosts a
12 formal orientation in Apopka for all new employees once every quarter.
13 New employees from throughout the state travel to Apopka for this
14 orientation which lasts about 6 hours.

15 **Q. ARE THERE ANY OTHER ACTIVITIES OF THE HUMAN**
16 **RESOURCES DEPARTMENT WHICH DEMONSTRATE HOW**
17 **SSU'S SERVICES APPLY STATEWIDE TO ALL SERVICE**
18 **AREAS?**

19 **A.** The HR department is responsible for employee relations activities through
20 the state. All disciplinary actions are discussed, tracked and reviewed by
21 HR to ensure consistency and the fair treatment of all employees.
22 Recommendations to discharge any employees must be submitted to the

1 Manager of Human Resources for review and then approved by the
2 President. No discharge is approved without full and complete
3 investigation and documentation by the HR Department.

4 Employee complaints are frequently addressed by HR either directly
5 (in person or by phone) or through the "Pipeline" program which is
6 administered by the Communications department and offers employees an
7 avenue to anonymously submit any complaints or problems through
8 Communications to senior management. HR investigates, documents and
9 resolves charges of sexual, racial, age or disability discrimination or
10 harassment, initiating corrective action when necessary and warranted. HR
11 is constantly seeking avenues to keep their fingers on "the pulse" of SSU's
12 proactive employee relations program. Drug testing mandated by the
13 Department of Transportation (DOT) and by the Florida Drug-Free
14 Workplace Act, is monitored and controlled by HR. Drug testing is
15 accomplished on a number of occasions: Post-Offer, Assignment into a
16 position covered by DOT regulations, Post-Accident (DOT regulated
17 employees), Random (DOT), Routine Fitness for Duty (DOT), Return to
18 Duty and Reasonable Cause testing. All "reasonable cause" drug testing
19 must be recommended by the local manager to the Manager of Human
20 Resources and approved by the Vice President of Finance and Accounting.

21 The HR department also administers and controls the staffing
22 budget for the entire company, statewide, without exception. All operating

1 regions and support divisions, departments and locations submit
2 justification for current positions as well as requests for additional staff.
3 Overtime, on-call hours and shift differential hours also are requested in
4 the process. New authorizations must be approved by the President.

5 Finally, the HR department researches and analyzes new or existing
6 legislation and develops the corporate-wide response to these new laws
7 with the assistance of outside counsel, if necessary. Most recently, this
8 analysis has included the Americans with Disabilities Act, Civil Rights
9 Acts and the Family Medical Leave Act. Local Managers and employees
10 at all SSU facilities throughout the state, without exception, are provided
11 information and training on these new laws, as appropriate. In addition,
12 HR serves as a consultant to other departments, examining legislation and
13 assisting in the interpretation of that legislation and the development of
14 Company-wide responses to these laws in concert with other departments.
15 Examples include: the new Family Medical Leave Act, Americans with
16 Disabilities Act, Department of Transportation (DOT) Regulations
17 concerning Commercial Drivers Licenses, DOT Regulations on LP Gas
18 Pipeline Safety, Bloodborne Pathogens Rule, Safety Procedures, Confined
19 Space Entry, Florida Worker's Compensation Law, Equal Employment
20 Opportunity Law, and other legislation. SSU compliance with these
21 requirements, and necessary reports to government agencies, are
22 determined on a company-wide basis, not by plant.

1 **Q. PLEASE DESCRIBE HOW THE INFORMATION YOU HAVE JUST**
2 **PROVIDED TO THE COMMISSION RELATES TO SOUTHERN**
3 **STATES' ABILITY TO PROVIDE SAFE, EFFICIENT, AND**
4 **SUFFICIENT SERVICE TO ITS CUSTOMERS.**

5 A. Human Resources is responsible for ensuring that employees are qualified
6 and able to successfully and efficiently perform the functions of their
7 positions. HR works with each department to set the minimum training,
8 experience and educational requirements for each company position and
9 determines the proper pay grade assignment using a formal job evaluation
10 program. HR ensures that all employees meet the qualifications for the
11 positions for which they are hired and ensures that proper job related
12 training is conducted to keep employees competent to meet their assigned
13 responsibilities. HR ensures that fair employment laws are adhered to and
14 that discipline is fair and necessary to the proper conduct of the business.
15 Through adequate compensation and benefits, the HR department strives
16 to recruit, motivate and retain qualified employees necessary to provide
17 efficient, quality water and wastewater to our customers. All these
18 elements are the essential tasks entrusted to the HR department.

19 **Q. PLEASE DESCRIBE HOW SSU PROVIDES EMPLOYEE**
20 **TRAINING?**

21 A. All aspects of the training and development of SSU's employees (with the
22 exception of "on-the-job" training) originate from the Apopka office. The

1 training function is accomplished by personnel from Apopka and is
2 conducted on site, at individual plants throughout the state, as well as at
3 centralized locations at or near the headquarters in Apopka; depending on
4 the topic and the target audience.

5 As explained by SSU witness Raphael A. Terrero, the Technical
6 Services and the Environmental Compliance and Permitting departments
7 (both located in Apopka) provide technical training on water and
8 wastewater operations-related topics.

9 SSU also provides management and supervisory training as well as
10 training on Customer Service Techniques, Telephone Etiquette, Computer
11 Use, Computer Software (Word Perfect, Quattro Pro, Windows and others),
12 Leadership, Organizational Development, Team Building and a variety of
13 other topics.

14 The Communications Department hosts a Quarterly Manager's
15 Meeting at a location near the Apopka headquarters. All local managers
16 throughout the state travel to this location every quarter to receive training
17 on a number of topics and to receive presentations from various
18 departments. This includes the training of managers and employees
19 concerning corporate policies, programs and procedures which affect all
20 employees at all SSU facilities throughout the state.

21 The HR department is responsible for HR-related training of
22 managers and all employees. This includes, but is not limited to, Drug

1 Awareness to comply with the Florida Drug-Free Workplace Act, benefits
2 information sharing including 401(k) savings plan enrollments, general
3 benefits awareness and education, medical plan and wellness, personnel
4 and pay policies, supervisory training, for example, how to interview,
5 discipline, etc., familiarization with new legislation, for instance, ADA,
6 Family Medical Leave Act, etc., formal employee orientations held in
7 Apopka each quarter for new employees, and communication of personnel
8 policies and other topics.

9 SSU also offers company-wide training and education assistance
10 programs to reimburse employees for external training/education. Courses
11 which satisfy the requirements for a college degree are covered, as is
12 education that satisfies the requirements for license(s) in:

13 Water Treatment (A, B, and C)

14 Wastewater Treatment (A, B, and C)

15 Distribution Systems (A, B, and C)

16 Collection Systems (A, B, and C)

17 Backflow Prevention/Tester

18 Backflow Assembly/Repair and Maintenance

19 Cross Connection Control Management

20 These courses are available either by correspondence course or in
21 a classroom setting at local junior colleges or vocational-technical schools
22 approved by either the Florida Department of Professional Regulation, in

1 the case of water and wastewater treatment courses, or the Florida Water
2 and Pollution Control Operators' Association or University of Florida
3 TREEO Center in the case of Distribution, Collection, Backflow and Cross
4 Connection licenses. All requests for outside training and education are
5 submitted to the local supervisor and then to HR for review, approval and
6 processing for payment.

7 The Information Systems department provides specific training
8 pertaining to mainframe computers, the PC network, data security and
9 specialized software and provides programming services to any facility or
10 department wherever located, on request.

11 Other Apopka based divisions and departments provide training on
12 technical areas within their respective disciplines as well. For example,
13 the Finance Department, which also is located at SSU's Headquarters in
14 Apopka, provides training annually on the preparation of all budgets,
15 annual reports, purchasing, risk management and other finance-related
16 topics in Apopka and at a central location within each region. Other
17 Apopka based departments may be called upon periodically to provide
18 training on a subject within their respective areas of expertise. These
19 include, but are not limited to, Safety, Rates, Customer Service,
20 Engineering, Legal, Environmental Services, Operations Administration,
21 Corporate Development and other areas. Attached as Exhibit 142 (DGL-4)
22 is a copy of a recent schedule of training events conducted by Apopka

1 based personnel for SSU employees.

2 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

3 **A. Yes, it does.**

1 BY MR. ARMSTRONG:

2 Q Ms. Lock, do you have a summary of your
3 direct testimony?

4 A Yes.

5 Q Could you please present that now.

6 A Yes, I will. My name is Dale G. Lock. My
7 position with --

8 COMMISSIONER KIESLING: I'm sorry, Ms.
9 Lock. Could you get right into the mike. I'm having
10 trouble hearing you.

11 WITNESS LOCK: Is this better?

12 COMMISSIONER KIESLING: Much better, thank
13 you.

14 COMMISSIONER GARCIA: I might suggest that
15 you might want to move over so you don't end up doing
16 it later because I think they like looking into the
17 eyes of -- just one over.

18 CHAIRMAN CLARK: Mr. Beck, do you need for
19 her to move over?

20 MR. BECK: No. There are fewer people here
21 today.

22 WITNESS LOCK: It is okay then?

23 MR. BECK: It is okay. Are we ready to
24 begin?

25 BY MR. ARMSTRONG:

1 Q Yes.

2 A My name is Dale G. Lock. My position with
3 Southern States Utilities is the Manager of Human
4 Resources. I've specialized in the area of
5 compensation and benefits within the Florida utility
6 industry. I have a Master of Science Degree in
7 industrial psychology, and I'm also a Certified
8 Compensation Professional.

9 I have more than 14 combined years of
10 experience as a human resources professional working
11 for General Telephone Company, Florida Power
12 Corporation, and currently working for Southern
13 States Utilities since February of 1993.

14 I am personally very involved in the design
15 and analysis of competitive wage and salary surveys
16 and implemented and administered the same
17 compensation programs for Florida Power Corporation,
18 as well as GTE of Florida.

19 It is my testimony that SSU has acted
20 prudently and is in line with common industry pay
21 practices regarding its requested 5.75 percent
22 overall pay increases.

23 In my written direct testimony on Page 9, I
24 explained that these pay increases which total 5.75
25 percent are not, quote, attrition adjustments, but

1 rather are increases to be granted for merit, license
2 adjustments, for license attainments, promotion and
3 equity adjustments.

4 SSU has not significantly changed the
5 percentage it has annually budgeted and spent for
6 these increases since 1993. These wage and salary
7 increases paid by SSU are lower than those paid on
8 average by other comparable employers.

9 In SSU's response to OPC discovery, SSU
10 documents the actual amount and percentage of total
11 payroll dollars granted to our employees for merit
12 increase, promotion, equity and license adjustments,
13 in the years 1992, '93 and '94. The historical
14 average paid out for those years was 5.9 percent.

15 So for the 1996 projected test year, the
16 budgeted 5.75 percent is consistent with SSU's past
17 actual pay practices. SSU granted merit increases of
18 three percent of payroll in 1995; and we expect to do
19 the same, three percent, as projected in 1996. Three
20 percent for merit increases, I would like to point
21 out, barely keeps up with the 1995 rate of general
22 inflation, which was 2.8 percent for the year.

23 The 1993 National Association of Water
24 Company Survey of Investor-Owned Utilities showed
25 that in the south the average pay was over \$34,000 a

1 year for investor-owned water employees. SSU's
2 average pay was only \$27,000 per year, which was
3 about 27 percent below the average paid by other
4 southern U.S. investor-owned water utilities.

5 One effect resulting from SSU's
6 uncompetitive labor rates has been high turnover.
7 SSU cannot recruit and compete for qualified
8 employees, nor can we retain them. SSU's turnover
9 rate was 13.5 percent in 1993, 11 and a half percent
10 in 1994, and up to 16 percent for the year of 1995.

11 SSU's turnover rate is triple that of
12 Orlando Utilities Commission, which is 4.8 percent.
13 It is four times the turnover rate for Florida
14 Cities, which was 3.96 percent in that same time.

15 Two-thirds of those employees who terminate
16 from our employment are hourly paid operators,
17 maintenance technicians, meter readers, and customer
18 service personnel. Of the 16 percent turnover we
19 experienced in 1995, 40 percent of those employees
20 stated in exit interviews that the reason they left
21 SSU was for better paying jobs elsewhere.

22 SSU Commissioned Hewitt Associates,
23 therefore, to conduct a custom study and make
24 recommendations regarding our pay rates. Hewitt
25 obtained and analyzed comparative pay data from

1 salary surveys of employers primarily located in the
2 Florida labor market.

3 For the operations and maintenance
4 positions, they surveyed the counties and municipal
5 utilities surrounding the majority of our locations.
6 SSU's actual average pay would have to be increased
7 by 17.3 percent in order to reach just the average
8 market pay levels, according to Hewitt Associates.

9 On page 15 of Exhibit DGL-3, Hewitt
10 Associates shows the specific percentage amounts
11 needed to increase each of the benchmark jobs to even
12 reach average pay levels. For specific examples, the
13 SSU Customer Service Rep I position, the employees
14 average pay was 16,600, which was 30 percent below
15 the average of \$21,700 being paid by other employers
16 in Orlando and across Florida for the same job.

17 SSU's Treatment Plant Operator I positions
18 average pay of \$21,900 was found to be 11.4 percent
19 below the average paid of 24,000. SSU's Operator II
20 employee pay, actual pay, was 12.5 percent below
21 average. And for Operator IIIs, our most senior
22 level, they were 22 percent below the average paid by
23 the other utilities.

24 Based on the results of that study, SSU is
25 asking for an additional 4.765 percent in market base

1 pay adjustments in the 1996 projected test year. As
2 you can see from the numbers in the exhibit from
3 Hewitt, the 4.765 percent is only a starting point to
4 begin to make progress towards reaching average pay
5 levels in Florida.

6 SSU is not asking the Commission to allow
7 SSU to become a top payer in Florida among water
8 utilities. At the 4.7 percent, SSU is projecting we
9 are not even asking for an increase in an amount
10 necessary to bring us up to average pay levels. As a
11 result of our current and historically low earnings
12 position, SSU has not been financially able to
13 implement company-wide market base salary
14 adjustments. SSU's below market pay levels have had
15 a cause and effect relationship on our ability to
16 recruit and retain qualified employees.

17 Thank you

18 BY MR. ARMSTRONG:

19 Q Does that conclude your summary?

20 A Yes, it does.

21 MR. ARMSTRONG: The witness is available
22 for cross.

23 CHAIRMAN CLARK: Mr. Beck.

24 MR. BECK: Thank you, Madam Chairman.

25 **CROSS EXAMINATION**

1 BY MR. BECK:

2 Q Ms. Lock, with regard to the Hewitt study,
3 you sent out proposals to a number of different
4 companies to have a market base salary survey done;
5 is that right?

6 A Yes, I believe we checked several, at least
7 three of them.

8 Q You sent out a specific request for
9 proposals to the three companies?

10 A Yes, we did.

11 Q And did Hewitt Associates provide you the
12 lowest quote for doing that survey?

13 A At this point I can't recall, but I know
14 that cost was a major component in our decision to
15 select Hewitt. One of the reasons that Hewitt was
16 selected was because I had prior knowledge of their
17 capabilities in working for Florida Power Corporation
18 where they had also done pay studies.

19 Q And one of the reasons, is it not, that
20 they were a lower cost than others is that there was
21 very little custom surveying they had to do for
22 Southern States Utilities?

23 A No, sir, that's not correct. In fact,
24 Hewitt did a custom survey which basically amounted
25 to telephone calling other utilities in employed rate

1 positions. The study that they did was a custom
2 survey overall.

3 Q Okay. The custom survey they did for the
4 rate position is the only position for which they did
5 that type of telephone survey, is it not?

6 A Yes, that is true. And if the Commission
7 would like, we could have conducted a telephone
8 survey of a number of different utilities. However,
9 that would probably have increased our cost somewhere
10 in the neighborhood of 75 to \$100,000.

11 It is not customarily the practice of other
12 utilities, such as the ones I can speak from
13 experience, GTE and Florida Power, to do telephone
14 surveys. First of all --

15 MR. BECK: Objection, excuse me,
16 objection.

17 CHAIRMAN CLARK: Yes, Ms. Lock, I think you
18 are going quite beyond the question he asked. Your
19 attorney will have the opportunity to ask for further
20 explanation, if it is warranted. So if you would,
21 try and stick a little closer to the question.

22 THE WITNESS: Okay. We did a custom survey in
23 the same manner as would have been done by other
24 industries utilizing Hewitt and Associates. They use
25 the same methodology in conducting the, quote, custom

1 survey for us as they would for any of their other
2 clients.

3 BY MR. BECK:

4 Q Except for the rate position, Hewitt
5 Associates relied on data they already had in their
6 databases, did they not, to provide this custom study
7 for you?

8 A Some of the data that was actually provided
9 by surveys that we had, for example, the Florida
10 League of Cities survey was the data that SSU had in
11 its position; but the majority of the surveys were
12 surveys in their database. I believe they had in
13 excess of 18 different survey sources.

14 Q So you provided the Florida League of
15 Cities survey to Hewitt Associates; is that right?

16 A That's correct.

17 Q Then they also utilized surveys that they
18 already had?

19 A Yes, that's true.

20 Q And the one place they did the telephone
21 type of survey was for the rate position and that
22 only; is that right?

23 A That's true. I would like to take the
24 opportunity to explain the nature of the custom study
25 at some point in my discussion today so you can

1 better understand what was actually done.

2 Q Thank you. Would you turn to Page 10 of
3 your testimony.

4 COMMISSIONER KIESLING: Mr. Beck, while she
5 is doing that, I'm having trouble hearing you because
6 the mike is behind you and the one in front of you
7 isn't turned on. Try that.

8 BY MR. BECK:

9 Q Ms. Lock, are you at Page 10 of your
10 testimony?

11 A Yes.

12 Q Here is where you introduce a discussion of
13 the Hewitt study in your prefiled testimony; is it
14 not?

15 A Yes.

16 Q Okay. And on line 12, you state that the
17 -- or beginning on line 12, you say, "The most
18 notable below market pay rates were for those paid
19 to: plant operators, plant maintenance, rate
20 department and customer service personnel;" is that
21 right?

22 A Yes, that's what it says.

23 Q Could you turn to your Exhibit DGL-3. That
24 is the Hewitt study, is it not?

25 A That's correct.

1 Q Okay. Could you turn to page 45 of 81 of
2 that exhibit.

3 A Page 45 of 81 gives the market pricing
4 worksheet for Operator II positions.

5 Q That is the first item that you listed on
6 the line that we just read about being the most
7 notable below market pay rates?

8 A No, that is not correct. When I am
9 referring there to plant operators, we have Operator
10 I, Plant Operator II, Plant Operator III, which I
11 think you need to look at Exhibit DGL-3, page 15 of
12 81. You can see we have a variety of positions that
13 are in the operations department.

14 We also have welders. We have
15 electricians. We have Maintenance Tech I. We have
16 Senior Maintenance Technician. I can go on, but I
17 think you can get the point from looking at that
18 page. Those are the operations positions.

19 Q Is Operator I of those positions the one I
20 just directed you to?

21 A Yes, just one, though.

22 Q Before we get to that, since you brought up
23 your page 15 of 81, the summary, that lists the 17.3
24 percent increase that, as I understood you to say in
25 your summary, that is the amount necessary to -- or

1 that is the average amount necessary to bring your
2 average pay levels up to market; is that correct?

3 A If you take all of the percentages shown on
4 page 15, add those up and come up with a simple
5 average, that will give you 17.3 percent. I think
6 there has been some confusion. I would like to
7 clarify this. If you start with a dollar and you add
8 \$0.50, you've increased by 50 percent. But if you
9 take a dollar-fifty and you subtract \$0.50, you've
10 subtracted 33 percent.

11 So there is a difference in going up to a
12 certain level, going up to market level, versus going
13 down from the market level. And I know that was a
14 question that you had in numerous discovery requests
15 and during my deposition.

16 Q Is it a question I just asked you?

17 A I don't recall.

18 Q Now --

19 CHAIRMAN CLARK: Ms. Lock, let me just
20 caution you to stick to the question. Your attorney
21 is here to get the further explanation that might be
22 needed. Normally, I would be a little more lenient,
23 but we are not making good progress in this case.
24 And we need to have short answers, as well as short
25 questions. Okay?

1 WITNESS LOCK: I understand.

2 CHAIRMAN CLARK: Thank you.

3 BY MR. BECK:

4 Q Like I was saying, Ms. Lock, the 17.3
5 percent on your page 15 of 81, the derivation of that
6 is shown by adding up those percentages that are
7 shown on the last column; is that right?

8 A Right, in taking an average.

9 Q And the percentages are solely those that
10 the Hewitt study found to be below market; is that
11 right?

12 A These are the total of all of the positions
13 that were surveyed. The ones showing dashes are
14 those that were not below market.

15 Q And in computing your average, you excluded
16 those where the existing salaries were above market;
17 did it not?

18 A That's true.

19 Q So the 17.3 percent is solely an average of
20 those below market, and it excludes those where the
21 pay rates were above market; is that right?

22 A That's true.

23 Q Now, could you go to Page 45 of 81?

24 A Okay.

25 Q This shows two sources that were used to

1 derive the base pay for an Operator II; is that
2 right?

3 A Yes.

4 Q Is that a plant operator? Could you
5 describe briefly what an Operator II does?

6 A The designation of I versus II versus III
7 is a function of licensing. So an individual who is
8 a Plant Operator II would have to have a B level
9 license through the Department of Environmental
10 Regulation, Bureau of Professional Regulation. And
11 these individuals could be involved in operating
12 either water or wastewater treatment plants,
13 monitoring plant levels, doing various types of
14 analyses and testing that are required by the DEP.

15 Q What I would like to do is go through this
16 exhibit to show the mechanics of how the numbers were
17 derived. Okay. Let's start with the first one where
18 it starts with the Florida League of Cities, 10,000
19 to 50,000 population. Do you see that?

20 A Yes, I do.

21 Q That is one of two sources that were used
22 to derive the base market value for an Operator II,
23 is that right?

24 A Correct.

25 Q Okay. As we go across the columns, you see

1 there is a column for number reported. There is two
2 items under there. What do each of those two items
3 represent?

4 A Okay. Under number reported, it indicates
5 -- COS would be companies or in this case utilities
6 -- so it would be 36 different utilities and 133
7 different individuals.

8 Q And it says a survey effective date of
9 October, '93?

10 A Yes, I would like to clarify that, if I
11 may. This data has been aged, which is a term used
12 by compensation firms whereby they would take average
13 utility increases for a given year and bring the
14 percentages up to the current date. So this data was
15 aged and amended for 1994.

16 Q Now, could you answer my question about the
17 October of '93, is that the date where the survey was
18 taken?

19 A Yes, that was the effective date of the
20 survey.

21 Q The next column is unadjusted database of
22 25.5?

23 A Correct.

24 Q What does that represent?

25 A That indicates the actual data in the

1 survey as of the October, '93 date.

2 Q That's the base salary for those
3 employees?

4 A Right, average base salary.

5 Q And now you have an update factor of 1.07,
6 what does that do?

7 A This is what I was talking about in terms
8 of bringing the salary up -- actually, I would like
9 to clarify. I think I said 1994. They have updated
10 the survey data to 1995. And this is showing that
11 they assume that during that period their pay would
12 increase by seven percent.

13 Q So that seven percent factor is applied to
14 the 25.5 to come up with the 1995 salary level of
15 27.3; is that right?

16 A That's correct.

17 Q Now, the second source was the Florida
18 League of Cities salary survey for 50,000 plus
19 population, is it not?

20 A Yes.

21 Q Okay. And again, we go through the same
22 analysis there to come up for cities and counties of
23 that size, that the basis 28.6 thousand dollars; is
24 that right?

25 A That's right.

1 Q Now, up in the upper right-hand corner
2 there is an estimated market value and a base of
3 27.9. Do you see that?

4 A Yes.

5 Q How was that derived?

6 A If you look in the last column, just beyond
7 base, it shows weight. That is a weighted average.
8 So in some instances if the surveys were more
9 relevant than others, they might be weighted two or
10 three times the value of a survey that was less
11 relevant. So the base is a weighted average of the
12 two surveys that you see represented for that
13 position on that page.

14 Q Since here the weights are one, it is just
15 a simple average of those two numbers; is it not?

16 A Exactly. But in some instances those
17 weightings could be different.

18 MR. BECK: I would like that as an exhibit
19 marked for identification.

20 CHAIRMAN CLARK: Mr. Beck, the next exhibit
21 number is 143. The exhibit being marked, which is
22 143, is an Excerpt from Florida League of Cities
23 Cooperative Salary Survey, dated February, 1994.

24 BY MR. BECK:

25 Q Ms. Lock, would you tell me when you've had

1 a chance to look through that exhibit.

2 A This is not complete. This is not a
3 complete representation of the data shown on Page
4 45. You are only reflecting one of the surveys.
5 There were two of them, as you can see there.

6 Q May I ask a question?

7 A Go ahead.

8 Q There are two surveys we just discussed in
9 your, that formed that basis for the Hewitt study on
10 Operator II; is that right?

11 A You only have one.

12 Q Right. Thank you. This is one for the
13 population 50,000 plus; is it not?

14 A Yes, but it is not a reflection of
15 everything on that page. You don't have the one for
16 the 10,000 to 50,000 population.

17 Q That will be the next exhibit, Ms. Lock, if
18 you don't mind.

19 COMMISSIONER KIESLING: Just answer his
20 question.

21 WITNESS LOCK: You have in this exhibit for
22 cities over 50,000.

23 BY MR. BECK:

24 Q Thank you. That is the basis for the line
25 or the item in the Hewitt study for that segment, the

1 50,000 plus; is that right?

2 A I couldn't hear what you said. Could you
3 repeat that?

4 Q Let me start over. When we would discuss
5 your page 45 of 81, we went through two sources; is
6 that right?

7 A Yes.

8 Q One was the 10,000 to 50,000 population.
9 The second one was the 50,000 plus population.

10 A That's right.

11 Q And we saw that the base for the 50,000
12 plus was 26.7 thousand dollars; is that right?

13 A Right.

14 Q And the exhibit I have just handed you is
15 some detail behind that specific figure; is it not?
16 This is the source data for the figure 26.7 thousand
17 dollars.

18 A For that one figure, yes.

19 Q We will get to the other one in a moment.
20 Let's focus on this one, if you could. This is the
21 data that Hewitt looked at to come up with the 26.7;
22 is that right?

23 A I will have to check the dates on this.
24 There is no date on it, so it is hard for me to
25 ascertain if this is the same survey or not.

1 Q We provided the cover sheet showing the
2 February, 1994 survey of the Florida League of
3 Cities.

4 A Well, then in that case this is not the
5 same survey because this is October, '93 updated, as
6 we discussed with the update factor. So this is not
7 the same survey date.

8 Q Doesn't the February survey relate to data
9 that goes to October of '93?

10 A I cannot make any assumptions regarding
11 this. I have not seen it. It was not used in this
12 study.

13 Q Let's go through this, Ms. Lock. In the
14 exhibit it includes some of the salaries that were
15 included in the exhibit, for example, Broward County,
16 do they not?

17 A Are you still referring to the exhibit or
18 where are you now?

19 Q Yes, on the exhibit, the third page or last
20 page of the exhibit. I want to go through some of
21 the detail.

22 A Yes, Broward County is on this sheet.

23 Q And the average pay for Broward County was
24 above the average, was it not?

25 A It looks like Broward County was not the

1 highest, but it is one of the higher ones.

2 Q Was it above the average, Ms. Lock?

3 A Yes. The average is 26,000, and Broward
4 County was 28.

5 Q Ft. Lauderdale is listed at 33,488; is that
6 right?

7 A That's true.

8 Q And that is above the average, is it not?

9 A Right. There are also a number of well
10 below average, like Bay County at 18,000.

11 Q Ms. Lock, could you just answer the
12 question, please.

13 A Yes.

14 MR. ARMSTRONG: Madam Chairman, could I have
15 one second?

16 CHAIRMAN CLARK: Yes, we will take a break
17 for five minutes.

18 (Brief recess.)

19 CHAIRMAN CLARK: We will go back on the
20 record. Mr. Beck, you were asking questions.

21 BY MR. BECK:

22 Q Ms. Lock, let's start again on the third
23 page. Broward County is included. And its amount is
24 above the average; is it not?

25 A Yes.

1 Q The inclusion of Broward County, therefore,
2 tended to bring the average up; did it not?

3 A Yes.

4 Q Would the same be true for Ft. Lauderdale
5 at an average salary of 33.5 thousand dollars?

6 A Yes.

7 Q Metro Dade, is 32,129; is it not?

8 A True.

9 Q The inclusion of that of Metro Dade tended
10 to bring the average up; did it not?

11 A True.

12 Q Palm Beach County is at \$30,630; is it
13 not?

14 A True.

15 Q The inclusion of Palm Beach County tended
16 to bring the average up; did it not?

17 A Right.

18 Q Southern States Utilities has no facilities
19 in any of those counties, does it?

20 A Not in those counties, but in the majority
21 of the others listed there.

22 Q You see Jacksonville where the average
23 salary is 40,371?

24 A Yes, we employ operators in Jacksonville.

25 Q You see the title there says Water Operator

1 Supervisor, is it, or does it mean something else?

2 A Water Operator Supervisor, yes, that's what
3 it says.

4 Q Why would a supervisor be included in with
5 these other Plant Operator IIs, if you know?

6 A Yes. I can tell you the answer to that.
7 Each of the jobs included in these surveys contains a
8 job description that is supplied by the entity
9 responding. And in that case, although they call it
10 a supervisor, it would be equivalent to the other
11 positions included on this page.

12 So it may be some kind of a lead worker or
13 maybe they just use that title for those who have the
14 Plant Operator B Level. There may be some additional
15 duties included.

16 Q Now, for different cities there are
17 different number of employees that were used to
18 calculate the average; is there not?

19 A Yes.

20 Q Is the 26,662 average a simple arithmetic
21 average for all the different facilities, or is it
22 weighted; if you know?

23 A I believe that is a simple average.

24 MR. BECK: Could I have a second exhibit
25 marked for identification?

1 CHAIRMAN CLARK: Mr. Beck, how many do you
2 have?

3 MR. BECK: We have --

4 CHAIRMAN CLARK: Can we get that done all
5 at once to speed things up?

6 MR. BECK: I have one more other than that,
7 then a confidential one that has three.

8 CHAIRMAN CLARK: I think if we could ask
9 all the parties to sort of group their exhibits, that
10 may help speed up the time. You are excused this
11 time, Mr. Beck. The exhibit entitled "Excerpt from
12 Florida League of Cities Cooperative Salary Study,
13 April, '94, will be marked as Exhibit 144.

14 (Exhibit No. 144 identified.)

15 COMMISSIONER GARCIA: Madam Chairman, and
16 the one before that was?

17 CHAIRMAN CLARK: It was February of '94.

18 COMMISSIONER GARCIA: No, the number of the
19 one before that.

20 CHAIRMAN CLARK: 143.

21 COMMISSIONER GARCIA: Is the one that Mr.
22 Beck handed out also, okay.

23 CHAIRMAN CLARK: Yes.

24 BY MR. BECK:

25 Q Ms. Lock, do you have that exhibit in front

1 of you?

2 A Yes.

3 Q And this is for cities 10,000 to 50,000
4 population; is that right?

5 A Yes.

6 Q And that is the other source that is in the
7 Hewitt study that we discussed earlier, is it not?

8 A Right.

9 Q The Hewitt study shows 25.5 thousand
10 dollars for this city population, does it not?

11 A Yes.

12 Q Is that not the -- is not the last page of
13 the exhibit I just handed you, where it shows an
14 average figure of 25,456, the source of that number?

15 A Could you repeat that?

16 Q On the exhibit I handed you for plant, it
17 has Plant Operator B on the last page of the exhibit.

18 A Right.

19 Q And the actual average listed there for
20 Plant Operator B is \$25,456.

21 A Yes.

22 Q Is that not the source of the data that we
23 looked at in the Hewitt study where it shows 25.5
24 thousand dollars as the unadjusted database?

25 A Well, the numbers look the same, but the

1 dates are different. You are using a different dated
2 survey, but the number does seem to be comparable.

3 MR. BECK: I have the actual survey. Could
4 I just hand this to the witness and see if she can
5 confirm that's where the numbers come from?

6 CHAIRMAN CLARK: Yes.

7 WITNESS LOCK: My quandary is not that I don't
8 believe this is from the survey. It is just that the
9 information used in the Hewitt survey was the survey
10 from October of '93. And you are presenting me with an
11 April, '94 survey and asking me if it is the same number
12 in the Hewitt study. My answer to that is, no, these
13 are two different survey dates.

14 BY MR. BECK:

15 Q The date on the Florida League of Cities
16 cover is the date that entire publication is
17 published; is it not?

18 A Yes, but it is not the same date as we used
19 in the Hewitt survey study.

20 Q The Hewitt survey study shows the date that
21 the salaries were effective, does it not?

22 A So your position is you believe this is the
23 same survey.

24 Q In the Hewitt study doesn't it show you the
25 survey effective date of October of '93?

1 A Yes.

2 Q And doesn't the data that was published in
3 the April, '94, relate the salaries that were
4 effective on that time period of October, '93?

5 A I don't know that. What I'm saying is my
6 belief would be that they are not. I don't see
7 anything in here that says October of '93.

8 Q Do you have the survey that was used as a
9 basis for the Hewitt study?

10 A I do not have it with me.

11 Q Okay. Do you know whether it is different
12 than the survey I just handed you?

13 A I do not know. That is why I'm concerned.

14 CHAIRMAN CLARK: Ms. Lock, let me ask you a
15 question. I thought you said that the survey done
16 for you was from October, 1993 data, and then aged
17 for '94. Is that what you said?

18 WITNESS LOCK: Yes.

19 CHAIRMAN CLARK: What does the survey date
20 indicate in that document that Mr. Beck gave you?

21 WITNESS LOCK: This says April of 1994.

22 CHAIRMAN CLARK: Mr. Beck, I thought you
23 indicated somewhere in that document it says the survey
24 was taken in October of '93.

25 MR. BECK: I can't point to it at this

1 second. The publication is April, '94. This is the
2 same data. Maybe we can speed this along, Ms. Lock.

3 BY MR. BECK:

4 Q You will be back on rebuttal, will you
5 not?

6 A Yes.

7 Q Could you check between now and the time
8 you come for rebuttal and confirm the data I am
9 giving you is, in fact, the data used for the Hewitt
10 survey?

11 A Yes, I can do that.

12 Q You will agree for the moment, will you
13 not, Ms. Lock, the number indicated on the actual
14 average indicated on the exhibit I gave you does
15 match the numbers that are taken or that appear in
16 your exhibit for plant operators.

17 A It is very close.

18 Q Okay. Let me ask you about some of this
19 data. Deerfield Beach is listed in this city
20 population for an actual average of 31,891?

21 A Yes.

22 Q And Lake City is at 16,932. Do you see
23 that?

24 A I do.

25 Q Could you explain why there could be that

1 much variation for the pay for the same position
2 within the same population group?

3 A Well, I would only be speculating; but
4 apparently, from what I understand, each individual
5 employer has to pay based on their ability to pay.
6 And in that area perhaps they don't have a large tax
7 base, and consequently, are significantly below
8 average as per this survey.

9 Q Likewise then for this survey, Deerfield
10 Beach, for example, would be on the high side based
11 on their ability to pay?

12 A Ability to pay or current market conditions
13 for South Florida.

14 Q And you don't have any systems in Deerfield
15 Beach, do you?

16 A No, we don't.

17 Q I have one more exhibit before we get to
18 the confidential one. Could I ask that be
19 identified.

20 CHAIRMAN CLARK: The next number I have is
21 145.

22 (Exhibit No. 145 identified.)

23 CHAIRMAN CLARK: While he is passing that
24 out, let me make two announcements. I had an inquiry
25 from Representative Tom Feeney's office. He had

1 indicated he wanted to be able to make some comments
2 if we took public testimony. I had thought he was
3 going to be here today, but I suppose because things
4 went early this morning he is not here.

5 I just want to put everyone on notice he
6 has requested that he be able to come and appear. If
7 we hear from him, and he does follow up on the
8 request, he may be here at some point in the
9 hearing.

10 The other thing is that we will reconvene
11 the hearing after the agenda on Tuesday. And I
12 expect next week will be a very full week. Let me
13 indicate this Exhibit 145 is the "Excerpt From
14 Florida League of Cities Cooperative Salary Survey
15 dated May, '94."

16 BY MR. BECK:

17 Q Do you have that exhibit in front of you,
18 Ms. Lock?

19 A Yes.

20 Q Could you turn to the last page of that
21 exhibit?

22 A Yes.

23 Q This lists wages for Plant Operator B in
24 cities under 10,000 population, does it not?

25 A Yes.

1 Q And if you would, look at a few of them.
2 Clermont has an actual average of \$14,248, does it
3 not?

4 A Yes, for one operator.

5 Q Okay. And do you have any, does Southern
6 States have any systems near Clermont?

7 A Not that I'm aware of, no.

8 Q What about Mount Dora, the actual average
9 wage is 19,313?

10 A Yes.

11 Q Does Southern States have any systems near
12 Mount Dora?

13 A Not in Mount Dora, no.

14 Q Do you have any in that vicinity?

15 A We have some in Lake County, but no where
16 near Mount Dora.

17 Q Mount Dora is also in Lake County?

18 A Yes.

19 Q Let me ask you about Neptune Beach. Do you
20 know where Neptune Beach is located?

21 A As a matter of fact, I do.

22 Q Where is Neptune Beach?

23 A Neptune Beach, if it is anywhere near
24 Neptune, it is down in the South Florida area.

25 Q Would you accept subject to check it is

1 near Jacksonville Beach?

2 A Then I guess I don't know where it is.

3 Q You are not familiar with the Jacksonville
4 Beach where you have Atlantic Beach, Neptune Beach,
5 Jacksonville Beach altogether?

6 A I'm a Florida native. I've been through
7 most of the parts of the state, but I don't know
8 every city by heart.

9 Q Well, if you could accept that Neptune
10 Beach is in Duval County, my question to you is we
11 looked earlier at Jacksonville with a salary of about
12 40,000 for this category. Here is Neptune Beach at
13 20,000. How would you explain that type of variation
14 in such close proximity?

15 A Again, I would have to say it is because of
16 their size, complexity of the treatment plants that
17 they have, would have some bearing, their ability to
18 pay based on their tax base.

19 Q And would you agree that your Jacksonville,
20 or the system that Southern States has in
21 Jacksonville is somewhere between downtown
22 Jacksonville and the Jacksonville beaches; if you
23 know?

24 A I can't say because I don't really know
25 where these facilities are located.

1 Q Now, the actual average for cities of this
2 size is \$22,714; is that right?

3 A Yes. That's what this demonstrates.

4 Q This survey was not an input into the
5 salary survey made by Hewitt, was it?

6 A No.

7 Q Why not?

8 A If you look at the first page, the cities
9 under 10,000 in population, a large number of them
10 have populations around 2,000 or less. So apparently
11 we didn't feel that this was really relevant
12 information for some of these very small facilities.
13 Some of them are little more than package plants that
14 operators run as a side line, although apparently
15 these cities do employ people on a regular basis; but
16 I would assume they have far less complex and size
17 facilities as would SSU.

18 Q You don't disagree that a number of the
19 locations in this size population are near plants
20 where SSU has facilities, do you?

21 A I haven't gone through and looked at them
22 one by one. I guess we can start at the top of the
23 list and go through. I would assume there could be
24 some, but I don't know without looking at each one
25 individually.

1 Q And so did you never provide the survey
2 with this population to Hewitt and Associates?

3 A No, we didn't.

4 Q And it was your decision to withhold this
5 data from Hewitt Associates when they did their data
6 on the Florida League of Cities survey information?

7 A I did not decide to withhold it, no.

8 Q But you did not provide it to them, did
9 you?

10 A No. In fact, I did not have it.

11 Q Why not?

12 A Apparently, we didn't think it was relevant
13 data to look at because of the small sizes of these
14 cities.

15 Q What do you mean apparently? Was this not
16 your decision? Aren't you the interface between
17 Southern States and Hewitt Associates?

18 A Yes.

19 Q Why is it apparently so?

20 A Well, we didn't have this data available to
21 us. We contacted the Florida League of Cities, asked
22 them for their surveys, and actually we didn't see
23 this. But even if we had, I don't think we would
24 have necessarily included it. We might have, but we
25 didn't.

1 COMMISSIONER KIESLING: Mr. Beck, let me
2 interject something here. When you say "we", I don't
3 know who you are talking about. If you are talking
4 about you and the Hewitt people, or you alone, or you
5 and others at SSU. And it would be really helpful to
6 me if you answered the questions in relationship to
7 what you know; and if you include others, at least
8 identify who they are.

9 WITNESS LOCK: Okay. In this case I would
10 have to say that I did not have this survey available
11 to me, and I did not send it to Hewitt for inclusion
12 in their study.

13 COMMISSIONER KIESLING: Thank you.

14 BY MR. BECK:

15 Q Now, you did include in your information
16 you gave to Hewitt the data for the city populations
17 over 50,000; is that right?

18 A Yes, as well as those for cities from
19 10,000 to 50,000.

20 Q And we saw earlier that the over 50,000
21 included a number of cities in southeast Florida that
22 brought that average up higher; did it not?

23 A Yes, but it also included Orlando, Tampa
24 and Jacksonville where we do have facilities.

25 Q But you don't have any facilities in Palm

1 Beach, Broward or Dade County; is that correct?

2 A No, but we do have facilities in the Stuart
3 area of South Florida.

4 Q Why is the data there any more or less
5 relevant than the data for the cities under \$10,000
6 that was not provided to Hewitt and Associates?

7 CHAIRMAN CLARK: Mr. Beck, \$10,000?

8 BY MR. BECK:

9 Q 10,000 population.

10 A I would think that the two surveys that we
11 included, which encompassed cities from 10,000 up to
12 those over 50,000, were representative of the
13 majority of the positions employed for operators in
14 the state of Florida.

15 MR. BECK: Madam Chairman, I have
16 packages. Each package has three exhibits in it.
17 This is material that Southern States has claimed to
18 be confidential. I would like to pass that out now
19 to anybody that cares to see this data.

20 CHAIRMAN CLARK: Next available exhibit
21 number I have is 146. I will indicate it is a
22 confidential exhibit.

23 (Confidential Exhibit No. 146 marked.)

24 MR. ARMSTRONG: Madam Chair, I guess for
25 clarity, are we going to have questions asked on this

1 document?

2 MR. BECK: Yes.

3 CHAIRMAN CLARK: He is under an obligation
4 to not reveal the confidential part of the exhibit.
5 We have been fairly successful in accomplishing that
6 in other documents.

7 MR. ARMSTRONG: I'm sorry, I don't have any
8 experience with this being done. I apologize.

9 COMMISSIONER GARCIA: It is just us you
10 have to worry about.

11 CHAIRMAN CLARK: I would assume it is the
12 numbers that are confidential in here; is that
13 correct, Mr. Armstrong?

14 MR. ARMSTRONG: Yes.

15 MR. BECK: I will try to go over that
16 before.

17 CHAIRMAN CLARK: I think Mr. Beck can
18 handle that.

19 COMMISSIONER KIESLING: If I could get
20 clarified, there is actually three separate exhibits
21 in here. Do you want to call all of them by that
22 number?

23 CHAIRMAN CLARK: Why don't we do that, Mr.
24 Beck. We will indicate this is one composite
25 confidential documents. It consists of an excerpt

1 from the Hewitt study which is VP Finance and
2 Administration. It also contains a calculation of
3 1994 executive bonuses, and Southern States 1994
4 incentive compensation plan, all of which will
5 constitute Composite Exhibit 146.

6 BY MR. BECK:

7 Q Ms. Lock, let me ask you to direct your
8 attention first to the excerpt from Hewitt study VP
9 Finance and Administration.

10 A Could I have a moment with our attorney?

11 MR. BECK: Sure.

12 (Brief pause.)

13 WITNESS LOCK: Okay.

14 BY MR. BECK:

15 Q There is one page attached to the cover
16 page, do you have that?

17 A Yes.

18 Q Okay. This is generally in the same format
19 of the exhibit we discussed earlier; is that right?

20 A Yes.

21 Q Okay. Now, let me ask Counsel -- well, my
22 first question is why is this being claimed
23 confidential and the other data isn't? I don't
24 understand why this is confidential, but the other
25 stuff is not, and whether you would like to waive

1 that claim of confidentiality?

2 CHAIRMAN CLARK: Mr. Beck, does this have a
3 ruling on it yet?

4 MR. ARMSTRONG: That's what I was
5 wondering.

6 MR. BECK: Subject to a temporary
7 protective order.

8 CHAIRMAN CLARK: I don't mean to impede
9 your questioning her in any way. Can't we resolve
10 that later and move on?

11 MR. BECK: I will try the best I can.

12 Let me ask this, is it simply the numbers
13 that are claimed to be confidential? I can discuss it
14 if I don't identify the numbers? Is that agreeable
15 with you, Counsel?

16 MR. ARMSTRONG: That's agreeable. I
17 apologize. I've never seen the document.

18 CHAIRMAN CLARK: It is the numbers we need
19 to be --

20 MR. ARMSTRONG: Yes.

21 CHAIRMAN CLARK: All right. Go ahead, Mr.
22 Beck.

23 BY MR. BECK:

24 Q Now, Ms. Lock, does this reflect the Hewitt
25 study for your VP of Finance and Administration?

1 A This was draft data that Hewitt compiled
2 that was never actually formalized or used in any
3 fashion.

4 Q Did Hewitt do a study for your VP of
5 Finance and Administration?

6 A We initiated one, but it was never
7 completed. This is not complete data. This is a
8 draft.

9 Q Okay. What information do you have
10 justifying the salary of your VP of Finance and
11 Administration?

12 A We have other data, actually Minnesota
13 Power conducted a study through a different Hewitt
14 office. That data was never directly provided to
15 SSU; but they, through the Compensation Committee of
16 the Board of Directors, control SSU officer level
17 salaries.

18 Q And that data, in turn, was never provided
19 to us either; was it?

20 A I don't believe so.

21 Q Did you ever disclose you had withheld or
22 that data wasn't provided because it was in Minnesota
23 Power's possession?

24 A I don't think it was ever asked. I'm not
25 sure how you got this document because it is, as I

1 say, a draft.

2 Q If you know, how is the information that
3 Minnesota Power, I guess you wouldn't know since
4 you've never seen the Minnesota Power information
5 yourself, right?

6 A The Board of Directors Compensation
7 Committee controls that information, and they
8 commissioned a separate study. We began to undertake
9 this study and we were told --

10 CHAIRMAN CLARK: Ms. Lock, I'm over here.
11 He simply asked you if you had seen that data from
12 Minnesota Power. Did you?

13 WITNESS LOCK: Not in this format, no.

14 BY MR. BECK:

15 Q Let's go through this information at least,
16 that we have. There is a number of different sources
17 of information for the vice-president of Finance and
18 Administration listed in this document; is there
19 not?

20 A Yes.

21 Q Okay. And up in the upper right-hand
22 corner we have a base and total figures given; is
23 that right?

24 A Yes.

25 Q At least for this draft document, that is

1 the estimated market value of that position; is that
2 right?

3 A According to this, yes.

4 Q And that number is derived as a weighted
5 average of the information that is provided in the
6 body of the document; is that right?

7 A Yes.

8 Q Okay. So for example, the highest weighted
9 one is the second to the last row for top financial
10 executive water utilities; do you see that? That
11 receives a weight of three?

12 A Yes.

13 Q That is higher than the weights for any
14 other data; is that correct?

15 A No. It looks like the one for general
16 industry on the second row is higher than that
17 number.

18 Q The weight for that is two, is it not?

19 A Yes.

20 Q The weight for the top financial executive
21 of water utilities is three; is that right?

22 A Right.

23 Q The top financial executive for water
24 utilities is higher weighted than any of the others?

25 A It is higher weighted yes, but not a higher

1 number.

2 Q I asked about the weighting.

3 A Yes, the weighting is higher.

4 Q Why, if you know, is the weighting higher
5 for that than any of the others?

6 A Well, one would intuitively assume since we
7 are a water utility, what other water utilities are
8 paying would be more relevant than other types of
9 industry.

10 Q So is that the reason for the high
11 weighting for that?

12 A I did not assign that, and am not really
13 very familiar -- I'm not familiar with this
14 document. So I don't know the reason, but that would
15 be my speculation as to why.

16 Q The last row is the one item that deals
17 with Florida specific information; does it not?

18 A That is what it indicates, yes.

19 Q All right. In other words, there are six
20 sources here; five of them are nationwide, and the
21 last one is Florida specific, is that right?

22 A That is what it would show, yes.

23 Q The Florida specific is given the lowest
24 weighting with two others; is it not?

25 A Yes.

1 Q Why would the Florida specific information
2 for a VP of Finance and Administration of water
3 utilities be given the lowest weighting?

4 A If you look at the survey source, it says
5 that it was a custom, informal survey source. And I
6 was going to tell you earlier that the reason that
7 many companies do not like to rely on telephone data
8 is because of the inaccuracy and inability to verify
9 that type of information.

10 One must rely on persons answering the
11 telephone and their credibility and whether they've
12 actually looked up the information appropriately or
13 not. So that may be one reason.

14 Q Would you agree with me that the Florida
15 specific information and the salary shown there is
16 significantly less than the overall estimated market
17 value shown in this document?

18 A It looks like it is about \$4,000 lower,
19 which would be less than 5 percent lower than the
20 base indicated on average.

21 Q You've got to take me through how you see
22 only 4,000 difference there.

23 A Well, it looks like 82 versus 78 to me.

24 Q Okay. The 78 figure that you just gave is
25 a total figure, is it not?

1 A Yes.

2 Q I mean, there is figures for base and there
3 is figures for total; is there not?

4 A Right.

5 Q The 78 is the total figure?

6 A So you are talking about the base. I see
7 what you are saying.

8 COMMISSIONER GARCIA: Mr. Beck, where are
9 you?

10 MR. BECK: On the last row.

11 CHAIRMAN CLARK: Let me just caution you.

12 MR. BECK: I didn't give the number.

13 CHAIRMAN CLARK: I know you didn't give the
14 number. Ms. Lock, Mr. Armstrong has indicated it is
15 the number that is a problem. One way you deal with
16 that is to indicate the columns and the numbers. You
17 can avoid using the number. It is tedious, but you
18 can do it. Okay?

19 WITNESS LOCK: Okay.

20 CHAIRMAN CLARK: This isn't for our
21 benefit. This is because your company has said it
22 needs to be kept confidential.

23 WITNESS LOCK: Okay, thank you.

24 BY MR. BECK:

25 Q You just gave us the total number. Since

1 it is out, I will go ahead and repeat it, 78, for the
2 Florida specific; is that right? It is a figure of
3 78 for total in the Florida specific information?

4 A Yes.

5 Q Wouldn't it be correct to compare that
6 against the amount under total in the upper
7 right-hand corner?

8 A Yes.

9 Q Would you agree the Florida specific
10 information is significantly less than the total for
11 the estimated market value related to total?

12 A Yes. But again, one must be cautioned by
13 the reliability of that number since it was a custom,
14 informal study.

15 Q Would you agree that, in turn, if we
16 compare the base figure for the Florida, and compare
17 it to the base figure in the upper right-hand corner,
18 that the Florida number is significantly less than
19 the estimated total base.

20 A Yes.

21 Q Could you turn to the exhibit marked
22 calculation of 1994 Executive Bonuses.

23 A Could I have a moment, please?

24 (Brief pause.)

25 WITNESS LOCK: You are on exhibit for 1994

1 executive bonuses?

2 BY MR. BECK:

3 Q Yes.

4 A Okay.

5 Q There is one page attached to the cover
6 page, is there not?

7 A Yes.

8 Q And do you have that in front of you?

9 A I do.

10 MR. BECK: And Counsel, I'm assuming that
11 the only thing I cannot discuss here are the actual
12 numbers, that you would have no objection to
13 describing the columns.

14 MR. ARMSTRONG: That's accurate.

15 BY MR. BECK:

16 Q Okay. Ms. Lock, this document describes a
17 calculation of bonuses for 1994 for executives; is
18 that right?

19 A Yes.

20 Q Okay. And one of the columns is estimated
21 VGU gain, do you see that?

22 A Yes.

23 Q To what does that refer?

24 A That is the Venice Gardens Utility gain on
25 sale.

1 Q And the next column after the estimated
2 gain is the bonus portion. Do you see that?

3 A I do.

4 Q How was that determined?

5 A I would have to refresh my memory. Give me
6 a minute and I will read this over. (Brief pause.) I
7 could probably try to wade through this, but I think
8 I would like to defer this schedule to Morris
9 Bencini, since he was the preparer whose name appears
10 at the bottom.

11 Q Okay. You think Mr. Bencini is a better
12 witness about bonuses than you?

13 A Well, Mr. Bencini is the one who actually
14 performed the calculations that you see. And I don't
15 have the plan document in front of me which would
16 indicate how these formulas were derived, so I would
17 be afraid I would make an error if I were trying to
18 do this off the top of my head.

19 Q Okay. Let me try a few general questions
20 with you, if you can answer them. There is a base
21 VGU bonus and a VGU add-on bonus, both listed there;
22 is that right?

23 A Yes.

24 Q And those together make up the total VGU
25 bonus; is that right?

1 A That's what this shows.

2 Q What is the difference qualitatively
3 between the base VGU bonus and the VGU add-on bonus?

4 A That's what I'm saying. Without having the
5 documents that describe the methodology, I cannot
6 recall that.

7 Q Can you not just describe it in a general
8 way what the difference is?

9 A I don't know. I don't have that
10 information and I didn't prepare this schedule. I
11 would have to have that document or else defer to
12 Mr. Bencini.

13 Q Do you know why bonuses were paid to
14 executives on account of the sale of the Venice
15 Gardens Utilities?

16 A Yes. Most executive incentive compensation
17 plans are tied directly to the financial goals and
18 attainment of the company. So gain on sell would be
19 one of the normal financial measures that would be
20 included in determining the overall financial
21 performance of the company.

22 Q Were the executives the only persons to get
23 a bonus relating to the Venice Garden sale or were
24 all employees granted a bonus based on that sale?

25 A We did not have a program that would allow

1 employees to be included in gain on sale for bonus or
2 incentive purposes.

3 Q So these were the only persons that are
4 listed here, are the only persons that received
5 bonuses on account of the sale;; is that correct?

6 A Yes.

7 Q Could you turn to the last document, a
8 Southern States 1994 Incentive Compensation Plan.

9 A Okay.

10 Q Could you turn to the last page of this
11 document?

12 A The last page?

13 Q Yes.

14 A I see it.

15 Q Okay. There is two components, a component
16 one and a component two to the Incentive Compensation
17 Plan; is that right?

18 A Yes.

19 MR. BECK: And Counsel, would you have any
20 objection to verbalizing one of the component one
21 goals?

22 MR. ARMSTRONG: No.

23 BY MR. BECK:

24 Q Okay. One of the component one goals in
25 the Incentive Compensation Plan was to maintain a

1 uniform rate structure for SSU; is that right?

2 A Yes.

3 Q Why is that a component of an incentive
4 compensation plan?

5 A Because I think that is a very important
6 issue relating to the company's financial success in
7 our ability to efficiently provide customer service.

8 Q And to whom is this incentive compensation
9 plan applicable?

10 A As you can see, the '94 incentive
11 compensation plan would apply to those individuals
12 listed on the earlier exhibit, which you provided.

13 Q It would be to them and them only?

14 A Yes.

15 MR. BECK: Thank you, Ms. Lock. That's all
16 I have. Madam Chairman, I'm not sure how you want us
17 -- do you want us to gather up these exhibits or
18 keep them?

19 CHAIRMAN CLARK: That's what usually
20 happens except the other -- the one confidential
21 exhibit the clerk has remains with the clerk and she
22 knows to keep them confidential.

23 MR. ARMSTRONG: I can keep one, too,
24 right?

25 CHAIRMAN CLARK: Well, yes. You may,

1 except you need to let Mr. Beck know that so we has
2 the right count on those exhibits.

3 MR. ARMSTRONG: Mr. Beck, I will keep it,
4 please. Thank you.

5 CHAIRMAN CLARK: All right. I assume
6 because Mr. Twomey is not in here he has no questions
7 for this witness.

8 MR. BECK: I do not know the answer to
9 that.

10 CHAIRMAN CLARK: Staff, go ahead.

11 MS. O'SULLIVAN: The Staff has no
12 questions.

13 CHAIRMAN CLARK: Well, Commissioners, do
14 you have questions? Redirect.

15 MR. ARMSTRONG: Thank you, Madam Chairman.

16 **REDIRECT EXAMINATION**

17 BY MR. ARMSTRONG:

18 Q Ms. Lock, regarding one of the confidential
19 exhibits, there was reference to the column that
20 referred to a custom informal analysis, Florida
21 utilities, for the VP position; do you recall that?

22 A Yes, I do.

23 Q Is Southern States the largest water
24 utility in the State of Florida?

25 A Yes, we are. In fact, SSU is the largest

1 investor-owned.

2 Q Would you have any idea about what the next
3 largest facility is, how much bigger Southern States
4 is than the next largest facility?

5 A I couldn't give you a specific number, but
6 I know that the other utilities are so much smaller
7 that they do not even employ, for example, rate
8 position in-house, and that we have a great deal of
9 difficulty gathering data from them for that reason.
10 The number of employees is much smaller, and the
11 types of employees they have on staff is much smaller
12 and different.

13 Q If you know, would the vast majority of the
14 Florida utilities even have a VP of Finance?

15 A I would sincerely doubt it.

16 Q Would those facts that we just discussed
17 have any influence on the weight being given to that
18 kind of information?

19 A Yes, they would; because if they were not
20 able to find other investor-owned utilities of the
21 same sizes as SSU, or who employ the same types of
22 positions, then there would not be comparable salary
23 data for that position available.

24 Q Now, it is it your testimony the data
25 provided here is data that has been -- is MP data,

1 Minnesota Power data?

2 A I do not know where this data came from.

3 Q Okay. And by that statement it is not your
4 data?

5 A That's correct.

6 Q You didn't do the informal survey?

7 A No, we did not. In fact, I was shocked to
8 see this data.

9 Q During your deposition do you recall
10 questions regarding executive pay surveys conducted
11 by Hewitt?

12 MR. BECK: Objection. Asking about "during
13 your deposition do you recall" is not going over the
14 questions I asked. It is beyond the scope of the
15 cross examination.

16 MR. ARMSTRONG: There was some question
17 back and forth regarding whether or not information
18 was requested. I know that was the subject of
19 deposition.

20 CHAIRMAN CLARK: I will allow the
21 question. I think he is pursuing the concern about
22 information being provided on executive sales.

23 WITNESS LOCK: I do recall some questions
24 regarding executive pay. And I believe at that time
25 I had also indicated to Ms. O'Sullivan that the

1 executive pay was handled by Minnesota Power and not
2 by Southern States, and we did not have a lot of
3 information other than some general information that
4 came through the comp committee of the Board of
5 Directors.

6 BY MR. ARMSTRONG:

7 Q If you would look at that deposition
8 transcript, you wouldn't see anybody from the office
9 of Public Counsel listed, would you? Page two of the
10 deposition.

11 A No, there isn't. It was only the Public
12 Service Commission Staff.

13 Q You attempted several times, and I'm going
14 to give you the opportunity now, to describe in some
15 summary fashion if you could the customized survey
16 performed in this instance, and how it relates to
17 your experience regarding customized surveys of this
18 type.

19 A Yes. Hewitt Associates, first of all, is
20 probably one of the largest professional human
21 resources consulting firms in the world. They used
22 the same methodology in terms of collecting data from
23 the company, job descriptions, of all the positions
24 that we have. From a complete list of all the job
25 descriptions we have in the company, they were able

1 to narrow it down to 50 jobs which represented a
2 benchmark sample of all of our jobs.

3 They then went about the process of
4 gathering other competitive data. They looked at 18
5 different sources of data, not only the Florida
6 League of Cities, but a number of different sources
7 from the Bureau of Labor Statistics to other
8 professional surveys and were able to look at a
9 number of different sources of information and come
10 up with average rates of pay for each of the 50
11 positions that we employ.

12 They then looked at the actual average pay
13 that we pay for each of our employees in those job
14 classifications, an Operator I, Operator II, Operator
15 III, Maintenance Tech, and see how far our actual
16 rates of pay differed from the average. The average,
17 of course, is not the top paying level. It is not
18 the lowest paying level.

19 Obviously, most companies wouldn't want to
20 be the lowest payers in the State of Florida. So
21 what we endeavored to do is at least reach the
22 average level. In a lot of those survey sources that
23 were shown, there are companies that pay a lot more,
24 but then there are companies that might pay 40 or 50
25 percent within a range.

1 So by averaging the lowest payers with the
2 highest payers you do come up with an average that
3 should be reflective of the overall market level for
4 that position. And what we found was that for all of
5 those 50 positions that our actual pay averaged about
6 17 percent below the average amount.

7 And we did look at, as I say, 50 different
8 actual positions that we employ, and had numerous
9 surveys that were differentially weighted based on
10 whether they were representative of our types of
11 positions.

12 (This concludes Volume 19.)

13 - - - - -

14 (Transcript continues in sequence in Volume
15 20.)

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DOCKET 950495-WS
EXHIBIT NO. 142
CASE NO. 96-04227

EXHIBIT (DGL-1)

PAGE 1 OF 34

Actuarial Report as of January 1, 1994 for the
Postretirement Medical, Dental, and Death Benefit Programs of
Southern States Utilities

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 950495 EXHIBIT NO. 142
COMPANY/ SSU/LOCK
WITNESS: _____
DATE: 4/29/96

DOCUMENT NUMBER-DATE
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GODWINS BOOKE & DICKENSON

13535 Feather Sound Drive, Suite 600
Clearwater, FL 34622-5545
(813) 573-2884 FAX (813) 573-1073
(813) 571-1440

December 21, 1994

Ms. Dale G. Lock
Human Resources Administrator
Southern States Utilities
1000 Color Place
Apopka, FL 32703

Dear Dale:

We respectfully present in this report the results of our actuarial valuation of the Company's postretirement medical, dental, and death benefit programs. This report's principal purpose is to provide information regarding:

- the financial statement implications of applying FASB Statement No. 106 in 1994,
- the deductible limit for funding your 501(c)(9) trust,
- the projected FAS Expense for 1995, and
- a comparison of actual and expected plan experience.

It is important to note that the Company's true liability for postretirement medical, dental, and death benefits depends greatly upon future experience and is very difficult to predict accurately. For example, the Company's liability for postretirement medical care benefits depends greatly upon factors such as future medical inflation, actual incidence of claims and the retirement and termination patterns of participants. Due to the uncertainty of these events, Part II of this report analyzes the sensitivity of the results to variations in future plan experience.

For your convenience, we have summarized the highlights and essential results of the valuation in the Summary of Results found in Part I. The Table of Contents following this letter outlines the text and tables included in this report.

Respectfully submitted,

Godwins Booke & Dickenson



Brian S. Broverman, F.S.A.
Principal

cc: Dwight S. Bell
Godwins Booke & Dickenson

Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

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Part I. Summary of Results

A. Financial Information

	01/01/94	01/01/93
1. FAS 106 Expense		
a. Medical and Dental	\$ 814,480	\$ 941,710
b. Death Benefits	<u>33,552</u>	<u>31,423</u>
c. Total	\$ 848,032	\$ 973,133
2. Succeeding Year Cash Flow Projection		
a. Medical and Dental	\$ 77,086	\$ 70,000
b. Death Benefits	<u>3,537</u>	<u>2,500</u>
c. Total	\$ 80,623	\$ 72,500
3. Accumulated Postretirement Benefit Obligation		
a. Medical and Dental	\$ 3,863,738	\$ 4,058,182
b. Death Benefits	<u>219,794</u>	<u>148,688</u>
c. Total	\$ 4,083,532	\$ 4,206,870
4. Expected Postretirement Benefit Obligation		
a. Medical and Dental	\$ 6,559,374	\$ 7,087,009
b. Death Benefits	<u>292,754</u>	<u>209,133</u>
c. Total	6,852,128	\$ 7,296,142
5. Plan Assets		
a. Total	<u>\$ 500,040</u>	<u>\$ 0</u>
6. Balance Sheet Asset (Liability) Medical + Dental + Death		
a. Beginning of Year	\$ (400,633)	\$ 0
b. Net Employer Contributions in Year	N/A	572,500
c. (Financial Statement Expense for Year)	<u>(848,032)</u>	<u>(973,133)</u>
d. End of Year ((a) + [b] + [c])	N/A	\$ (400,633)
7. Assumed Discount Rate	7.0%	7.0%

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B. Valuation Data

	01/01/94	01/01/93
1. Number of Participants - Medical and Dental		
a. Active	451	421
b. Retired	<u>16</u>	<u>14</u>
c. Total	467	435
2. Number of Participants - Death Benefits		
a. Active	451	421
b. Retired	<u>16</u>	<u>14</u>
c. Total	467	435

C. Projected FAS 106 Valuation Results

	01/01/95
1. FAS 106 Expense	\$ 898,156
2. Accumulated Postretirement Benefit Obligation	\$4,692,140
3. Expected Postretirement Benefit Obligation	\$7,248,332

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D. Deductible Limit for Funding 501(c)(9) Trust

	Year Beginning 01/01/94
1. Current Service Cost	\$ 230,658
2. Interest Cost	\$ 138,605
3. Expected Return on Assets	(25,002)
4. Amortization	<u>152,781</u>
	\$ 497,042

**Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs**

Part II. Actuarial Commentary

A. Sensitivity Analysis

The Company's true liability for postretirement benefits depends greatly upon future economic and demographic factors which are difficult to predict accurately. The estimates in this report are based on the actuarial assumptions that are outlined in Part V. These assumptions are hereafter referred to as the current assumptions. Different assumptions could yield significantly different results. The following table illustrates the sensitivity of the results to changes in the key assumptions.

Medical and Dental Benefits			
	Service Cost & Interest Cost	APBO	EPBO
Current Assumptions	\$660,338	\$3,863,738	\$6,559,374
1% Increase in Medical and Dental Trend Assumptions	\$801,794 +21%	\$4,542,966 +18%	\$8,042,732 +23%

As shown above, the postretirement medical and dental results are very sensitive to changes in assumptions. We believe that there are many different sets of reasonable assumptions. However, we also believe that a reasonable range of results exists. For example, we think a reasonable estimate of the 1994 FAS 106 expense for postretirement medical and dental benefits may be from \$500,000 to \$900,000.

B. Beginning Medical and Dental Claim Level

The beginning medical and dental claim level is a major determinant of the FAS 106 annual expense for post retirement medical and dental benefits.

The beginning claim level that is used for this report is based on a combination of actual claim data for the period 1/1/93 - 9/30/94 for active employees and retirees and manual rates which represent the expected claims based benefits, demographics, and geographic cost factors. Overall, medical claims were 7% less than the manual rates so we used manual rates less 7% for retirees under 65 and over 65. The beginning dental claim level is based on the overall actual dental claims experience for actives and retirees combined.

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C. Medical Trend Rate

The medical trend rate is an important assumption in projecting medical claim levels. Varying this assumption produces dramatically different results for liabilities and expense amounts as shown in [A] above. The calculations in this report are based on an assumed annual medical trend rate of 10% beginning in 1994 grading down to an ultimate rate of 5% in 1999. This implicitly assumes that medical costs will increase as a percent of GDP from 14.6% in 1993 to 17.2% in the year 1999 and that they will remain constant thereafter.

D. Gain and Loss Recognition

FAS 106 specifies a corridor approach as the minimum for recognizing gains and losses. Under this approach, cumulative gains and losses are not recognized until they exceed 10% of the APBO (or market-related value of plan assets if greater). Once the cumulative gain or loss exceeds this threshold, the excess is amortized over the average future service to expected retirement of active plan participants.

Any systematic approach to recognizing gains and losses can be used instead of the minimum method if the alternative method satisfies the following conditions:

1. The minimum amortization is recognized in any period in which it is greater than the amount that would be recognized under the alternative method,
2. the method is applied consistently from year to year and on a similar basis for gains and losses, and
3. the method is disclosed.

E. Changes in Assumptions

The medical and dental trend rates were reduced by 1% for 1994 from the amounts used in the previous valuation. Ultimate trend rates remain unchanged.

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Part III. Actuarial Certification

We have made an actuarial valuation of the Company's postretirement medical and dental benefit programs as of January 1, 1994. The employee data and the financial and claims information that were used in this valuation were submitted to us by the plan sponsor, or at the plan sponsor's direction. The demographic data was collected as of the valuation date. We did not audit any of the submitted data. On the basis of our review of the data, however, we believe that the information is sufficiently complete and reliable for the purposes of this valuation.

In our opinion, the assumptions and methodology underlying this valuation are consistent with the criteria outlined under FAS No. 106 and conform to the Actuarial Standard of Practice No. 6, Measuring and Allocating Actuarial Present Values of Retiree Health Care and Death Benefits and Actuarial Compliance Guideline No. 3, published by the Actuarial Standards Board.

We have no relationship with the client which may impair or appear to impair the objectivity of our work.

Godwins Booke & Dickenson

Brian S. Broverman

Brian S. Broverman, F.S.A.
Enrollment Number 93-2784
One Corporate Drive, Suite 600
Clearwater, Florida 34622-5596
(813) 573-2884

Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

Part IV. Review of Regulatory Issues and Other Responsibilities

A. Regulatory Issues

1. Document and SPD

The document and SPD should accurately reflect the retiree benefit plan and should unambiguously reserve the employer's right to modify or terminate the plan.

A recent ruling in the 3rd Circuit (PA, NJ, DE) prohibited an employer from modifying its postretirement benefits, even though the employer had clearly reserved the right to do so. The ruling was based on the fact that the plan document did not have the appropriate language regarding amendment procedures and did not identify the person who had the authority to amend the plan. The court did not allow the employer to terminate plan benefits until it adopted a proper amendment procedure.

2. FAS 112

FAS 112, which is effective for fiscal years beginning after 12/15/93, requires employers to show a liability for benefits provided to nonactive employees who are not retired. This includes employees who are terminated, laid off, disabled, on leave of absence, as well as surviving spouses and dependents.

Employers who provide benefits to long term disabled employees may have a choice to classify these benefits as postretirement benefits subject to FAS 106, or postemployment benefits subject to FAS 112. FAS 106 allows amortization of the transition obligation and includes a provision for delayed recognition of gains and losses.

3. Medicare Primary for Disabled, Non-working Employees

Effective August 10, 1993, Medicare is the primary payor on benefits for most disabled, non-working, employees who are covered under Medicare because of disability. Under a recently issued procedure, employers can have Medicare adjust payments so the employer plan pays secondary, effective August 10, 1993.

4. Other Health Care Issues not Directly Related to Postretirement Benefits

- Coverage under Qualified Medical Child Support Orders
- Mandated coverage of pre-adoptive children
- Pediatric vaccines vested as of May 1, 1993
- Medicaid's ability to use COBRA or forced enrollment to cost shift to employers
- Self-funded must pay New York hospital surcharge or face stiff penalties
- Family and Medical Leave Act
- No required COBRA coverage for employees on Medicare because of kidney disease

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B. Other Responsibilities

1. Disclosure information required by FAS 106 must be included in year-end financial statements.
2. FAS expense must be calculated on an estimated and ultimately a final basis for accruing cost throughout the year.
3. Retiree contribution rates should be updated to meet the intent of the postretirement plan.
4. Plan Administrator must provide the following:
 - a. For completion of the actuarial valuation report
 - i. Active and retiree census data
 - ii. Experience data on active and retiree plans
 - iii. Expense data
 - iv. Descriptions of plan changes
 - b. For completion of fiscal year end disclosure information
 - i. Descriptions of plan changes or significant events during the fiscal year
 - ii. Retiree contributions paid to employer for medical and death benefit coverages
 - iii. Employer cash payments for retiree medical and death benefits for the fiscal year
 - If self-insured or participating insurance contract, cash payments should equal retiree claims plus applicable administrative expenses, stop loss insurance premiums, and other expenses related to the plan.
 - If insured on a pooled basis, cash payments should equal age-adjusted premiums.
 - iv. Trust deposits and asset value at year-end.

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Part V. Valuation Methods and Assumptions

A. Valuation Methods

The Projected Unit Credit method is used to calculate all of the expense amounts that are included in this report. The calculations are performed in accordance with the methodology set forth in FASB Statement No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions. Generally, the method is intended to match revenues with expenses and attributes an equal amount of an employee's projected benefit to each year from date of plan entry to the date that he is first eligible to retire with full benefits.

All of the calculations in this report assume that the plan will continue without change except that retiree cost-sharing provisions, including contributions, will increase over time at the same rate as the total plan cost. This assumption does not necessarily imply that there is an obligation to do so.

B. Valuation of Assets

A 501(c)(a) trust has been established effective December 30, 1993. Assets held in the trust fund are valued on a market value basis.

C. Employees Included in the Calculations

All active employees who have met the plan's participation requirements as of the valuation date are included in the calculations. Former employees or their survivors who are entitled to a benefit under the provisions of the plan are also included.

D. Actuarial Assumptions

1.	Discount Rate	7.0%		
2.	Medical Trend Rate (for gross eligible charges)	Year	Medical	Dental
		1994	10%	7%
		1995	9%	6.5%
		1996	8%	6%
		1997	7%	5.5%
		1998	6%	5%
		1999+	5%	5%
3.	Increase in Retiree Contribution Amounts for Postretirement Health Care Benefits	Year	Medical	Dental
		1994	10%	7%
		1995	9%	6.5%
		1996	8%	6%
		1997	7%	5.5%
		1998	6%	5%
		1999+	5%	5%

**Southern States Utilities-
Postretirement Medical, Dental, and Death Benefit Programs**

4.	Beginning Medical and Dental Claim Level Per Person (used for the twelve month period beginning on the valuation date)	Retiree or Spouse Age	Annual Cost Medical Dental	
		57	\$3,305	\$106
		62	4,034	106
		67	998	106
		72	1,154	106
		77	1,338	106
		82	1,422	106
		87	1,455	106
5.	Mortality	1983 Group Annuity Mortality Table for males, set back six years for females		
6.	Disability	None		
7.	Sample Termination Rates	Age	Annual Rate	
		25	11.63%	
		30	10.89%	
		35	10.14%	
		40	9.40%	
		45	6.87%	
		50	4.33%	
		55	1.80%	
8.	Retirement Rates	Age	Annual Rate	
		55-59	2%	
		60-61	10%	
		62	30%	
		63-64	20%	
		65	100%	
9.	Percentage of Future Retirees Who Elect Postretirement Health Care Coverage	90%		
10.	Percentage of Future Retirees with Postretirement Health Care Coverage Who Elect Family Coverage	a. Male Retirees 85%		
		b. Female Retirees 85%		
11.	Expenses	5% Included in beginning claim level		
12.	Assumed rate of annual compensation increase	Not applicable		

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Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

Part VI. FASB Statement 106 Information¹

The substantive plan which is the basis for this accounting is the plan described in Part VII together with the following assumptions about future modifications.

1. Retiree cost-sharing provisions (deductible, coinsurance, etc.) will increase over time at the same rate as the total cost of the plan.
2. Retiree contributions will increase at the same rate as the total cost of the plan.

A. Net Periodic Postretirement Benefit Cost

	Fiscal Year Beginning	
	01/01/94	01/01/93
1. Service cost	\$ 406,205	\$ 470,846
2. Interest cost	283,026	291,943
3. (Expected return on assets)	(\$25,002)	(0) ²
4. Amortization of unrecognized amounts:		
a. Transition obligation (asset)	210,344	210,344
b. Prior service cost	0	0
c. Net (gain) or loss	<u>(26,541)</u>	<u>0</u>
5. Total	\$ 848,032	\$ 973,133

¹ Unless specifically noted otherwise, all of the information in this Part is for the combined postretirement medical, dental and death benefit programs.

² The expected return on assets of \$0 consists of an actual return on assets of \$40 and an asset (gain) or loss of \$40.

Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

B. Reconciliation of Funded Status

	01/01/94	01/01/93
1. Fair value of assets	\$ 500,040	\$ 0
2. Accumulated postretirement benefit obligation		
a. Retirees and beneficiaries eligible for benefits	\$ 536,229	
b. Active employees fully eligible for benefits	\$ 1,613,307	0
c. Terminated employees fully eligible for benefits	0	0
d. Active employees, not fully eligible for benefits	<u>1,933,996</u>	<u>0</u>
e. Total	\$ <u>4,083,532</u>	\$ <u>4,206,870</u>
3. Funded Status ([1] - [2])	\$ (3,583,492)	\$ 4,206,870
4. Unrecognized transition obligation (asset)	3,996,526	4,206,870
5. Unrecognized prior service cost	0	0
6. Unrecognized net (gain) or loss	<u>(813,667)</u>	<u>0</u>
7. Balance sheet asset (liability) ([3] + [4] + [5] + [6])	\$ (400,633)	\$ 0

Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

C. Other Accounting Information

	01/01/94	01/01/93
1. Market related value of assets	\$ 0.	\$ 0
2. Unrecognized net (gain) or loss to amortize ³	\$ 1,704,560	\$ 0
3. Average future service (in years)		
a. To expected retirement	15.27	15
b. To full eligibility	8.63	10
4. Medical Trend Rate		
a. First year rate	10%	12%
b. Ultimate rate	5%	5%
c. Select period	5 years	7 years
5. Dental Trend Rate		
a. First year rate	7%	8.5%
b. Ultimate rate	5%	5%
c. Select Period	4 years	7 years
6. General Inflation	4%	4%
7. Weighted average assumed discount rate	7.0%	7.0%
8. Assumed rate of annual compensation increases	N/A	N/A
9. Weighted average expected long-term rate of return on plan assets (after-tax)	N/A	N/A
10. Estimated income tax rate included in rate of return	N/A	N/A
11. Effect of a 1% increase in assumed trend rate on postretirement medical and dental care:		
a. Service and interest cost	+21%	+21%
b. APBO	+18%	N/A

³ Minimum amortization of the unrecognized net (gain) or loss, calculated in accordance with paragraph 59 of FAS 106, is equal to (i) the excess, if any, of the absolute value of the amount in line (C)(2) over 10% of the greater of the amounts in lines (B)(2)(f) and (C)(1), divided by (ii) the number of years in line (C)(3)(a).

Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

12. Amount of benefits of employees and retirees covered by insurance contracts issued by the Employer and related parties	None	None
13. Amortization methods and periods used to amortize:		
a. Transition obligation	Straight Line 20 years from 1/1/93	Straight Line 20 years from 1/1/93
b. Prior service cost	N/A	N/A
c. Net (gain) or loss	Minimum Method described in FAS 106	Minimum Method described in FAS 106
14. Employer commitments to make future plan amendments (that serve as the basis for the Employer's accounting for the plan)	None	None

Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

Part VII. Summary of Current Plan Provisions

A. Postretirement Medical and Dental Benefits

1. Eligibility

Employees who retire at age 55 or later with 5 or more years of service are eligible to receive postretirement medical benefits.

2. Benefits Covered

Eligible retirees are covered by a comprehensive medical plan with a \$200 deductible and a cap on out-of-pocket cost when claims paid reach \$5,000. Benefits are generally paid at 90% for network providers and 70% for non-network providers.

Dental benefits have a \$100 deductible, waived for preventive treatment. Coinsurance is 100% for preventive, 80% for basic, and 50% for major services. Maximum annual benefit is \$1,500.

3. Coordination with Medicare

The benefits under this plan are coordinated with Medicare for retirees and spouses age 65 or older on a "Carve-out" basis. That is, employer payments will equal the payment amount calculated in the absence of Medicare minus the amount paid by Medicare.

4. Surviving Spouses

Surviving spouse may continue in the plan for 90 days by paying the full cost, then they are offered COBRA contribution coverage.

5. Retiree Contributions

		Annual Contribution for 1995	
		<u>Retiree Only</u>	<u>Retiree and Spouse</u>
Medical	\$	263	\$ 974
Dental	\$	27	\$ 54

Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

B. Postretirement Death Benefits

1. Eligibility

Same as medical and dental.

2. Benefits Provided

Eligible retirees are provided with a death benefit of \$10,000.

3. Retiree Contributions

Annual retiree contribution is \$10.

Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

Part VIII. Demographic Information

A. Number of Participants and Dependents

	01/01/94	01/01/93
1. Number of Active Employees Submitted	435	421
2. Number of Costed Participants and Dependents		
a. Active employees		
(1) Fully eligible	44	
(2) Not fully eligible	<u>391</u>	
(3) Total active employees	435	421
b. Retirees and beneficiaries eligible for benefits	16	14
c. Total costed participants	<u>451</u>	<u>435</u>

**Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs**

B. Age/Service Distribution - Actives

Age	Completed Years of Employment									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
< 20	0	0	0	0	0	0	0	0	0	0
20-24	9	0	0	0	0	0	0	0	0	9
25-29	38	12	0	0	0	0	0	0	0	50
30-34	50	22	4	0	0	0	0	0	0	76
35-39	48	16	6	2	0	0	0	0	0	72
40-44	42	19	4	5	1	0	0	0	0	71
45-49	33	15	5	3	7	2	0	0	0	65
50-54	16	11	4	2	4	2	0	0	0	39
55-59	9	8	5	3	1	1	0	0	0	27
60-64	4	5	3	4	3	2	3	0	0	24
65-69	0	0	0	1	1	0	0	0	0	2
70-74	0	0	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0	0	0
Total	249	108	31	20	17	7	3	0	0	435

Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

C. Summary Statistics

1. As of January 1, 1994

	Number of Employees Costed	Percentage of Total	Average Past Service	Average Attained Age	Average Future Service to Full Eligibility	Average Future Service to Retirement
Males	300	69.0%	7.0	41.8		
Females	135	31.0%	5.1	39.4		
TOTAL	435	100.0%	6.4	41.0	8.63	15.27

Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

D. Age Distribution - Retirees

Age	Male		Female		Total	
	Married/ Family	Single	Married/ Family	Single	Married/ Family	Single
< 55	0	0	0	0	0	0
55-59	2	0	1	3	3	3
60-64	4	2	0	1	4	3
65-69	1	0	0	0	1	3
70-74	1	0	1	0	2	0
75-79	0	0	0	0	0	0
80-84	0	0	0	0	0	0
85-89	0	0	0	0	0	0
90-94	0	0	0	0	0	0
95+	0	0	0	0	0	0
Total	8	2	2	4	10	6

Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

Part IX. Appendices

A. Gain/Loss Calculation

1. Expected APBO as of 12/31/93	
a. APBO as of 01/01/93	\$ 4,206,870
b. Service cost for 01/01/93 to 12/31/93	470,846
c. Interest cost for 01/01/93 to 12/31/93	291,943
d. (Actual Net cash outflow for retirees in 1993)	(72,500)
e. Effect of plan changes as of 12/31/93	<u>0</u>
f. Expected APBO as of 12/31/93 ((a) + [b] + [c] + [d] + [e])	\$ 4,897,159
2. Actual APBO as of 12/31/93	\$ 4,083,532
3. Net liability (gain) or loss for 1993 ([2] - [1f])	\$ (813,627)
4. Net (gain) or loss for 1993 on the market related value of assets	\$ (40)
5. Unrecognized (gain) or loss as of 01/01/93	\$ 0
6. Amortization of (gain) or loss in 1993	\$ 0
7. Unrecognized (gain) or loss as of 12/31/93 ([3] + [4] + [5] - [6])	\$ (813,667)
8. 10% of APBO (or market related value of assets, if greater) as of 12/31/93	\$ 408,353
9. (Gain)/loss in excess of corridor	\$ 405,274
10. Average remaining service period	15.27
11. Minimum required amortization ([9] + [10])	\$ (26,541)

Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

B. Cash Flow Projections

Year	Expected, Net Cash Outflow			
	Medical	Death	Life	Total
1994	74,257	2,830	3,537	80,624
1995	102,079	3,842	4,409	110,330
1996	139,889	4,785	5,248	149,922
1997	153,407	5,969	6,273	165,649
1998	179,063	7,400	7,484	193,947
1999	211,696	8,812	8,737	229,245
2000	225,670	9,976	9,854	245,500
2001	248,381	11,508	11,200	271,089
2002	257,414	13,260	12,632	283,306
2003	299,222	14,777	13,961	327,960

- Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

C. Funding Calculation

1. Assumption differences from FAS 106
 - a. No future medical or dental trend
 - b. Discount rate based is after-tax and assumed to be 5%.
 - c. APBO determined as of January 1, 1993 is amortized over 15 years, the future working lifetime of active employees.

Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

D. Detail Results by Benefit

1994	Medical	Dental	Life	Total
EPBO	\$6,183,244	\$376,130	\$292,754	\$6,852,128
APBO	\$3,638,014	\$225,724	\$219,794	\$4,083,532
Service Cost	\$370,428	\$22,146	\$13,631	\$406,205
Interest Cost	\$252,062	\$15,702	\$15,262	\$283,026
Expected Return on Assets	(\$22,274)	(\$1,382)	(\$1,346)	(\$25,002)
Amortization of Gain/Loss	(\$23,645)	(\$1,467)	(\$1,429)	(\$26,541)
Amortization of Transition Obligation	\$195,144	\$7,766	\$7,434	\$210,344
FAS 106 Expense	\$771,715	\$42,765	\$33,552	\$848,032

1993	Medical	Dental	Life	Total
EPBO	\$6,820,449	\$266,560	\$209,133	\$7,296,142
APBO	\$3,902,865	\$155,317	\$148,688	\$4,206,870
Service Cost	\$440,172	\$17,004	\$13,670	\$470,846
Interest Cost	\$270,846	\$10,778	\$10,319	\$291,943
Expected Return on Assets	\$0	\$0	\$0	\$0
Amortization of Gain/Loss	\$0	\$0	\$0	\$0
Amortization of Transition Obligation	\$195,144	\$7,766	\$7,434	\$210,344
FAS 106 Expense	\$906,162	\$35,548	\$31,423	\$973,133

**Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs**

Full Eligibility

The point in time when an employee has met all of the age and service requirements to qualify for full benefits from the plan.

Example: Plan A requires 10 years of service and attainment of age 55 to qualify for postretirement benefits. Full eligibility would be as follows:

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Employee Age 40 with 10 years of service 2. Employee Age 52 with 5 years of service | <u>Full Eligibility</u>
Age 55
Age 57 |
|---|---|

Example: Plan B is the same as Plan A but requires contributions from anyone retiring with less than 30 years of service. Full eligibility would be:

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. Employee Age 40 with 10 years of service 2. Employee Age 52 with 5 years of service | <u>Full Eligibility</u>
Age 60
Age 65
(expected retirement age) |
|---|--|

Funded Status

The excess of the **Plan Assets** over the **APBO**.

Plan Assets

Assets that have been segregated and restricted (usually in a trust) to provide for postretirement benefits.

Actual Return on Plan Assets

A component of FASB Expense for funded plans equal to the increase in value of **Plan Assets** over the accounting period, adjusted for contributions and payments.

Interest Cost

A component of FASB Expense which equals the discount rate times the **APBO** adjusted for cash flow.

Transition Asset (Obligation)

The funded status of the plan as of the date the FAS 106 accounting rules are adopted.

Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

Amortization of Transition Asset (Obligation)

A level amortization of the **Transition Asset (Obligation)** over the average future working lifetime of current employees. If the average working lifetime is less than 20 years, then a 20-year amortization may be used. Amortization of Transition Asset (Obligation) is a component of **FASB Expense**.

Example: An employer adopts the new FASB accounting rules 01/01/93 and has a Transition Obligation of \$44 million at that date. Average future working lifetime of current employees is 22 years. The Transition Obligation is \$44 million and the amortization is \$2 million per year from 1993 through 2014.

Amortization of Gains and Losses

Gains and losses arise when actual experience differs from the actuarial assumptions used to calculate the EPBO. Net gains or losses are generally only recognized if they exceed 10% of the APBO (or the market related value of plan assets, if greater). Once they do, they are amortized over the average future working lifetime of current employees.

FAS 106 Expense

The expense accrual for postretirement benefits required by FASB, generally effective in 1993. The components of the FAS 106 Expense generally include:

- Current Service Cost
- Interest Cost
- Amortization of Transition Obligation
- Actual Return on Plan Assets
- Amortization of Gains or Losses

FAS 106 refers to this amount as the Net Periodic Postretirement Benefit Cost.

Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

F. Retiree Health/Life Accounting Example—Amortization of Transitional Liability (FAS 106)

Assumptions:

Actuarial Expense - Service Cost	\$ 3,000,000
- Interest	5,000,000
	8,000,000
- Amortization of Transitional Liability	2,000,000
	\$10,000,000

Transitional Liability = \$40,000,000
Employer adopts FAS 106 for first time this year.
Employer cash payments for retiree health/life = \$1,500,000
Retiree contributions (paid to employer) for retiree health/life = \$500,000

Accounting Entries:

- Step 1 - Enter actuarial expense of \$10,000,000
- Step 2 - Enter employer cash payments for retiree health/life benefit of \$1,500,000 (entered throughout year when paid)
 - A. If self-insured or participating insurance contract, cash payments should equal retiree claims plus applicable administrative expenses and stop loss insurance payments.
 - B. If insured on a pooled basis, cash payments should equal age-adjusted premiums.
- Step 3 - Enter retiree contributions of \$500,000 as contributions are received

Retiree Expense	Retiree Liability	Cash
(1) \$10,000,000	(1) \$10,000,000	
	(2) \$1,500,000	(2) \$1,500,000
	(3) \$500,000	(3) \$500,000

End of Year Balances:

Expense = \$10,000,000 (actual expense)
Liability = \$9,000,000 (actual expense less net cash payments-does not balance to actuarial liability)

Southern States Utilities
Postretirement Medical, Dental, and Death Benefit Programs

G. Retiree Health/Life Accounting Example—Immediate Expensing of Transitional Liability (FAS 106)

Assumptions:

Actuarial Expense - Service Cost	\$3,000,000
- Interest	<u>5,000,000</u>
	<u>\$8,000,000</u>

- Transitional Liability = \$40,000,000
- Employer adopts FAS 106 for first time this year.
- Employer cash payments for retiree health/life = \$1,000,000
- Retiree contributions (paid to employer) for retiree health/life = \$500,000

Accounting Entries:

- Step 1 - Enter transitional liability/expense of \$40,000,000.
- Step 2 - Enter normal actuarial expense of \$8,000,000 (no expense for amortizing transitional obligation).
- Step 3 - Enter employer cash payments for retiree health/life benefit of \$1,500,000.
- Step 4 - Enter retiree contributions of \$500,000 as contributions are received.

Transitional Retiree Expense	Normal Retiree Expense	Retiree Liability	Cash
(1) \$40,000,000	(2) \$8,000,000	(1) \$40,000,000 (2) \$8,000,000	(3) \$1,500,000
-	-	(4) \$500,000	(4) \$500,000

End of Year Balances:

- Transitional Retiree Expense = \$40,000,000 (shown after Net Income on Income Statement)
- Normal Retiree Expense = \$8,000,000
- Liability = \$47,000,000 (may cause problems with bank loan covenants).

MEDICAL PLAN COST CONTAINMENT MEASURES

Highlights of Medical Plan cost savings measures in the plan years 1992, 1993, 1994 and 1995 are outlined below:

January 1, 1992 Plan Year

A number of plan design and coverage changes were implemented in 1992 to offset the trend of escalating medical inflation. Some of the most significant changes are listed as follows:

1. Employee Deductibles were increased from \$100/\$300 to \$200/\$600 with no 4th quarter carry-over allowed.
2. Co-insurance, was not allowed to be carried over from the 4th quarter to the next calendar year.
3. Dental Deductibles were increased from \$50/\$100 to \$100/\$300.
4. The waiting period for new employee participation in the medical insurance plan was increased from 30 days to 90. Also, a six month waiting period was introduced for receiving basic and major dental treatment pre-existing conditions clause changed from 3 months to 6 months.

January 1, 1993 Plan Year

SSU's medical plan claims experience and total costs as of year end 1992 had decreased by 10.5% from 1991 total year costs. As a result, in 1993 the employee premiums were unchanged from 1992 levels.

Further cost containment measures were undertaken in the plan design and medical coverages in 1993 as follows:

1. The amount of benefits immediately payable for pre-existing conditions was decreased from \$1,500 in the first year of coverage to \$0.
2. Benefits payable for mental/nervous disorders and substance abuse were decreased from \$10,000 per calendar year/\$25,000 lifetime to \$2,500 calendar year/\$5,000 lifetime. Plan participants were required to be referred for in- or out-patient treatment by an Employee Assistance Program gatekeeper in order to receive any paid medical benefits.

3. Supplemental accidental death benefit of \$750 was eliminated.
4. Pre-certification penalty for failure to obtain advance authorization prior to hospitalization and/or surgery was increased from \$250 to \$750.

January 1, 1994 Plan Year

For the year 1993, medical costs had increased by only 2.2% over 1992 levels. In 1994, SSU did not effect changes in plan design and coverages, but instead took steps to improve life insurance benefits which at .3% of payroll were substantially below the .5% of payroll level provided on average by employers reported in the U.S. Chamber of Commerce Employee Benefits Survey of 1992 data. Life insurance was increased from a flat \$20,000 of term life for all employees regardless of level, to one time annual salary up to \$100,000. Additionally, survivor income benefits were introduced.

January 1, 1995 Plan Year

Effective January 1, 1995, SSU converted to a more economical self funded plan with stop-loss insurance and plan claims administrative services provided by Great West Health and Life Insurance Company. Were SSU not a large company, it would not have had the economic means to self fund. Medical consultants indicate that for employers with 500 or more employees, self funding is known to provide considerable savings over insured plans. Prior to this change, the SSU Medical Plan was an insured, minimum premium agreement plan, insured and administered by Great West. The Self Funded Plan contains a number of cost saving features. It is now governed under the federal ERISA guidelines rather than by the State Division of Insurance. Under this plan, SSU is no longer subject to paying state sales tax on the administrative services and stop loss insurance portion of the premium. This will result in ongoing savings of \$28,000 or more per year in sales tax. SSU also is no longer subject to the State of Florida insured plan coverage mandates. This allows the plan to drop expensive coverages such as child health care supervision and substitute custom preventive and wellness coverages, thus offering the flexibility to offer coverages tailored to the needs of its workforce.

An Exclusive Provider Option (EPO) which is similar to an HMO, is expected to result in a 12% reduction in overall claims cost. The second 1995 Medical Plan option, which was offered beginning in 1992, is the Preferred Provider Option (PPO). The PPO uses the network of Private Health Care Systems (PHCS). PHCS's PPO network of hospitals, physicians, surgical and testing facilities offer discounts of up to 30% below non-network providers.

In 1995, a calendar year deductible of \$150 (single)/\$450(family) was applied to all medical plans. Prior to 1995, only those who used the services of non-network physicians had to pay a deductible. Preventive care was added with a \$300 calendar year maximum per individual. A Preferred Pharmacy Program is also in place which provides substantial discounts at a network of pharmacies. A summary of the 1995 Plan provisions follows this page.

GREAT-WEST CARE MULTI-OPTION MEDICAL PLAN SUMMARY
 (continued)
SOUTHERN STATES UTILITIES

GREAT-WEST CARE EXCLUSIVE UNDER THIS PLAN ALL CARE IS APPROVED BY THE PRIMARY CARE PHYSICIAN SELECTED			GREAT-WEST CARE UNDER THIS PLAN HIGHEST BENEFITS ARE PAYABLE WHEN USING THE SERVICES OF NETWORK PROVIDERS	
APPROVED BENEFITS	NON-APPROVED BENEFITS	BENEFITS	NETWORK BENEFITS	NON-NETWORK BENEFITS
Preferred Pharmacy 100% After \$10 Generic and \$15 Name Brand Co-Pay	Non-Preferred Pharmacy 50% After \$10 Generic and \$15 Name Brand Co-Pay	Prescription Drug Card Preferred Pharmacy Plan	80% After Deductible	80% After Deductible
(Annual Deductible Applies, Except as Noted)		HOSPITAL SERVICES:	(Annual Deductible Applies, Except as Noted)	
90%	60%	Room & Board (Semi-Private)	85%	70%
90%	60%	Surgery (In or Outpatient)	85%	70%
90%	60%	Maternity & Newborn Nursery	85%	70%
90% After Deductible	60%	Emergency Room (Severe Conditions Requiring Immediate Treatment)	80%	80%
90% If approved by employee assistance program \$2,500/\$5,000	60% If approved by employee assistance program \$2,500/\$5,000	Inpatient Mental Nervous and Substance Abuse Calendar Year/Lifetime Maximum	80% After Deductible If approved by employee assistance program \$2,500/\$5,000	60% After Deductible If approved by employee assistance program \$2,500/\$5,000
90%	60%	Family Planning Tubal Ligations, Vasectomies and Infertility Testing	85%	70%
90%	60%	Outpatient Speech/Hearing and Occupational Therapy	85%	70%
90%	60%	Spinal Adjustment and Treatment \$500 Calendar Year Maximum \$1,500 Lifetime Maximum	85%	70%

BOTH PLANS INCLUDE LIFE, AD&D INSURANCE, DENTAL & MAIL-ORDER DRUG BENEFITS

PAGE 5 OF 5

EXHIBIT (DGL-2)

Competitive Pay Data and Analysis For Selected Positions

Southern States Utilities

April 1995



Hewitt Associates

Hewitt Associates LLC

An international firm of consultants and actuaries specializing in the design, financing, communication, and administration of employee benefit and compensation programs

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About This Material

Hewitt Associates LLC was asked by Southern States Utilities (SSU) to compare SSU's current compensation levels and salary structure to targeted pay levels in the market place. This analysis is designed to measure the market competitiveness of both the salary structure and SSU's actual pay levels and to provide information for adjusting the structure if appropriate. The process involved collecting competitive market compensation information from published surveys for 46 positions; conducting a custom survey for 4 positions; and using variance, regression, and graphic analyses, to compare SSU's current compensation information to market compensation information.

Of the positions where we used published survey to collect competitive market compensation information, we found solid data for 42 positions. These positions are classified as "benchmark" jobs. For the other four positions, we found some matches that provide useful reference information; however, the job matches for these positions are not as strong as for the others. We have classified these four positions as "reference points."

This report is divided into three sections:

- Summary of Results
- Market Pricing
- Custom Survey

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Summary of Results

Summary of Results

Market Pricing Summary

A description of the methodology for developing the Estimated Market Values (EMV's) for SSU's jobs and detailed worksheets for each job are contained in the section headed Market Pricing. This section provides a summary of the findings.

General Observations

Using available published surveys and a custom survey, market data for 50 jobs was compiled and compared to SSU's base salaries and salary range midpoints. This analysis shows that most of the SSU jobs (39 of 50) are paid base salaries below the "market." SSU's base pay levels on average are 8.8% below the market for this group. However, the range of SSU pay levels in comparison to the market is quite wide—from 40.1% below market to 31.4% above market.

A similar situation was found when comparing midpoints to market. For midpoints, SSU is 13.3% below the market on average, with a range from 36.9% below to 22.7% above market.

This information is summarized in Exhibit #1 on page 3. When developing the EMV's, in most cases, several surveys were referenced for each job. Exhibit #2 on page 4 also shows the lowest and highest market values reported for each job.

As a general rule, when actual midpoints and/or pay levels are within a range of $\pm 5\%$ of the market, pay can be considered to be fully competitive. Over one-half of SSU's actual pay levels and midpoints fall outside the $\pm 10\%$ range. The conclusion that can be drawn from this is that while SSU pay rates and midpoints, on average, are relatively low when compared to the market, some rates are significantly high or low. Since the salary structure has not been adjusted in some time, this finding is not surprising. Likewise, since the structure likely has an influence on actual pay levels, it also is not surprising to see the pay levels fall behind market levels.

Another factor that influences these findings is the way SSU has valued jobs in the past. The current findings compare SSU pay practices directly with the market. The existing system places considerable emphasis on internal relationships rather than external comparisons. The difference in these two approaches undoubtedly account for some of the wide variations between SSU's practices and the EMV's.

Actual Pay and Midpoints Compared to Market

SSU Position	SSU Base	SSU Midpoint	EMV Base	SSU Actual vs. Market +/-	SSU Mid vs. Market +/-
Office Clerk	16.1	14.9	16.1	0.0%	- 7.5%
Corporate Receptionist	21.3	21.1	17.2	+23.8%	+22.7%
Data Entry Operator I	16.0	16.0	17.5	- 8.6%	- 8.6%
Maintenance Tech I	17.5	18.3	18.2	- 3.8%	+ 0.5%
Meter Reader I	16.1	17.1	18.9	-14.8%	- 9.5%
Secretary I	19.4	19.6	19.3	- 0.5%	+ 1.6%
Accounting Clerk I	18.3	18.3	19.5	- 6.2%	- 6.2%
Customer Service Rep I	16.6	18.3	21.7	-23.5%	-15.7%
Assistant Buyer	20.6	19.6	23.4	-12.0%	-16.2%
Computer Operator I	21.2	21.1	23.7	-10.5%	-11.0%
Secretary II	21.4	21.1	24.0	-10.8%	-12.1%
Operator I	21.9	22.8	24.4	-10.2%	- 6.6%
Sr Maintenance Tech*	21.5	21.1	25.4	-15.4%	-16.9%
Senior Computer Operator	24.0	26.6	26.0	- 7.7%	+ 2.3%
Customer Service Rep III	21.7	21.1	26.4	-17.8%	-20.1%
Welder*	35.6	28.7	27.1	+31.4%	+ 5.9%
Design Drafter I	19.6	24.7	27.3	-28.2%	- 9.5%
Supervisor, Admin Services	26.1	24.7	27.7	- 5.8%	-10.8%
Operator II	24.8	24.7	27.9	-11.1%	-11.5%
Executive Secretary	24.1	22.8	28.1	-14.2%	-18.9%
HR Assistant	24.7	26.6	28.4	-13.0%	- 6.3%
Accountant I	27.5	28.7	30.2	- 8.9%	- 5.0%
Electrician	27.9	26.6	30.7	- 9.1%	-13.4%
Chief Drafter	36.3	31.1	31.7	+14.5%	- 1.9%
PC Support Spec	27.0	22.8	32.0	-15.6%	-28.8%
Operator III	27.0	26.6	33.0	-18.2%	-19.4%
Accountant II	33.3	36.2	33.9	- 1.8%	+ 6.8%
Sprvsr, Customer Service	34.1	28.7	34.4	- 0.9%	-16.6%
Supervisor of Billing*	28.3	26.6	34.9	-18.9%	-23.8%
HR Analyst—Benefits	—	36.2	35.0	—	+ 3.4%
Project Engineer I	35.1	36.2	36.2	- 3.0%	0.0%
HR Analyst—Generalist	29.8	31.1	37.1	-19.7%	-16.2%
Programmer Analyst I	30.2	31.1	38.5	-21.6%	-19.2%
Purchasing Administrator	36.2	39.1	41.5	-12.8%	- 5.8%
Trng and Dvlpmt Admin	43.1	42.3	43.6	- 1.1%	- 3.0%
Rate Analyst I	26.3	28.7	43.9	-40.1%	-34.6%
Sr Programmer Analyst	49.1	42.3	48.1	+ 2.1%	-12.1%
Sr Systems Analyst Engin*	51.0	49.3	50.1	+ 1.8%	- 1.6%
Manager, Admin Services	45.2	42.3	51.7	-12.6%	-18.2%
Mgr, Gen Acct/Asst Ctrlr	60.2	53.3	52.0	+15.8%	+ 2.5%
Rate Analyst II	35.3	36.3	52.2	-32.4%	-30.5%
HR Administrator	51.0	42.6	52.3	- 2.5%	-18.5%
Sr Project Engineer	53.8	49.3	52.4	- 2.7%	- 5.9%
Mgr, Fin Plng/Asst Treas	49.2	49.3	57.0	-13.7%	-13.5%
Manager, HR	59.9	49.3	59.7	+ 0.3%	-17.4%
Communications Manager	65.0	49.3	62.5	+ 4.0%	-21.1%
Manager, Info Services	65.1	53.3	62.8	+ 3.7%	-15.1%
Sr. Rate Engineer	55.7	49.3	62.9	-11.4%	-21.6%
Staff Attorney	60.7	57.0	67.9	-10.6%	-16.1%
Director Rates	60.0	57.0	90.4	-33.6%	-36.9%
Average				- 8.8%	-13.3%

* Represents a "reference point" position—data presented for reference only. This is not a benchmark position.

Actual Pay and Midpoints Compared to High & Low Market Values

SSU Position	SSU Base	SSU Midpoint	EMV Base	Lowest Mkt Value	Highest Mkt Value
Office Clerk	16.1	14.9	16.1	14.1	17.2
Corporate Receptionist	21.3	21.1	17.2	16.9	18.3
Data Entry Operator I	16.0	16.0	17.5	17.2	17.6
Maintenance Tech I	17.5	18.3	18.2	17.0	20.7
Meter Reader I	16.1	17.1	18.9	18.4	21.1
Secretary I	19.4	19.6	19.3	16.8	20.6
Accounting Clerk I	18.3	18.3	19.5	17.5	21.0
Customer Service Rep I	16.6	18.3	21.7	20.5	23.7
Assistant Buyer	20.6	19.6	23.4	22.5	24.0
Computer Operator I	21.2	21.1	23.7	20.9	25.8
Secretary II	21.4	21.1	24.0	19.2	25.4
Operator I	21.9	22.8	24.4	23.8	24.8
S Maintenance Tech*	21.5	21.1	25.4	—	—
Senior Computer Operator	24.0	26.6	26.0	25.8	26.1
Customer Service Rep III	21.7	21.1	26.4	25.5	29.1
Welder*	35.6	28.7	27.1	—	—
Design Drafter I	19.6	24.7	27.3	27.2	27.5
Supervisor, Admin Services	26.1	24.7	27.7	26.1	29.0
Operator II	24.8	24.7	27.9	27.3	28.6
Executive Secretary	24.1	22.8	28.1	24.5	29.8
HR Assistant	24.7	26.6	28.4	26.4	29.4
Accountant I	27.5	28.7	30.2	28.0	31.9
Electrician	27.9	26.6	30.7	25.0	33.1
Chief Drafter	36.3	31.1	31.7	30.3	38.4
PC Support Spec	27.0	22.8	32.0	26.2	37.4
Operator III	27.0	26.6	33.0	32.0	33.9
Accountant II	33.3	36.2	33.9	32.1	38.0
Sprvsr, Customer Service	34.1	28.7	34.4	29.6	39.1
Supervisor of Billing*	28.3	26.6	34.9	—	—
HR Analyst—Benefits	—	36.2	35.0	33.1	38.9
Project Engineer I	35.1	36.2	36.2	31.2	38.1
HR Analyst—Generalist	29.8	31.1	37.1	30.3	43.0
Programmer Analyst I	30.2	31.1	38.5	35.7	42.7
Purchasing Administrator	36.2	39.1	41.5	35.2	49.4
Trng and Dvlpmnt Admin	43.1	42.3	43.6	41.6	46.2
Rate Analyst I	26.3	28.7	43.9	—	—
Sr Programmer Analyst	49.1	42.3	48.1	46.6	51.8
Sr Systems Analyst Engin*	51.0	49.3	50.1	—	—
Manager, Admin Services	45.2	42.3	51.7	48.8	54.6
Mgr, Gen Acct/Asst Ctrlr	60.2	53.3	52.0	47.3	56.9
Rate Analyst II	35.3	36.3	52.2	—	—
HR Administrator	51.0	42.6	52.3	47.6	66.0
Sr Project Engineer	53.8	49.3	52.4	47.6	54.8
Mgr, Fin Plng/Asst Treas	49.2	49.3	57.0	56.2	57.7
Manager, HR	59.9	49.3	59.7	56.0	65.0
Communications Manager	65.0	49.3	62.5	53.6	75.8
Manager, Info Services	65.1	53.3	62.8	54.9	69.4
Sr Rate Engineer	55.7	49.3	62.9	—	—
Staff Attorney	60.7	57.0	67.9	63.3	73.5
Director Rates	60.0	57.0	90.4	—	—

* Represents a "reference point" position—data presented for reference only. This is not a benchmark position.

Custom Survey Summary

Details concerning the custom survey of rate positions are contained in a subsequent section headed Custom Survey, but the results are summarized below. The results of the custom survey indicates that SSU base salaries and midpoints are significantly below the market.

Overview of Survey Results

Position Title	# Co's	# Incumb	Avg Sal	Avg Mid	SSU Base	SSU Mid	EMV Base*	SSU	SSU
								Actual vs. Market +/-	Mid vs. Market +/-
Rate Analyst I	4	6	\$42.9	\$43.3	\$26.3	\$28.7	\$43.9	-40.1%	-34.6%
Rate Analyst II	4	7	\$59.4	\$55.1	\$35.3	\$36.3	\$52.2	-32.4%	-30.5%
Sr. Rate Engineer	4	7	\$60.1	\$57.2	\$55.7	\$49.3	\$62.9	-11.4%	-21.6%
Director—Rates	4	4	\$86.4	\$82.7	\$60.0	\$57.0	\$90.4	-33.6%	-36.9%
Average								-29.4%	-30.9%

* The survey data has been aged forward to 7/95 to be consistent with the market pricing data. The EMV for Rate Analyst II contains a private source of data in addition to the custom survey data.

Bonus Results

In most cases, bonuses were paid to at least one of the rate positions. Where bonus data was reported, the average annual bonus ranges from \$2,100-\$15,000.

Considerations

The market indicates that SSU's base pay and midpoints for rate positions are significantly below the market; however, several factors need to be considered before making adjustments. Similar positions typically will be found only in other utilities, and the target market for these positions has been identified by SSU as electric utilities. While this may be the marketplace where these jobs exist, electric utilities traditionally have been relatively "high" payors. Although this strategy is changing, pay levels in electric utilities may be higher than needed to attract and retain qualified employees.

Therefore, SSU may want to consider a different pay philosophy for setting compensation levels for rate positions. For example, the pay philosophy for the rate positions might be to pay below (e.g., 15% to 20%) the electric utility market average. The objective is to find a level that will give SSU management a level of comfort that they can attract and retain qualified employees in the rate jobs while not paying more than necessary. This same judgement could be applied to other jobs where the primary "market" has been defined as utilities, especially electric utilities.

Summary of Data Analysis

Using the information developed from the market pricing process, we conducted three other analyses. Exhibit #3, on page 8, shows a graphic analysis using trend lines to compare SSU's actual pay and midpoints to the market data. This analysis illustrates the relationship between three lines: SSU average salaries, SSU midpoints, and market average base salaries.

The graph shows that average salary is low throughout all grades, with the gap between SSU average pay and the market becoming wider as the grade level increases. The midpoint line shows that the lower grade midpoints are consistent with market, but as the grade levels increase, the relationship between midpoint and market becomes progressively wider.

The graph also shows that SSU's midpoint values fall below average salary levels in Grade 9 and above. This could be an indication that while SSU's salary structure is low, efforts have been made to keep actual pay levels at a more competitive position.

We also conducted a statistical analysis of the data. Overall, the R^2 (an indication of the relationship between two variables, with 1.0 being "perfect") indicates that SSU's current midpoints, while somewhat low, move in a consistent relationship to the market. Likewise, actual salaries follow the same trend—both in relation to the market and to SSU's midpoints. The chart below presents the results of the statistical analysis.

 R^2 Summary

Variables	R^2
SSU Midpoints vs Grades	96%
SSU Average Salary vs Grades	93%
Market vs Grades	91%

Exhibit #4, on pages 9 and 10, shows the market ratio (average salaries divided by EMV's) and compa ratio (midpoints divided by EMV's) by salary grade. The chart shows the midpoints for grades 10, 12, 13, and 22 to be 15% or more below market. The midpoints in other grades were relatively close to market. The chart also shows the actual pay for jobs in Grades 6, 16, and 22 to be 15% or more below market.

Indicated Actions

The findings from this study point out several possible actions SSU may want to consider. The findings show that SSU midpoints are approximately 13.3% below competitive pay levels, on average. However, midpoint values for jobs in lower grades are closer to market averages than those in higher grades.

This indicates that simply raising the structure by a constant percentage will not bring pay targets (midpoints) to the desired level (market average). Rather, to have midpoint values reflect market averages, lower graded jobs should be moved less than higher graded jobs.

However, the situation is complicated further by the distribution of midpoint values around the market values. While average midpoint values are about 13.3% below the market, there are a number of jobs that are graded considerably higher or lower than the market. The current grade assignments represent a combination of influences that include the use of an internally oriented point factor job evaluation system, some historical considerations, and the time that has passed since the structure was adjusted to the market.

Costing

For your convenience, we have provided Exhibit #5, which shows the average percentage cost to bring benchmarks and reference points to market. The overall percentage cost to bring the surveyed positions to market is 17.3%; however, this is an average and should be used with caution. Factors such as number of incumbents in each position and where pay is positioned in the salary range for the incumbents need to be considered when determining actual costs. Additionally, the rate positions, as mentioned earlier, may not require adjustment to the EMV we calculated, and they are significantly influencing the overall percentage. If the rate positions are removed from the calculation, SSU would need to adjust the salaries of the remaining jobs by 12.9% to bring them to "market averages."

Next Steps

Based on our discussions with selected members of SSU's management team, we understand that SSU's objective is to maintain a structure that correlates with external market averages. Using this structure, jobs can be slotted into appropriate grades by comparing the EMV's to the midpoint values in the structure. Since the midpoint is designed to reflect SSU's desired competitive position, each job is placed into the salary grade with the midpoint closest to the EMV.

The section beginning on page 12 provides a proposed salary structure and shows how the benchmark jobs could be assigned to salary grades. Exhibit #7 then compares these new midpoints to market values.

Southern States Utilities Comparison of SSU Salaries and Midpoints with Market Averages

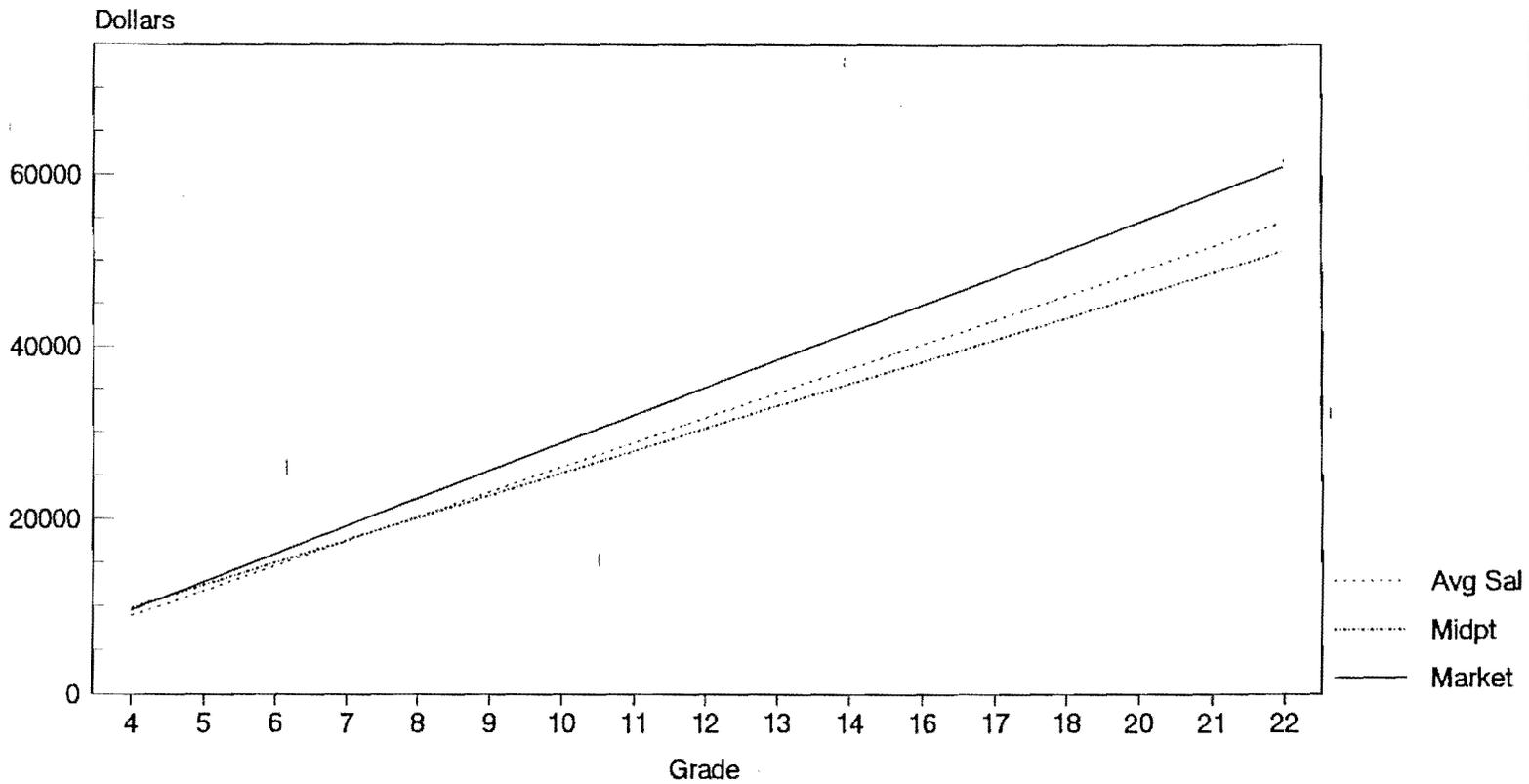
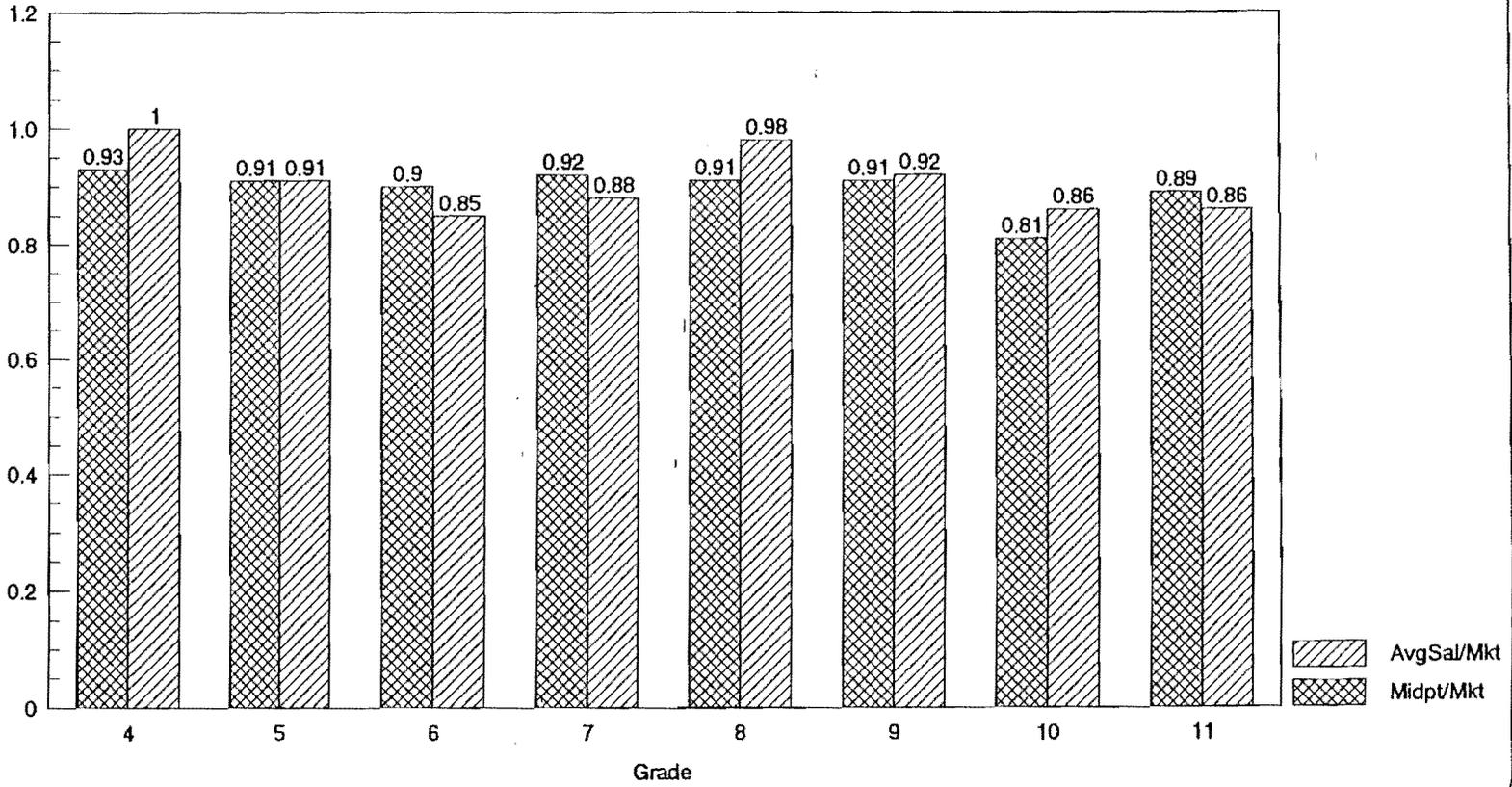


Exhibit #3

Southern States Utilities Market Ratio and Compa Ratio Comparisons Grades 4 - 11



Southern States Utilities Market Ratio and Compa Ratio Comparisons Grades 12 - 22

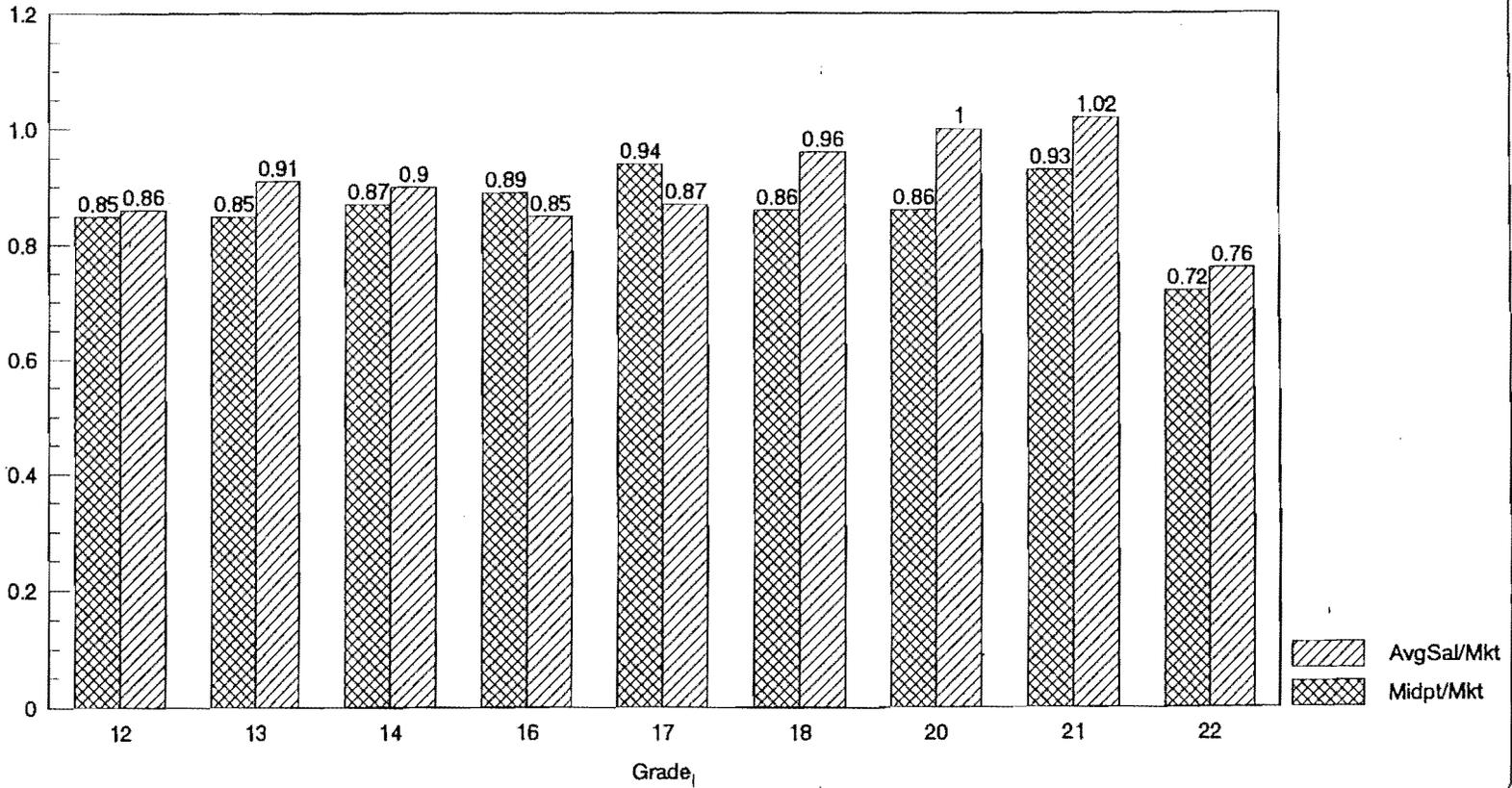


Exhibit #4

Cost to Bring Actual Pay to Market

SSU Position	SSU Base	EMV Base	% Cost to Bring to Market
Office Clerk	16.1	16.1	—
Corporate Receptionist	21.3	17.2	—
Data Entry Operator I	16.0	17.5	9.4%
Maintenance Tech I	17.5	18.2	4.0%
Meter Reader I	16.1	18.9	17.4%
Secretary I	19.4	19.3	—
Accounting Clerk I	18.3	19.5	6.6%
Customer Service Rep I	16.6	21.7	30.7%
Assistant Buyer	20.6	23.4	13.6%
Computer Operator I	21.2	23.7	11.8%
Secretary II	21.4	24.0	12.1%
Operator I	21.9	24.4	11.4%
Sr Maintenance Tech*	21.5	25.4	18.1%
Senior Computer Operator	24.0	26.0	8.3%
Customer Service Rep III	21.7	26.4	21.7%
Welder*	35.6	27.1	—
Design Drafter I	19.6	27.3	39.3%
Supervisor, Admin Services	26.1	27.7	6.1%
Operator II	24.8	27.9	12.5%
Executive Secretary	24.1	28.1	16.6%
HR Assistant	24.7	28.4	15.0%
Accountant I	27.5	30.2	9.8%
Electrician	27.9	30.7	10.0%
Chief Drafter	36.3	31.7	—
PC Support Spec	27.0	32.0	18.5%
Operator III	27.0	33.0	22.2%
Accountant II	33.3	33.9	1.8%
Sprvsr, Customer Service	34.1	34.4	9%
Supervisor of Billing*	28.3	34.9	23.3%
HR Analyst—Benefits	—	35.0	—
Project Engineer I	35.1	36.2	3.1%
HR Analyst—Generalist	29.8	37.1	24.5%
Programmer Analyst I	30.2	38.5	27.5%
Purchasing Administrator	36.2	41.5	14.6%
Trng and Dvlpmnt Admin	43.1	43.6	1.2%
Rate Analyst I	26.3	43.9	66.9%
Sr Programmer Analyst	49.1	48.1	—
Sr Systems Analyst Engin*	51.0	50.1	—
Manager, Admin Services	45.2	51.7	14.4%
Mgr, Gen Acct/ Asst Ctrlr	60.2	52.0	—
Rate Analyst II	35.3	52.2	47.9%
HR Administrator	51.0	52.3	2.5%
Sr Project Engineer	53.8	52.4	—
Mgr, Fin Plng/Asst Treas	49.2	57.0	15.9%
Manager, HR	59.9	59.7	—
Communications Manager	65.0	62.5	—
Manager, Info Services	65.1	62.8	—
Sr Rate Engineer	55.7	62.9	12.9%
Staff Attorney	60.7	67.9	11.9%
Director Rates	60.0	90.4	50.7%
Average			17.3%

* Represents a "reference point" position—data presented for reference only. This is not a benchmark position.

Proposed 1995 Salary Structure and Grade Assignments

Proposed 1995 Salary Structure and Grade Assignments

Salary Structure

Based on the results of the market pricing analysis, a new salary structure was created for SSU using the established EMV's as the basis for determining the new midpoints. A constant 10% midpoint to midpoint differential was used, which determined the number of grades in the new structure. Finally, a range spread of 50% was applied to all grades. The revised structure contains 16 grades as shown below:

New Salary Structure

Grade	Salary Range			Midpoint Differential	Range Spread
	Minimum	Midpoint	Maximum		
16	\$54,300	\$67,900	\$81,500	10.05%	50%
15	\$49,400	\$61,700	\$74,100	9.98%	50%
14	\$44,900	\$56,100	\$67,300	10.00%	50%
13	\$40,800	\$51,000	\$61,200	9.91%	50%
12	\$37,100	\$46,400	\$55,700	9.95%	50%
11	\$33,700	\$42,200	\$50,600	10.18%	50%
10	\$30,700	\$38,300	\$46,000	10.06%	50%
9	\$27,900	\$34,800	\$41,800	9.78%	50%
8	\$25,300	\$31,700	\$38,000	10.07%	50%
7	\$23,000	\$28,800	\$34,600	9.92%	50%
6	\$20,900	\$26,200	\$31,400	10.08%	50%
5	\$19,000	\$23,800	\$28,600	10.19%	50%
4	\$17,300	\$21,600	\$26,000	9.64%	50%
3	\$15,700	\$19,700	\$23,600	10.06%	50%
2	\$14,300	\$17,900	\$21,500	9.82%	50%
1	\$13,000	\$16,300	\$19,500		50%

Grade Assignments

Each benchmark and reference point job was assigned to a grade by comparing the EMV to the closest midpoint value. Exhibit #6 shows the grade and range assignments for the benchmark and reference point jobs.

Exhibit #7 compares SSU's actual pay and revised midpoints to the market. While the percentages for actual pay to market is the same as the previous analysis in Exhibit #1, the revised midpoint versus market percentage has changed. The revised midpoints are less than **one-half a percent** below the market, on average, and the largest deviation from the market is 4.6%, indicating the revised midpoints are consistent with the market. By utilizing the revised structure, SSU could have a **true** market driven structure.

Grade Assignments 1995

Grade	Minimum	Midpoint	Maximum	Position Title (EMV)
16	54,300	67,900	81,500	Staff Attorney (\$67.9) Director Rates**
15	49,400	61,700	74,100	Sr Rate Engineer (\$62.9) Manager, Info Services (\$62.8) Communications Manager (\$62.5) Manager, HR (\$59.7)
14	44,900	56,100	67,300	Mgr, Fin Planning/ Asst. Treasurer (\$57.0)
13	40,800	51,000	61,200	Sr Project Engineer (\$52.4) HR Administrator (\$52.3) Rate Analyst II (\$52.2) Mgr, General Accting/ Asst. Controller (\$52.0) Manager, Admin Services (\$51.7) Sr Systems Analyst Engin (*R-\$50.1)
12	37,100	46,400	55,700	Sr Programmer Analyst (\$48.1)
11	33,7900	42,200	50,600	Rate Analyst I (*R-\$43.9) Training & Development Admin (\$43.6) Purchasing Administrator (\$41.5)
10	30700	38,300	46,000	Programmer Analyst I (\$38.5) HR Analyst—Generalist (\$37.1)
9	27,900	34,800	41,800	Project Engineer I (\$36.2) HR Analyst—Benefits (\$35.0) Supervisor of Billing (*R-\$34.9) Supervisor, Customer Service (\$34.4) Accountant II (\$33.9)
8	25,300	31,700	38,000	Operator III (\$33.0) PC Support Specialist (\$32.0) Chief Drafter (\$31.7) Electrician (\$30.7)
7	23,000	28,800	34,600	Accountant I (\$30.2) HR Assistant (\$28.4) Executive Secretary (\$28.1) Operator II (\$27.9) Supervisor, Admin Services (\$27.7)
6	20,900	26,200	31,400	Design Drafter I (\$27.3) Welder (*R-\$27.1) Customer Service Rep III (*R-\$26.4) Sr Computer Operator (\$26.0) Sr Maintenance Tech (*R-\$25.4)
5	19,000	23,800	28,600	Operator I (\$24.4) Secretary II (\$24.0) Computer Operator I (\$23.7) Asst. Buyer (\$23.4)
4	17,300	21,600	26,000	Cust Svc Rep (\$21.7)
3	15,700	19,700	23,600	Accounting Clerk I (\$19.5) Secretary I (\$19.3) Meter Reader I (\$18.9)
2	14,300	17,900	21,500	Maintenance Tech I (\$18.2) Data Entry Operator I (\$17.5) Corporate Receptionist (\$17.2)
1	13,000	16,300	19,500	Office Clerk (\$16.1)

* Represents a reference point.

** Director Rates slotted into Grade 16; EMV was not used.

Actual Pay and Revised Midpoints Compared to Market

SSU Position	SSU Base	New SSU Midpoint	EMV Base	SSU Actual vs. Market +/-	New SSU Mid vs. Market +/-
Office Clerk	16.1	16.3	16.1	0.0%	+ 1.2%
Corporate Receptionist	21.3	17.9	17.2	+23.8%	+ 4.1%
Data Entry Operator I	16.0	17.9	17.5	- 8.6%	+ 2.3%
Maintenance Tech I	17.5	17.9	18.2	- 3.8%	- 1.6%
Meter Reader I	16.1	19.7	18.9	-14.8%	+ 4.2%
Secretary I	19.4	19.7	19.3	- 0.5%	+ 2.1%
Accounting Clerk I	18.3	19.7	19.5	- 6.2%	+ 1.0%
Customer Service Rep I	16.6	21.6	21.7	-23.5%	- 0.5%
Assistant Buyer	20.6	23.8	23.4	-12.0%	+ 1.7%
Computer Operator I	21.2	23.8	23.7	-10.5%	+ 0.4%
Secretary II	21.4	23.8	24.0	-10.8%	- 0.8%
Operator I	21.9	23.8	24.4	-10.2%	- 2.5%
Sr Maintenance Tech*	21.5	26.2	25.4	-15.4%	+ 3.1%
Senior Computer Operator	24.0	26.2	26.0	- 7.7%	+ 0.8%
Customer Service Rep III	21.7	26.2	26.4	-17.8%	- 0.8%
Welder*	35.6	26.2	27.1	+31.4%	- 3.3%
Design Drafter I	19.6	26.2	27.3	-28.2%	- 4.0%
Supervisor, Admin Services	26.1	28.8	27.7	- 5.8%	+ 4.0%
Operator II	24.8	28.8	27.9	-11.1%	+ 3.2%
Executive Secretary	24.1	28.8	28.1	-14.2%	+ 2.5%
HR Assistant	24.7	28.8	28.4	-13.0%	+ 1.4%
Accountant I	27.5	28.8	30.2	- 8.9%	- 4.6%
Electrician	27.9	31.7	30.7	- 9.1%	+ 3.3%
Chief Drafter	36.3	31.7	31.7	+14.5%	0.0%
PC Support Spec	27.0	31.7	32.0	-15.6%	- 0.9%
Operator III	27.0	31.7	33.0	-18.2%	- 3.9%
Accountant II	33.3	34.8	33.9	- 1.8%	+ 2.7%
Sprvsr, Customer Service	34.1	34.8	34.4	- 0.9%	+ 1.2%
Supervisor of Billing*	28.3	34.8	34.9	-18.9%	- 0.3%
HR Analyst—Benefits	—	34.8	35.0	—	- 0.6%
Project Engineer I	35.1	34.8	36.2	- 3.0%	- 3.9%
HR Analyst—Generalist	29.8	38.3	37.1	-19.7%	+ 3.2%
Programmer Analyst I	30.2	38.3	38.5	-21.6%	- 0.5%
Purchasing Administrator	36.2	42.2	41.5	-12.8%	+ 1.7%
Trng and Dvlpmt Admin	43.1	42.2	43.6	- 1.1%	- 3.2%
Rate Analyst I	26.3	42.2	43.9	-40.1%	- 3.9%
Sr Programmer Analyst	49.1	46.4	48.1	+ 2.1%	- 3.5%
Sr Systems Analyst Engin*	51.0	51.0	50.1	+ 1.8%	+ 1.8%
Manager, Admin Services	45.2	51.0	51.7	-12.6%	- 1.4%
Mgr, Gen Acct/Asst Ctrlr	60.2	51.0	52.0	+15.8%	- 1.9%
Rate Analyst II	35.3	51.0	52.2	-32.4%	- 2.3%
HR Administrator	51.0	51.0	52.3	- 2.5%	- 2.5%
Sr Project Engineer	53.8	51.0	52.4	- 2.7%	- 2.7%
Mgr, Fin Plng/Asst Treas	49.2	56.1	57.0	-13.7%	- 1.6%
Manager, HR	59.9	61.7	59.7	+ 0.3%	+ 3.4%
Communications Manager	65.0	61.7	62.5	+ 4.0%	- 1.3%
Manager, Info Services	65.1	61.7	62.8	+ 3.7%	- 1.8%
Sr Rate Engineer	55.7	61.7	62.9	-11.4%	- 1.9%
Staff Attorney	60.7	67.9	67.9	-10.6%	0.0%
Director Rates	60.0	67.9	90.4	-33.6%	**
Average				- 8.8%	- 0.5%

* Represents a "reference point" position—data presented for reference only. This is not a benchmark position.

** Director Rates slotted into Grade 16; EMV was not used.

Market Pricing

Market Pricing

Methodology

This section describes the process used in collecting the market information.

Survey Sources

Published salary surveys have been used to develop the market data package. A list of the published surveys we have used is included in the "Survey Sources" section of this material. We primarily used data from "general industry" and where applicable the utility industry.

Job Matching

The market data package was developed by matching SSU's jobs with those included in the salary surveys. The matches were established on the basis of job duties and responsibilities, not on the basis of job titles. Job matches were reviewed and verified by SSU personnel. An adjustment was made to one SSU job to reflect additional responsibilities in the survey job which were not included in the SSU job.

Scope Measures

The scope measures represent the different categories in which the market information is collected and reported in the published surveys. These factors allow us to compare SSU to the survey participants and to ensure that the organizational matches, as well as the position matches, are valid.

Based on SSU's definitions of the market, where possible we used the appropriate geographic locations for each position. In some cases, information on the specific market identified was not available and we used the closest geographic region where data was available.

Updating Compensation Values

Because the effective dates of market data vary according to the surveys, all data have been updated to a common date, July 1, 1995. The annual adjustment factor used was 4.0%. This percentage is based on Hewitt Associates' annual salary increase survey.

Estimated Market Value

The Estimated Market Value is the single number representing a close approximation of the market value of a job. Since multiple survey sources and scope measures have been used for each job, we collected a range of market information by job. All of the market values collected were weighted based on the degree of job match and numerically averaged to calculate the Estimated Market Value for each job.

- ECS—TST *Executive Compensation Service, Inc.: Technician and Skilled Trades Personnel Report.* This study presents compensation data on 86 technical and skilled trades positions. Information was provided by 995 companies representing 159,641 incumbents. The data is displayed on a national, regional, sub-regional, and city-wide basis. (Data effective June 1994.)
- FLC—CSS *Florida League of Cities—Cooperative Salary Survey.* This survey is printed in three sections based on population. The survey provides data on 140 positions generally representative of a city or county. (Data effective October 1, 1993.)
- LANG—Legal *Abbott, Langer and Associates: Compensation of Legal & Related Jobs.* This three volume survey reports data on 13 jobs from 445 organizations in business, industry, government, and nonprofit organizations. Data is reported by geographic area, type of industry, size of organization, and size of department. (Data effective May 1994.)
- TP—FBS *Towers Perrin—The Florida Benchmark Survey.* This report provides base, bonus, and total compensation information for 130 positions. The data is presented by revenues, industry, and geographic location. The survey contains data from 132 organizations covering 62,620 incumbents. (Data effective January 1, 1994.)
- WMM—FAL *William M. Mercer, Incorporated: Finance, Accounting & Legal Compensation Survey Results.* This report contains cash compensation data for 95 jobs in the finance, accounting, and legal professions. In addition, compensation information is displayed for 12 executive general management jobs. Compensation information was submitted by 1,370 reporting locations representing 51,564 individual salary rates. Data is displayed for each job on a nationwide basis, by type of industry, as well as for individual cities where sufficient data is available. (Data effective March 1994.)

WMM—HRM

Society for Human Resource Management/William M. Mercer, Incorporated: Human Resource Management Compensation Survey Results. This study reports compensation data for 58 jobs in the area of human resource management. Information was submitted by 1,385 participants reporting more than 20,000 individual salary rates. Data is displayed for each job on a nationwide basis, by type of industry, as well as for individual cities. (Data effective February 1994.)

WMM—IS

William M. Mercer, Incorporated: Information Systems Compensation Survey Results. This report contains competitive salary information for 117 positions in the information systems area. Compensation information was submitted by 1,098 reporting locations representing 138,747 individual salary rates. Data is displayed for each position on a nationwide basis, by type of industry, by type of environmental complexity, as well as for individual cities. (Data effective April 1994.)

WMM—MLM

William M. Mercer, Incorporated: Materials and Logistics Management Compensation Survey Results. This report contains compensation information for 61 positions in the area of materials and logistics-management. Data was submitted by 169 firms reporting 5,901 individual salary rates. The salaries are displayed for each position on a nationwide basis, by type of industry, as well as for individual cities. (Data effective January 1994.)

Market Pricing Worksheets

The market pricing worksheets used to generate the EMV for each position are provided beginning on page 20. Explanations of the market pricing worksheets columnar headings are listed below:

<i>Survey Source:</i>	The source of the salary information.
<i>Survey Position Title and Industry Classification:</i>	The position title and industry cut from the published survey.
<i>Survey Scope:</i>	The parameter data that details the relative size of the comparator companies, or other section of the data.
<i>Number Reported:</i> <i> Cos. (Companies):</i>	The number of companies that responded to the survey position.
<i> Inc. (Incumbents):</i>	The number of position incumbents for which survey information was reported.
<i>Data Type:</i>	The median, average, weighted average, regression, or third quartile value, as noted.
<i>Survey Effective Date:</i>	The date as of which the compensation data reported in the survey is effective.
<i>Unadjusted Data "Base":</i>	The raw base salary data reported for the position.
<i>Update Factor:</i>	The percentage factor used to adjust the data from the effective date of the survey to July 1, 1995.
<i>Compensation Data "Base":</i>	The "aged" or adjusted base salary data.
<i>Weight:</i>	The weight assigned to each survey to be used for calculating the estimated market value for the position.

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/94)

JOB TITLE OFFICE CLERK

COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$16.1

BENCHMARK X

REFERENCE POINT

SURVEY INFORMATION											COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		
			Cor.	Inc.					"BASE"	WEIGHT	
HLR	CLERK -GENERAL INDUSTRY	FLORIDA	33	885	M	2/94	\$13.3	1.05667	\$14.1	1	
HL5	GENERAL CLERK II -GENERAL INDUSTRY	ORLANDO	N/A	174	M	1/94	\$14.8	1.06000	\$15.7	3	
AMS	GENERAL CLERK - LEVEL 1 -GENERAL INDUSTRY	SOUTHEAST	8	75	A	4/94	\$14.7	1.05000	\$15.4	1	
TP-FBS	GENERAL CLERK (INTERMEDIATE) -GENERAL INDUSTRY	ORLANDO	15	372	M	1/94	\$16.2	1.06000	\$17.2	3	
TP-FIS	GENERAL CLERK (INTERMEDIATE) -GENERAL INDUSTRY	FLORIDA	65	2,060	M	1/94	\$16.0	1.06000	\$17.0	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

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EXHIBIT (DGL-3)

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000s)

JOB TITLE CORPORATE RECEPTIONIST

BASE | \$17.2

COMPANY SSU

BENCHMARK X

REFERENCE POINT _____

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Con.	Inc.					"BASE"	WEIGHT	
BLR	RECEPTIONIST-SWITCHBOARD OPERATOR -GENERAL INDUSTRY	FLORIDA	85	327	M	2/94	\$16.3	1.05667	\$17.2	1	
TP-FBS	RECEPTIONIST -GENERAL INDUSTRY	ORLANDO	14	166	M	1/94	\$16.3	1.06000	\$17.3	2	
TP-FBS	RECEPTIONIST -GENERAL INDUSTRY	FLORIDA	63	341	M	1/94	\$15.9	1.06000	\$16.9	1	
BLS	SWITCHBOARD OPERATOR-RECEPTIONIST -GENERAL INDUSTRY	ORLANDO	N/A	316	M	1/94	\$15.9	1.06000	\$16.9	2	
ECS-OPR	RECEPTIONIST/TELEPHONE OPERATOR -GENERAL INDUSTRY	FLORIDA	30	72	M	5/94	\$16.3	1.04667	\$17.1	1	
DIETRICH-SS	RECEPTIONIST/SWITCHBOARD -GENERAL INDUSTRY	SOUTHEAST	37	61	M	5/94	\$17.5	1.04667	\$18.3	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

EXHIBIT (DGL-3)
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MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/94)

JOB TITLE DATA ENTRY OPERATOR I
COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000+)

BASE \$17.5

BENCHMARK X

REFERENCE POINT _____

SURVEY INFORMATION												COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA			
			Con.	Inc.					"BASE"	WEIGHT		
BLS	KEY ENTRY OPERATOR - LEVEL I -GENERAL INDUSTRY	ORLANDO	N/A	342	M	1/94	\$16.6	1.06000	\$17.6	3		
AMS	DATA ENTRY OPERATOR -GENERAL INDUSTRY	SOUTHEAST	12	66	A	4/94	\$16.4	1.05000	\$17.2	1		

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

EXHIBIT _____ (D651-3)
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MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE: MAINTENANCE TECHNICIAN I
COMPANY: SSU

ESTIMATED MARKET VALUE (\$ 000):

BASE: 118.2

BENCHMARK: X

INDEX REFERENCE POINT:

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPES	# REPORTED		DATA TYPE	SURV REP DATE	UNADJ. DATA BASE	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Con.	Inc.					BASE	WEIGHT	
BLR	GENERAL MAINTENANCE WORKER -GENERAL INDUSTRY	FLORIDA	36	613	M	2/94	\$17.2	1.05667	\$18.2	2	
DL5	GENERAL MAINTENANCE WORKER -GENERAL INDUSTRY	ORLANDO	N/A	691	M	1/94	\$16.0	1.06000	\$17.0	2	
BGS-TST	MAINTENANCE MECHANIC - LEVEL I -GENERAL INDUSTRY	LOW USE STATES	5	15	M	6/94	\$19.8	1.04333	\$20.7	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

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EXHIBIT (DEL-3)

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$18.9

BENCHMARK X

REFERENCE POINT

JOB TITLE: METER READER I

COMPANY: SSU

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Cor.	Inc.					"BASE"	WEIGHT	
FLC - CSS	METER READER -CITY/COUNTY GOVERNMENT 10,000 - 50,000 POPULATION	ORLANDO AREA	10	36	A	10/93	\$17.2	1.07000	\$18.4	3	
FLC - CSS	METER READER -CITY/COUNTY GOVERNMENT 10,000 - 50,000 POPULATION	FLORIDA	49	134	A	10/93	\$17.2	1.07000	\$18.4	1	
FLC - CSS	METER READER -CITY/COUNTY GOVERNMENT 50,000 + POPULATION	FLORIDA	36	278	A	10/93	\$19.7	1.07000	\$21.1	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

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EXHIBIT (DGL-3)

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE SECRETARY I
COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$19.3

BENCHMARK X

REFERENCE POINT _____

SURVEY INFORMATION												COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA			
			Co.	Inc.					"BASE"	WEIGHT		
BLR	SECRETARY II —GENERAL INDUSTRY	FLORIDA	60	1,755	M	2/94	\$15.9	1.05667	\$16.8	1		
BLS	SECRETARY I —GENERAL INDUSTRY	ORLANDO	N/A	290	M	1/94	\$19.4	1.06000	\$20.6	2		

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

EXHIBIT _____ (DGL-3)
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MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000s)

JOB TITLE CUSTOMER SERVICE REPRESENTATIVE

BASE \$21.7

COMPANY SSU

BENCHMARK X

REFERENCE POINT _____

SURVEY INFORMATION												COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA			
			Co.	Inc.					"BASE"	WEIGHT		
TP-FBS	CUSTOMER SERVICE REPRESENTATIVE -GENERAL INDUSTRY	FLORIDA	51	3,896	M	1/94	\$20.8	1.06000	\$22.0	2		
TP-FBS	CUSTOMER SERVICE REPRESENTATIVE -GENERAL INDUSTRY	ORLANDO	8	224	M	1/94	\$19.3	1.06000	\$20.5	1		
FLC-CSS	CUSTOMER SERVICE REPRESENTATIVE -CITY/COUNTY GOVERNMENT 10,000 - 50,000 POPULATION	FLORIDA	37	129	A	10/93	\$19.7	1.07000	\$20.5	2		
FLC-CSS	CUSTOMER SERVICE REPRESENTATIVE -CITY/COUNTY GOVERNMENT 10,000 - 50,000 POPULATION	ORLANDO AREA	8	24	A	10/93	\$20.5	1.07000	\$21.9	1		
FLC-CSS	CUSTOMER SERVICE REPRESENTATIVE -CITY/COUNTY GOVERNMENT 50,000 + POPULATION	FLORIDA	27	294	A	10/93	\$19.6	1.07000	\$21.0	2		
ECS-P & S	CUSTOMER SERVICE REPRESENTATIVE LEVEL 1 -GENERAL INDUSTRY	FLORIDA	13	118	M	3/94	\$22.5	1.05333	\$23.7	2		

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

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EXHIBIT (D61-3)

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE ASSISTANT BUYER
COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$23.4

BENCHMARK X

REFERENCE POINT _____

SURVEY INFORMATION												COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EPT DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA			
			Con.	Inc.					"BASE"	WEIGHT		
TP-FBS	PURCHASING CLERK -GENERAL INDUSTRY	ORLANDO	8	44	M	1/94	\$22.5	1.06000	\$23.9	3		
TP-FBS	PURCHASING CLERK -GENERAL INDUSTRY	FLORIDA	46	190	M	1/94	\$21.2	1.06000	\$22.5	2		
ECS-OPR	PURCHASING CLERK-SENIOR -GENERAL INDUSTRY	FLORIDA	11	19	M	5/94	\$22.9	1.04667	\$24.0	2		
AMS	PURCHASING CLERK-LEVEL 3 -GENERAL INDUSTRY	SOUTHEAST	11	19	A	4/94	\$21.6	1.05000	\$22.7	1		

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

EXHIBIT (D61-3)
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MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE: COMPUTER OPERATOR I

COMPANY: SSU

ESTIMATED MARKET VALUE: (\$ 000s)

BASE: \$23.7

BENCHMARK: X

REFERENCE POINT: _____

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV. DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Cos.	Inc.					"BASE"	WEIGHT	
RI R	COMPUTER OPERATOR -GENERAL INDUSTRY	FLORIDA	58	234	M	2/94	\$19.8	1.05667	\$20.9	1	
FLC-CSS	COMPUTER OPERATOR -CITY/COUNTY GOVERNMENT 10,000-50,000 POPULATION	ORLANDO AREA	6	9	A	10/93	\$24.1	1.07000	\$25.8	2	
FLC-CSS	COMPUTER OPERATOR -CITY/COUNTY GOVERNMENT 10,000-50,000 POPULATION	FLORIDA	31	37	A	10/93	\$22.8	1.07000	\$24.4	1	
FLC-CSS	COMPUTER OPERATOR -CITY/COUNTY GOVERNMENT 50,000+ POPULATION	FLORIDA	42	123	A	10/93	\$22.2	1.07000	\$23.8	1	
BLS	COMPUTER OPERATOR - LEVEL II -GENERAL INDUSTRY	ORLANDO	N/A	143	M	1/94	\$21.3	1.06000	\$22.6	2	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUANTILE

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EXHIBIT (DGL-3)

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$24.0

BENCHMARK X

REFERENCE POINT

JOB TITLE SECRETARY II

COMPANY SSU

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Con.	Inc.					"BASE"	WEIGHT	
DLR	SECRETARY A -GENERAL INDUSTRY	FLORIDA	65	1,911	M	2/94	\$18.2	1.05667	\$19.2	1	
TP-FIS	SECRETARY (SENIOR) -GENERAL INDUSTRY	ORLANDO	15	992	M	1/94	\$23.1	1.06000	\$24.5	3	
TP-FIS	SECRETARY (SENIOR) -GENERAL INDUSTRY	FLORIDA	83	2,361	M	1/94	\$23.1	1.06000	\$24.5	1	
BLS	SECRETARY II -GENERAL INDUSTRY	ORLANDO	N/A	781	M	1/94	\$23.1	1.06000	\$24.5	3	
AMS	SECRETARY -GENERAL INDUSTRY	SOUTHEAST	24	675	A	4/94	\$24.2	1.05000	\$25.4	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

EXHIBIT _____ (DGL-3)
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MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE OPERATOR I
COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000+)

BASE \$24.4
BENCHMARK X
REFERENCE POINT

SURVEY INFORMATION											
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY STATE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Est.	Inc.					"BASE"	WEIGHT	
FLC-CSS	PLANT OPERATOR C -CITY/COUNTY GOVERNMENT 10,000-50,000 POPULATION	FLORIDA	44	232	A	10/93	\$22.5	1.07000	\$24.1	3	
FLC-CSS	PLANT OPERATOR C -CITY/COUNTY GOVERNMENT 10,000-50,000 POPULATION	ORLANDO AREA	8	58	A	10/93	\$22.2	1.07000	\$23.8	1	
FLC-CSS	PLANT OPERATOR C -CITY/COUNTY GOVERNMENT 50,000+ POPULATION	FLORIDA	36	530	A	10/93	\$23.2	1.07000	\$24.8	3	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE SENIOR MAINTENANCE TECHNICIAN
COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000s)
BASE \$25.4
BENCHMARK _____
REFERENCE POINT X

SURVEY INFORMATION					DATA TYPE*	SURV DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED Cos. Inc.						"BASE"	WEIGHT	
ECS-1ST	MAINTENANCE MECHANIC - LEVEL II -GENERAL INDUSTRY	LOWER SE STATES	18	442	M	6/94	\$24.3	1.04333	\$25.4	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

EXHIBIT _____ (DGL-3)
PAGE 39 OF 81

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE SENIOR COMPUTER OPERATOR
COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$26.0

BENCHMARK X

REFERENCE POINT _____

SURVEY INFORMATION												COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA			
			Co.	loc.					"BASE"	WEIGHT		
TP-FIS	COMPUTER OPERATOR (SENIOR) -GENERAL INDUSTRY	ORLANDO	11	51	M	1/94	\$24.6	1.06000	\$26.1	3		
TP-FIS	COMPUTER OPERATOR (SENIOR) -GENERAL INDUSTRY	FLORIDA	61	285	M	1/94	\$24.6	1.06000	\$26.1	2		
ECS-OPR	COMPUTER OPERATOR - SENIOR -GENERAL INDUSTRY	FLORIDA	13	32	M	5/94	\$24.8	1.04667	\$26.0	2		
AMS	COMPUTER OPERATOR - LEVEL III -GENERAL INDUSTRY	SOUTHEAST	20	81	A	4/94	\$24.6	1.05000	\$25.8	1		

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/94)

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$26.4

BENCHMARK

REFERENCE POINT X

JOB TITLE CUSTOMER SERVICE REPRESENTATIVE III

COMPANY SSU

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Col.	Inc.					"BASE"	WEIGHT	
FCS-P & S	CUSTOMER SERVICE REP - LEVEL II -GENERAL INDUSTRY	SOUTHEAST	42	344	M	3/94	\$27.6	1.05333	\$29.1	1	
AMS	CUSTOMER SERVICE REP - LEVEL III GENERAL INDUSTRY	SOUTHEAST	20	148	M	4/94	\$24.3	1.05000	\$25.5	3	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

EXHIBIT _____
(DGL-3)
PAGE 41 OF 81

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE WELDER
COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$27.1

BENCHMARK

REFERENCE POINT X

SURVEY INFORMATION												COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA			
			Cos.	Inc.					"BASE"	WEIGHT		
ECS-TST	WELDER-LEVEL 2 -GENERAL INDUSTRY	U.S.	65	934	M	6/94	\$26.0	1.04333	\$27.1	1		

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

EXHIBIT (DGL-3)
PAGE 42 OF 81

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000+)

JOB TITLE DESIGN DRAFTER I
COMPANY SSU

BASE \$27.3

BENCHMARK X

REFERENCE POINT _____

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV ERT DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Con.	Inc.					"BASE"	WEIGHT	
BLR	DRAFTER -GENERAL INDUSTRY	FLORIDA	30	133	M	2/94	\$25.7	1.05667	\$27.2	2	
BLS	DRAFTER-LEVEL 3 -GENERAL INDUSTRY	ORLANDO	N/A	114	M	1/94	\$25.9	1.06000	\$27.5	1	
ECS-P & S	DESIGN/DRAFTER -GENERAL INDUSTRY	FLORIDA	5	28	M	3/94	\$26.0	1.05333	\$27.4	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUANTILE

EXHIBIT (DGL-3)
PAGE 43 OF 81

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE SUPERVISOR, ADMINISTRATIVE SERVICES
COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000s)
BASE \$27.7
BENCHMARK X
REFERENCE POINT _____

SURVEY INFORMATION					DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED Cot.	Inc.					"BASE"	WEIGHT	
TP-FBS	MAIL ROOM SUPERVISOR -GENERAL INDUSTRY	ORLANDO	8	8	M	1/94	\$24.6	1.06000	\$26.1	3	
TP-FBS	MAIL ROOM SUPERVISOR -GENERAL INDUSTRY	FLORIDA	33	38	M	1/94	\$27.2	1.06000	\$28.8	3	
AMS	MAIL ROOM SUPERVISOR -GENERAL INDUSTRY	SOUTHEAST	13	14	A	4/94	\$27.6	1.05000	\$29.0	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

EXHIBIT (DGL-3)
PAGE 44 OF 81

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE OPERATOR II
COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$27.9
BENCHMARK X
REFERENCE POINT _____

SURVEY INFORMATION					DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED Cos. Inc.	"BASE"					WEIGHT		
FLC-CSS	PLANT OPERATOR B -CITY/COUNTY GOVERNMENT 10,000-50,000 POPULATION	FLORIDA	36 133	A	10/93	\$25.5	1.07000	\$27.3	1		
FLC-CSS	PLANT OPERATOR B -CITY/COUNTY GOVERNMENT 50,000+ POPULATION	FLORIDA	37 297	A	10/93	\$26.7	1.07000	\$28.6	1		

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUANTILE

EXHIBIT _____ (DGL-3)
PAGE 45 OF 81

MARKET PRICING WORKSHEET (DATA EFFECTIVE 7/95)										ESTIMATED MARKET VALUE (\$ 000s)	
JOB TITLE EXECUTIVE SECRETARY										BASE \$28.1	
COMPANY SSU										BENCHMARK X	
REFERENCE POINT											
SURVEY INFORMATION					DATA TYPE	SURV DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED Cos.	# REPORTED Inc.					"BASE"	WEIGHT	
BLR	EXECUTIVE SECRETARY -GENERAL INDUSTRY	FLORIDA	73	591	M	2/94	\$23.2	1.05667	\$24.5	1	
TP-FBS	SECRETARY (EXECUTIVE) -GENERAL INDUSTRY	ORLANDO	17	270	M	1/94	\$28.1	1.06000	\$29.8	2	
TP-FBS	SECRETARY (EXECUTIVE) -GENERAL INDUSTRY	FLORIDA	89	827	M	1/94	\$27.3	1.06000	\$28.9	1	
BLS	SECRETARY IV -GENERAL INDUSTRY	ORLANDO	N/A	98	M	1/94	\$27.6	1.06000	\$29.3	2	
FLC-CSS	EXECUTIVE SECRETARY -CITY/COUNTY GOVERNMENT 10,000-50,000 POPULATION	ORLANDO AREA	8	11	A	10/93	\$25.4	1.07000	\$27.2	2	
FLC-CSS	EXECUTIVE SECRETARY -CITY/COUNTY GOVERNMENT 10,000-50,000 POPULATION	FLORIDA	51	146	A	10/93	\$25.5	1.07000	\$27.3	1	
FLC-CSS	EXECUTIVE SECRETARY -CITY/COUNTY GOVERNMENT 50,000+ POPULATION	FLORIDA	45	456	A	10/93	\$27.2	1.07000	\$29.1	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

EXHIBIT _____ (DGL-3)
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MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE HR ASSISTANT

COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$28.4

BENCHMARK X

REFERENCE POINT _____

SURVEY INFORMATION												COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCORE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA			
			Co.	Inc.					"BASE"	WEIGHT		
WMM-IRM	ENTRY LEVEL GENERALIST -GENERAL INDUSTRY	U.S. 250-650 EMPLOYEES	14	20	M	2/94	\$27.8	1.05667	\$29.4	1		
ECS-P & S	HUMAN RESOURCES GENERALIST-LEVEL I -GENERAL INDUSTRY	U.S.	200	322	M	3/94	\$25.1	1.05333	\$26.4	1		
AMS	PERSONNEL ASSISTANT -GENERAL INDUSTRY	SOUTHEAST	14	20	A	4/94	\$27.5	1.05000	\$28.9	2		

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

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EXHIBIT (DGL-3)

MARKET PRICING WORKSHEET

(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$30.2

BENCHMARK X

REFERENCE POINT

JOB TITLE ACCOUNTANT I

COMPANY SSU

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Co.	Inc.					"BASE"	WEIGHT	
ECS-P & S	ACCOUNTANT-LEVEL 1 -GENERAL INDUSTRY	FLORIDA	7	11	M	3/94	\$28.1	1.05333	\$29.6	2	
WMM-PAL	ASSOCIATE ACCOUNTANT -GENERAL INDUSTRY	U. S. UNDER \$200 MIL REVS	33	55	M	3/94	\$26.6	1.05333	\$28.0	1	AVERAGE REVS = \$88.4 MIL
AMS	ACCOUNTANT-LEVEL 2 -GENERAL INDUSTRY	SOUTHEAST	14	50	A	4/94	\$29.3	1.05000	\$30.8	1	
FLC-CSS	ACCOUNTANT -CITY/COUNTY GOVERNMENT 10,000-50,000 POPULATION	ORLANDO AREA	7	9	A	10/93	\$28.7	1.07000	\$30.7	3	
FLC-CSS	ACCOUNTANT -CITY/COUNTY GOVERNMENT 10,000-50,000 POPULATION	FLORIDA	45	59	A	10/93	\$27.1	1.07000	\$29.0	2	
FLC-CSS	ACCOUNTANT -CITY/COUNTY GOVERNMENT 50,000+ POPULATION	FLORIDA	37	187	A	10/93	\$29.8	1.07000	\$31.9	2	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

EXHIBIT (DGL-3)
PAGE 48 OF 81

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE ELECTRICIAN
COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000+)

BASE \$10.7

BENCHMARK X

REFERENCE POINT _____

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPES	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Con.	Inc.					"BASE"	WEIGHT	
TP-FBS	BUILDING ELECTRICIAN -GENERAL INDUSTRY	ORLANDO	7	170	M	1/94	\$29.8	1.06000	\$31.6	2	
TP-FHS	BUILDING ELECTRICIAN -GENERAL INDUSTRY	FLORIDA	28	262	M	1/94	\$29.8	1.06000	\$31.6	1	
FLC-CSS	ELECTRICIAN-JOURNEY LEVEL -CITY/COUNTY GOVERNMENT 10,000-50,000 POPULATION	FLORIDA	28	53	A	10/93	\$23.4	1.07000	\$25.0	1	
FLC-CSS	ELECTRICIAN-JOURNEY LEVEL -CITY/COUNTY GOVERNMENT 50,000+ POPULATION	FLORIDA	39	221	A	10/93	\$26.8	1.07000	\$28.7	1	
ILS	MAIN ELECTRICIAN -GENERAL INDUSTRY	ORLANDO	N/A	272	M	1/94	\$31.2	1.06000	\$33.1	2	

* M-MEDIAN; A-AVERAGE; W-WEIGHTED AVERAGE; R-REGRESSION; 3RD-THIRD QUARTILE

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EXHIBIT (DGL-3)

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE CHIEF DRAFTER
COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$31.7
BENCHMARK X
REFERENCE POINT _____

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Con.	Inc.					"BASE"	WEIGHT	
TP-FBS	DRAFTER (SENIOR) -GENERAL INDUSTRY	ORLANDO	10	44	M	1/94	\$28.6	1.06000	\$30.3	3	
TP-FBS	DRAFTER (SENIOR) -GENERAL INDUSTRY	FLORIDA	19	94	M	1/94	\$28.6	1.06000	\$30.3	2	
ECS-P & S	CHIEF DRAFTER -GENERAL INDUSTRY	SOUTHEAST	16	101	M	3/94	\$36.5	1.05333	\$38.4	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

EXHIBIT (D&A-3)
PAGE 50 OF 81

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE PC SUPPORT SPECIALIST

COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000s)

BASE 332.0

BENCHMARK X

REFERENCE POINT _____

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Con.	Inc.					"BASE"	WEIGHT	
TP-FBS	PC TECHNICIAN -GENERAL INDUSTRY	ORLANDO	3	6	M	1/94	\$35.3	1.06000	\$37.4	1	SMALL SAMPLE SIZE
TP-FBS	PC TECHNICIAN -GENERAL INDUSTRY	FLORIDA	35	124	M	1/94	\$24.7	1.06000	\$26.2	2	
AMS	PC SPECIALIST -GENERAL INDUSTRY	SOUTHEAST	11	15	M	4/94	\$33.7	1.05000	\$35.4	2	
WMM-IS	MICRO SYSTEMS SUPPORT ASSISTANT -GENERAL INDUSTRY	U.S.	163	399	M	4/94	\$29.9	1.05000	\$31.4	1	NO SCOPE DATA AVAILABLE

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

EXHIBIT _____
(DGL-3)
PAGE 51 OF 81

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$33.0

BENCHMARK X

REFERENCE POINT

JOB TITLE OPERATOR III

COMPANY SSU

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Con.	Inc.					"BASE"	WEIGHT	
FLC-CSS	PLANT OPERATOR A -CITY/COUNTY GOVERNMENT 10,000-50,000 POPULATION	FLORIDA	29	68	A	10/93	\$29.9	1.07000	\$32.0	1	
FLC-CSS	PLANT OPERATOR A -CITY/COUNTY GOVERNMENT 50,000+ POPULATION	FLORIDA	33	154	A	10/93	\$31.7	1.07000	\$33.9	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000s)

JOB TITLE ACCOUNTANT II
COMPANY SSU

BASE \$33.9
BENCHMARK X
REFERENCE POINT _____

SURVEY INFORMATION												COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EPT DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA			
			Cos.	Inc.					"BASE"	WEIGHT		
TP-FBS	ACCOUNTANT (INTERMEDIATE) -GENERAL INDUSTRY	ORLANDO	11	61	M	1/94	\$32.3	1.06000	\$34.2	3		
TP-FBS	ACCOUNTANT (INTERMEDIATE) -GENERAL INDUSTRY	FLORIDA	69	264	M	1/94	\$31.2	1.06000	\$33.1	2		
ECS-F & S	ACCOUNTANT-LEVEL II -GENERAL INDUSTRY	FLORIDA	12	37	M	3/94	\$31.4	1.05333	\$33.1	2		
WMM-PAL	ACCOUNTANT -GENERAL INDUSTRY	U.S. UNDER \$200 MIL REVS	63	137	M	3/94	\$30.5	1.05333	\$32.1	1		
AMS	ACCOUNTANT-LEVEL 3 -GENERAL INDUSTRY	SOUTHEAST	17	88	A	4/94	\$36.2	1.05000	\$38.0	1		

* M-MEDIAN; A-AVERAGE; W-WEIGHTED AVERAGE; R-REGRESSION; 3RD-THIRD QUARTILE

EXHIBIT _____ (DGL-3)
PAGE 53 OF 81

MARKET PRICING WORKSHEET

(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$34.4

BENCHMARK X

REFERENCE POINT

JOB TITLE SUPERVISOR, CUSTOMER SERVICE

COMPANY SSU

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EPT DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Co.	Inc.					"BASE"	WEIGHT	
ECS-SMR	CUSTOMER SERVICE SUPERVISOR -GENERAL INDUSTRY	FLORIDA	11	31	M	1/94	\$36.9	1.06000	\$39.1	1	
BLR	CUSTOMER SERVICE SUPERVISOR -GENERAL INDUSTRY	FLORIDA	23	64	M	2/94	\$28.0	1.05667	\$29.6	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

EXHIBIT (DGL-3)
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MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE SUPERVISOR OF BILLING

COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$34.9

BENCHMARK

REFERENCE POINT X

SURVEY INFORMATION												COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF. DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA			
			Co.	Inc.					"BASE"	WEIGHT		
DIETRICH - SS	BILLING SUPERVISOR -GENERAL, INDUSTRY	U.S.	33	40	M	5/94	\$33.4	1.04667	\$34.9	1	RAW DATA REDUCED BY 10% TO REFLECT DUTIES NOT FOUND IN SSU POSITION	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

EXHIBIT (DGL-3)
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MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000s)

JOB TITLE HR ANALYST-BENEFITS
COMPANY SSU

BASE 335.0
BENCHMARK X
REFERENCE POINT _____

SURVEY INFORMATION					DATA TYPE*	SURV. DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED Cos. Inc.	"BASE"					WEIGHT		
TP - FBS	BENEFITS ANALYST -GENERAL INDUSTRY	ORLANDO	6 10	M	1/94	\$31.8	1.06000	\$33.7	3		
TP - FBS	BENEFITS ANALYST -GENERAL INDUSTRY	FLORIDA	28 39	M	1/94	\$36.7	1.06000	\$38.9	2		
WMM - HRM	BENEFITS ADMINISTRATOR -GENERAL INDUSTRY	U.S. \$30 MIL - \$100 MIL REVS	12 12	M	2/94	\$33.3	1.05667	\$35.2	1		
ECS - P & S	BENEFITS ADMINISTRATOR - LEVEL 2 -GENERAL INDUSTRY	FLORIDA	6 7	M	3/94	\$31.4	1.05333	\$33.1	2		
AMS	BENEFITS SPECIALIST -GENERAL INDUSTRY	SOUTHEAST	16 22	A	4/94	\$33.4	1.05000	\$35.1	1		

* M-MEDIAN; A-AVERAGE; W-WEIGHTED AVERAGE; R-REGRESSION; 3RD-THIRD QUARTILE

EXHIBIT _____
(DGL-3)
PAGE 56 OF 81

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE PROJECT ENGINEER I

COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000+)

BASE \$36.2

BENCHMARK X

REFERENCE POINT

SURVEY INFORMATION												COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV. EFF. DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA			
			Con.	Inc.					"BASE"	WEIGHT		
ECS-P & S	CIVIL ENGINEER - LEVEL I -GENERAL INDUSTRY	SOUTHEAST	14	30	M	3/94	\$29.6	1.05333	\$31.2	2		
ECS-P & S	MECHANICAL ENGINEER - LEVEL I -GENERAL INDUSTRY	SOUTHEAST	33	131	M	3/94	\$35.3	1.05333	\$37.2	2		
DIETRICH-E	CIVIL ENGINEER - LEVEL I -UTILITIES	U.S.	N/A	N/A	A	3/94	\$35.9	1.05333	\$37.8	1		
DIETRICH-E	MECHANICAL ENGINEER - LEVEL I -UTILITIES	U.S.	N/A	N/A	A	3/94	\$36.2	1.05333	\$38.1	1		
HLR	ENGINEER C -GENERAL INDUSTRY	FLORIDA	35	484	M	2/94	\$35.8	1.05667	\$37.8	3		

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUANTILE

EXHIBIT (DGL-3)
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MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000s)

JOB TITLE HR ANALYST-GENERALIST

BASE \$37.1

COMPANY SSU

BENCHMARK X

REFERENCE POINT _____

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASU"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Co.	Inc.					"BASU"	WEIGHT	
TF-FBS	HR GENERALIST -GENERAL INDUSTRY	ORLANDO	3	4	M	1/94	\$34.7	1.06000	\$36.8	1	SMALL SAMPLE SIZE
TF-FBS	HR GENERALIST -GENERAL INDUSTRY	FLORIDA	25	45	M	1/94	\$40.6	1.06000	\$43.0	2	
ECS-P & S	HR GENERALIST LEVEL 2 -GENERAL INDUSTRY	FLORIDA	8	10	M	3/94	\$28.8	1.05333	\$30.3	2	
WMM-HRM	GENERALIST -GENERAL INDUSTRY	U.S. \$30 MIL-\$100 MIL REVS	16	29	A	2/94	\$37.0	1.05667	\$39.1	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$38.5

BENCHMARK X

REFERENCE POINT

JOB TITLE PROGRAMMER ANALYST I

COMPANY SSU

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Co.	Inc.					"BASE"	WEIGHT	
ECS-P & S	PROGRAMMER ANALYST-LEVEL II -GENERAL INDUSTRY	FLORIDA	8	60	W	3/94	\$33.9	1.05333	\$35.7	2	
WMM-IS	APPLICATIONS SYSTEM ANALYST/ PROGRAMMER II -GENERAL INDUSTRY	U.S.	484	5,774	A	4/94	\$34.7	1.05000	\$36.4	1	
AMS	APPLICATIONS PROGRAMMER/ANALYST LEVEL II -GENERAL INDUSTRY	SOUTHEAST	6	38	A	4/94	\$34.2	1.05000	\$35.9	2	
TP-FBS	PROGRAMMER ANALYST (INTERMEDIATE) -GENERAL INDUSTRY	ORLANDO	7	95	M	1/94	\$40.3	1.06000	\$42.7	3	
TP-FBS	PROGRAMMER ANALYST (INTERMEDIATE) -GENERAL INDUSTRY	FLORIDA	63	528	M	1/94	\$36.2	1.06000	\$38.4	2	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000+)

JOB TITLE PURCHASING ADMINISTRATOR

BASE \$41.5

COMPANY SSU

BENCHMARK X

REFERENCE POINT _____

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EPT DATE	UNADJ. DATA "BIAS"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Co.	Inc.					"BASE"	WEIGHT	
FLC-CSS	PURCHASING AGENT CITY/COUNTY GOVERNMENT 10,000-50,000 POPULATION	ORLANDO AREA	7	7	A	10/93	\$33.1	1.07000	\$35.4	3	
FLC-CSS	PURCHASING AGENT CITY/COUNTY GOVERNMENT 10,000-50,000 POPULATION	FLORIDA	38	38	A	10/93	\$32.9	1.07000	\$35.2	2	
FLC-CSS	PURCHASING AGENT CITY/COUNTY GOVERNMENT 50,000+ POPULATION	FLORIDA	44	63	A	10/93	\$46.2	1.07000	\$49.4	2	
WMM-MLM	SENIOR BUYER GENERAL INDUSTRY	FLORIDA	11	N/A	M	1/94	\$46.4	1.06000	\$49.2	2	
AMS	PURCHASING AGENT GENERAL INDUSTRY	SOUTHEAST	10	22	A	4/94	\$39.4	1.05000	\$41.4	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

EXHIBIT (DGL-3)
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MARKET PRICING WORKSHEET

(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$43.6

BENCHMARK X

REFERENCE POINT

JOB TITLE TRAINING & DEVELOPMENT ADMINISTRATOR

COMPANY SSU

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Con.	Inc.					"BASE"	WEIGHT	
ECS-P & S	EMPLOYEE TRAINING SPECIALIST LEVEL 3 -GENERAL INDUSTRY	SOUTHEAST	34	66	M	3/94	\$43.9	1.05333	\$46.2	1	
WMM-FIRM	SENIOR TRAINING SPECIALIST -GENERAL INDUSTRY	U.S. 250-650 FTE'S	18	26	M	2/94	\$39.4	1.05667	\$41.6	1	
AMS	TRAINING & DEVELOPMENT SPECIALIST -GENERAL INDUSTRY	SOUTHEAST	14	24	A	4/94	\$40.8	1.05000	\$42.8	1	

* M-MEDIAN; A-AVERAGE; W-WEIGHTED AVERAGE; R-REGRESSION; 3RD-THIRD QUANTILE

EXHIBIT (DGL-3)
PAGE 61 OF 81

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE RATE ANALYST I
COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$43.9

BENCHMARK

REFERENCE POINT X

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Cos.	Inc.					"BASE"	WEIGHT	
CUSTOM	RATE ANALYST I -UTILITIES	FLORIDA	4	6	A	5/94	\$42.9	1.04667	\$44.9	3	
TP - UTIL	ASSOCIATE RATE ANALYST -UTILITIES	U.S.	13		M	9/93	\$38.2	1.07333	\$41.0	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE
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EXHIBIT (DGL-3)
PAGE 62 OF 81

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000s)

JOB TITLE SENIOR PROGRAMMER ANALYST

BASE \$48.1

COMPANY SSU

BENCHMARK X

REFERENCE POINT

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EPT DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Co.	Inc.					"BASE"	WEIGHT	
BLR	SENIOR PROGRAMMER/ANALYST -GENERAL INDUSTRY	ORLANDO	15	32	M	2/94	\$44.6	1.05667	\$47.1	3	
WMM-IS	APPLICATIONS SYSTEM ANALYST/ PROGRAMMER SENIOR -GENERAL INDUSTRY	U.S.	677	16,589	M	4/94	\$47.5	1.05000	\$49.9	1	
ECS-P & S	PROGRAMMER ANALYST-LEVEL IV -GENERAL INDUSTRY	FLORIDA	7	28	W	3/94	\$49.2	1.05333	\$51.8	2	
AMS	APPLICATIONS PROGRAMMER/ANALYST LEVEL IV -GENERAL INDUSTRY	SOUTHEAST	9	105	A	4/94	\$44.0	1.05000	\$46.2	2	
TP-FBS	PROGRAMMER ANALYST (SENIOR) -GENERAL INDUSTRY	ORLANDO	8	104	M	1/94	\$44.9	1.06000	\$47.6	3	
TP-FBS	PROGRAMMER ANALYST (SENIOR) -GENERAL INDUSTRY	FLORIDA	57	657	M	1/94	\$44.9	1.05000	\$47.6	2	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

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EXHIBIT (DGL-3)

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000s)

JOB TITLE MANAGER, ADMINISTRATIVE SERVICES

BASE \$51.7

COMPANY SSU

BENCHMARK X

REFERENCE POINT _____

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Col.	Inc.					"BASE"	WEIGHT	
ECS-MMR	ADMINISTRATIVE SERVICES MANAGER -GENERAL INDUSTRY	SOUTHEAST	18	25	M	2/94	\$51.7	1.05667	\$54.6	1	
DIETRICH-SS	MANAGER, ADMINISTRATIVE SERVICES -GENERAL INDUSTRY	SOUTHEAST	18	21	M	5/94	\$46.6	1.04667	\$48.8	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUANTILE

EXHIBIT (DGL-3)
PAGE 65 OF 81

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE MANAGER, GENERAL ACCOUNTING/ASSISTANT CONTROLLER

COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$52.0

BENCHMARK X

REFERENCE POINT

SURVEY INFORMATION					DATA TYPE*	SURV INT DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED Cos. Inc.	"BASE"					WEIGHT		
WMM-FAL	GENERAL ACCOUNTING MANAGER -GENERAL INDUSTRY	U.S. UNDER \$200 MIL REVS	61 73	M	3/94	\$54.0	1.05333	\$56.9	1		
ECS-MMR	GENERAL ACCOUNTING MANAGER -GENERAL INDUSTRY	U.S. UNDER \$100 MIL REVS	164 171	M	2/94	\$49.0	1.05667	\$51.8	1		
DIETRICH-SS	GENERAL ACCOUNTING MANAGER -GENERAL INDUSTRY	SOUTHEAST	24 36	M	5/94	\$45.2	1.04667	\$47.3	1		

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUANTILE

EXHIBIT (D6-L-3)
PAGE 66 OF 81

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000s)

JOB TITLE RATE ANALYST II

BASE \$52.2

COMPANY SSU

BENCHMARK X

REFERENCE POINT _____

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Con.	Inc.					"BASE"	WEIGHT	
PRIVATE	RATE ANALYST (JOURNEY) -UTILITIES	SOUTHEAST	12	24	M	6/92	\$42.1	1.12300	\$47.3	2	
CUSTOM	RATE ANALYST II -UTILITIES	FLORIDA	4	7	A	5/94	\$59.4	1.04667	\$62.2	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE
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EXHIBIT (DGL-3)
PAGE 67 OF 81

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE HUMAN RESOURCES ADMINISTRATOR
COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$52.3

BENCHMARK X

REFERENCE POINT _____

SURVEY INFORMATION											
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Con.	Inc.					"BASE"	WEIGHT	
WMM-HRM	EMPLOYEE BENEFITS MANAGER -GENERAL INDUSTRY	U.S. 250-650 EMPLOYEES	14	15	M	2/94	\$51.1	1.05667	\$54.0	1	
ECS-MMR	EMPLOYEE BENEFITS MANAGER -GENERAL INDUSTRY	SOUTHEAST UNDER 2,000 EMPLOYEES	10	11	M	2/94	\$49.0	1.05667	\$51.8	2	
TP-FBS	BENEFITS MANAGER -GENERAL INDUSTRY	FLORIDA	27	27	M	1/94	\$44.9	1.06000	\$47.6	3	
TP-FBS	BENEFITS MANAGER -GENERAL INDUSTRY	ORLANDO	5	5	M	1/94	\$62.3	1.06000	\$66.0	1	SMALL SAMPLE SIZE

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUANTILE

EXHIBIT (DGL-3)
PAGE 68 OF 81

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE SENIOR PROJECT ENGINEER
COMPANY SSJ

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$52.4

BENCHMARK X

REFERENCE POINT _____

SURVEY INFORMATION											COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		
			Cos.	Inc.					"BASE"	WEIGHT	
BUR	PROJECT ENGINEER -GENERAL INDUSTRY	SOUTH	106	715	M	2/94	\$51.9	1.05667	\$54.8	2	
DIETRICH-E	ENGINEER-LEVEL IV -GENERAL INDUSTRY	U.S.	483	19,472	M	3/94	\$45.2	1.05333	\$47.6	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

EXHIBIT _____
(DGL-3)
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MARKET PRICING WORKSHEET

(DATA EFFECTIVE 7/95)

JOB TITLE MANAGER, FINANCIAL PLANNING / ASSISTANT TREASURER

COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$57.0

BENCHMARK X

REFERENCE POINT _____

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Cor.	Inc.					"BASE"	WEIGHT	
ECS-MMR	FINANCIAL ANALYSIS MANAGER -GENERAL INDUSTRY	U.S. UNDER \$300 MIL SALES	91	105	M	2/94	\$53.2	1.05667	\$56.2	1	
WMM-FAL	FINANCIAL ANALYSIS PROJECT LEADER -GENERAL INDUSTRY	U.S.	231	670	M	3/94	\$54.8	1.05333	\$57.7	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000s)

JOB TITLE MANAGER, HUMAN RESOURCES
COMPANY SSU

BASE \$59.7

BENCHMARK X
REFERENCE POINT _____

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Cor.	Inc.					"BASE"	WEIGHT	
TP-FRS	HUMAN RESOURCES MANAGER -GENERAL INDUSTRY	FLORIDA	53	80	M	1/94	\$55.2	1.06000	\$58.5	3	
ECS-MMR	HUMAN RESOURCES MANAGER -GENERAL INDUSTRY	SOUTHEAST UNDER 2,000 FTE'S	44	44	M	2/94	\$53.0	1.05667	\$56.0	2	
WMM-FRM	HR DIRECTOR (IN SMALL ORGANIZATION) -GENERAL INDUSTRY	U.S. \$30 MIL - \$100 MIL REVS	30	32	M	2/94	\$57.1	1.05667	\$60.3	1	
AMS	HR DIRECTOR -GENERAL INDUSTRY	SOUTHEAST	22	41	A	4/94	\$61.9	1.05000	\$65.0	2	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE

EXHIBIT (DGL-3)
PAGE 71 OF 81

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE: SENIOR RATE ENGINEER

COMPANY: SSU

ESTIMATED MARKET VALUE (\$ 000s)

BASE: 162.9

BENCHMARK

REFERENCE POINT: X

SURVEY INFORMATION											COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		
			Est.	Inc.					"BASE"	WEIGHT	
CUSTOM	RATE ENGINEER II -UTILITIES	FLORIDA	4	7	A	5/94	\$60.1	1.04667	\$62.9	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE
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EXHIBIT (DGL-3)

MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

JOB TITLE MANAGER, INFORMATION SERVICES
COMPANY SSU

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$62.8

BENCHMARK X

REFERENCE POINT _____

SURVEY INFORMATION											COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV BPT DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		
			Cos.	Inc.					"BASE"	WEIGHT	
TP-FBS	MIS GROUP MANAGER -GENERAL INDUSTRY	FLORIDA	39	92	M	1/94	\$65.5	1.06000	\$69.4	1	
ECS-MMR	INFORMATION SYSTEMS MANAGER -GENERAL INDUSTRY	U.S. UNDER \$100 MIL REVS	138	140	M	2/94	\$60.0	1.05667	\$63.4	2	AVERAGE REVS = \$45 MIL.
BLR	DATA PROCESSING MANAGER -GENERAL INDUSTRY	U.S.	799	1,109	M	2/94	\$52.0	1.05667	\$54.9	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE
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MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000s)

JOB TITLE STAFF ATTORNEY

BASE \$67.9

COMPANY SSU

BENCHMARK X

REFERENCE POINT _____

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV ERT DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Con.	Inc.					"BASE"	WEIGHT	
ECS - F & S	ATTORNEY - LEVEL 2 -GENERAL INDUSTRY	U.S.	163	444	M	3/94	\$60.1	1.05333	\$63.3	1	
WMM - PAL	ATTORNEY -GENERAL INDUSTRY	U.S.	387	1,528	M	3/94	\$69.8	1.05333	\$73.5	1	
DIETRICH - SS	ATTORNEY -GENERAL INDUSTRY	U.S.	44	219	M	5/94	\$61.0	1.04667	\$63.8	1	
LANG - LEG	ATTORNEY -GENERAL INDUSTRY	U.S.	N/A	132	M	5/93	\$65.2	1.08667	\$70.9	1	

* M=MEDIAN; A=AVERAGE; W=WEIGHTED AVERAGE; R=REGRESSION; 3RD=THIRD QUARTILE
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EXHIBIT (DET-3)
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MARKET PRICING WORKSHEET
(DATA EFFECTIVE 7/95)

ESTIMATED MARKET VALUE (\$ 000s)

BASE \$90.4

BENCHMARK
REFERENCE POINT X

JOB TITLE DIRECTOR RATES

COMPANY SSU

SURVEY INFORMATION

SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE*	SURV EFF DATE	UNADJ. DATA "BASE"	UPDATE FACTOR	COMPENSATION DATA		COMMENTS
			Cor.	Inc.					"BASE"	WEIGHT	
CUSTOM	DIRECTOR RATES -UTILITIES	FLORIDA	4	4	A	5/94	\$66.4	1.04667	\$90.4	1	

* M-MEDIAN; A-AVERAGE; W-WEIGHTED AVERAGE; R-REGRESSION; 3RD-THIRD QUARTILE
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Custom Survey

Custom Survey

Why a Custom Survey

Four rate positions were identified to be included in the market pricing activity. These positions included:

Rate Analyst I
Rate Analyst II
Rate Engineer
Director of Rates

Because there was a lack of data in published salary surveys for these positions, SSU requested that Hewitt Associates conduct a custom survey from selected organizations. Because of short time frames, it was determined that a fax survey would be the most effective way to collect the data.

Survey Companies

SSU developed a list of seven companies to target for participation in the Custom Survey. The following Companies provided data for the survey:

Avatar Utilities
Florida Power Corporation
Florida Power & Light Company
Gulf Power Company
Seminole Electric Cooperative Incorporated
Tampa Electric Corporation

One company, Palm Coast Utilities, did not participate in the survey, because they do not have rate positions.

Survey Methodology

A survey questionnaire was developed by Hewitt Associates and sent by fax to each participant. The questionnaire provided a brief description for each of the four rate positions. The information requested included:

- Number of incumbents;
- Salary range midpoint;
- Lowest salary;
- Average salary;
- Highest salary; and
- Bonus or incentive eligibility and amount.

A copy of the survey questionnaire is included in Exhibit #8 on pages 73 and 74.

The participants were requested to supply compensation information effective May 1994. Each participant was requested to return the survey via fax within a few days.

As the completed questionnaires were received, Hewitt Associates reviewed the data for consistency. In general, the data was closely related for all the survey companies.

- The data collected in the survey was used to determine an Estimated Market Value (EMV) for each rate position. The methodology used to determine the EMV is the same as described in the previous section under methodology. Some published data was used in the calculation of the EMV for the Rate Analyst I and Rate Analyst II positions. The market pricing worksheets are included in the Market Pricing worksheet section.

Exhibit #8

Survey of Rate Positions in the Utilities Industry

Rate Analyst I

Responsible for conducting rate design studies, cost of service studies, running the department's computerized Revenue Requirement Account System and the rate design system programs to develop the data necessary to file rate applications and reports before the State and County regulatory authorities. This position requires a four year college degree in Business, Accounting, Finance, or related area with one to four years of utility experience.

Number of Incumbents: _____

Salary Range Midpoint: \$ _____

Actual Salary Data:

Lowest Salary	Average Salary	Highest Salary
\$ _____	\$ _____	\$ _____

Bonus or Incentive Eligible? _____ Amount: \$ _____

Rate Analyst II

Responsible for conducting rate design studies, cost of service studies, running the department's computerized Revenue Requirement Account System and the rate design system program. Utilizes data associated with the purchase/modification/acquisition of plants and capital equipment to file rate applications before State and County regulatory authorities. Assists in the administration of rate applications. This position requires a four year college degree in Business, Accounting, Finance, or related area with a minimum of three years of utility experience.

Number of Incumbents: _____

Salary Range Midpoint: \$ _____

Actual Salary Data:

Lowest Salary	Average Salary	Highest Salary
\$ _____	\$ _____	\$ _____

Bonus or Incentive Eligible? _____ Amount: \$ _____

Exhibit #8

Senior Rate Engineer

Responsible for conducting engineering, evaluation and rate studies relating to company revenue requirements. This position utilizes data associated with the purchase/modification/acquisition of plants and capital equipment to submit, support and complete rate applications and annual engineering and other reports before State and County regulatory authorities. Assists with billing and rate administration. This position requires a four-year college degree in Business, Accounting, Economics, Finance, or Engineering and two to four years experience in utility accounting, rates or engineering.

Number of Incumbents: _____

Salary Range Midpoint: \$ _____

Actual Salary Data:

Lowest Salary	Average Salary	Highest Salary
\$ _____	\$ _____	\$ _____

Bonus or Incentive Eligible? _____ Amount: \$ _____

Director, Rates

Monitors and directs the research, analysis and preparation of rate cases, indexing and pass-throughs, consistent with State regulations and in accordance with established company policies and procedures. This position requires a four-year degree in Accounting, Finance, Business, Economics, Mathematics or related field and a minimum of eight years of rate making and design experience in a regulated utility environment.

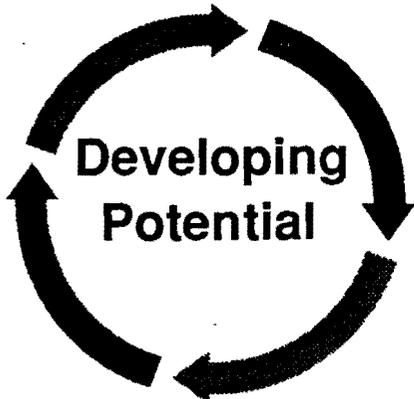
Number of Incumbents: _____

Salary Range Midpoint: \$ _____

Actual Salary Data:

Lowest Salary	Average Salary	Highest Salary
\$ _____	\$ _____	\$ _____

Bonus or Incentive Eligible? _____ Amount: \$ _____



SSU COMPANY-WIDE GENERAL TRAINING SCHEDULE

January - March, 1995

Registration>>>Be sure to fill out the Registration Form (attached as the last page) and return it to Jim Blondin before February 3rd. It is your best way to help in determining what training courses will be offered and when they will be offered.

Training Registration Form

How would you like to influence the training at SSU? You have that opportunity in your hands right now. Attached are descriptions of some courses that are available and a Course Registration Form. Please take a few minutes to fill out the form and **return it to Jim Blondin by February 3rd.** It will help shape our training efforts for years to come. Future training schedules will reflect your "votes" on the forms that are received.

Windows Training

The Company is continuing to upgrade to Windows based software. The Microsoft Office "suite" includes Windows 3.1, Word for Windows 6.0, Excel 5.0 for Windows and PowerPoint 2.0. Basic Windows training for those in Apopka is near completion. Other areas will



be trained near the time when the upgrade takes place.

One-hour training sessions are planned for Apopka regarding various subjects related to the Microsoft Office Suite. For example, a session regarding "mail merging" with Microsoft Word 6.0.

In some cases, learning on our own to perform a task in this software takes a considerable amount of time to perfect. However, with the guidance of someone who already invested the time, the amount of time to learn such a task can be shortened considerably. In addition, people gain confidence if they know they can try new things under the guidance of another. Are you willing to share something that you believe would help others with this software? If you are willing to share with others, let Jim Blondin know right away. Don't worry if you've never made a presentation. Jim will help you prepare for it.

If you have a topic that you would like to see presented in one of these one-hour sessions; or if you have questions regarding Windows training, contact Jim Blondin at Ext. 202.

Mid-Florida Tech Training

The training that we obtain from Mid-Florida Tech is very cost effective. It costs only \$0.75 per person per hour if 10 or more people attend for a particular session. That amounts to \$45 for a six-hour training session. If less than 10 people attend, the price structure changes to the rate of \$30 per hour (\$180 for a six-hour day). Even at the latter rate, the training is a bargain.

Training & Development will be happy to continue to coordinate sessions for anyone who wants to obtain this inexpensive training. However, as mentioned in the 1/6/94 High Pressure Bulletin, payment for attendees will be allocated to the respective cost centers. The form (on page 8) should be completed by the attendee and signed by the cost center supervisor and returned to Barbara Valdez before we will sign you up.

Employee Orientation

Human Resources will continue to provide orientation training on a quarterly basis. The next orientation for new employees will be on March 14th.

Kaset Training

"Everybody Has A Customer" (EHAC) training helps us deal better with each other. The two-day course gives tools for understanding behaviors; building rapport with others; recovering from others' actions so that future actions are not affected; and giving service in ways that let employees in

other departments know that we care and are trying to cooperate. It is essential training for everyone.

What Operations and Maintenance Employees Need to Know About the New SSU Safety Plan and Safe Operating Procedures (SOP # 1, 2 & 3)

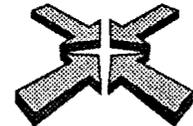
Jim Barratt will be providing this safety training to all operations and maintenance employees and their supervisors. Emphasis will be placed on the training required to implement *Bloodborne Pathogens* SOP and initial training on the requirements of the *Respiratory Protection* SOP. He plans to provide the 2.5 hour training session in each of the regions as well as in Apopka in January.



Myers - Briggs

Myers-Briggs is a personal questionnaire. It asks you to answer questions about your preferred ways of (1) doing things, (2) taking in information and (3) deciding things. Most people find it a revealing and fun experience.

Why take the MBTI? Most organizations like SSU offer it to show people how to work



more effectively with people who take in information and process information differently from ourselves. It is very useful in (1) understanding why others don't think the way we do, (2) understanding why others don't do things the way we think they should and (3) how to deal with others more effectively.

The MBTI is most effective when given to a relatively large group. Since the minimum group size is 15, be sure to sign up right away.



Train-the-Safety-Trainer

The intent of this training is to assist our Safety Training Coordinators. This seminar was well received by those who attended last August.

The session will be conducted in the Kravitz Training Room from 8:30 to 3:30 on March 28. If you have any questions or a problem with this schedule, contact Jim Barratt at Ext. 292.

Registration>>>You may register for any of the sessions below by calling our receptionist (Barbara Valdez) at Ext. 0. Dates (and times) are subject to change -- so be sure to call before attending. **Please have the courtesy to give notice 24 hours in advance if you are unable to attend a course for which you signed up so we can get someone else in your place.**

<u>DATES</u>	<u>TITLE</u>	<u>LOCATION</u>	<u>TIMES</u>
January 26	Safety Training	Deltona	8:00 -- 10:30
January 26	Safety Training	Deltona	1:00 -- 3:30
January 27	Safety Training	Apopka (modified sched)	7:00 -- 8:00
January 27	Excel 5.0 (beginning)	Apopka (I.S. Conf Rm.)	1:30 -- 4:30
January 31	Safety Training	Seaboard	9:00 -- 11:30
January 31	Safety Training	Lakeland	1:30 -- 4:00
February 1	Safety Training	University Shores	9:00 -- 11:30
February 2	Safety Training	Pamona Park	8:30 -- 11:00
February 3	Introduction to Windows	Rm 261 Mid- FL Tech	8:30 -- 3:30
February 6	Intermediate Excel	Rm 261 Mid- FL Tech	8:30 -- 3:30
February 8	Safety Training	Marco Island	8:00 -- 10:30
February 8	Safety Training	Marco Island	1:00 -- 3:30
February 9	Advanced Excel	Rm 261 Mid-FL Tech	8:30 -- 3:30
February 9	Safety Training	Lehigh	8:00 -- 10:30
February 9	Safety Training	Lehigh	1:00 -- 3:30
February 14	Safety Training	Martin County	1:00 -- 3:30
February 15	Safety Training	Apopka (makeups)	8:00 -- 10:30
February 16	Everybody Has A Customer (day 1 of 2)	Apopka (Kravitz Tng Rm.)	8:30 -- 4:30
February 21	Safety Training	Marion Oaks	1:00 -- 3:30
February 22	Safety Training	Citrus Springs	8:00 -- 10:30
February 22	Safety Training	Citrus Springs	1:00 -- 3:30
February 23	Everybody Has A Customer (day 2 of 2)	Apopka (Kravitz Tng Rm.)	8:30 -- 4:30
February 23	Safety Training	Spring Hill	8:00 -- 10:30
February 23	Safety Training	Spring Hill	1:00 -- 3:30
February 24	Intermediate Word	Rm 261 Mid-FL Tech	8:30 -- 3:30
February 27	Advanced Word	R m 261 Mid-FL Tech	8:30 -- 3:30
February 28	MBTI (Myers-Briggs) in Organizations	Apopka (Kravitz Tng Rm.)	1:30 -- 4:45
March 7	Safety Training	Sunny Hills	1:30 -- 4:00
March 14	Safety Training	Apopka (makeups)	8:00 -- 10:30
March 14	New Employee Orientation	Apopka (Kravitz Tng Rm.)	9:30 -- 3:00
March 28	Train the Safety Trainer	Apopka (Kravitz Tng Rm)	8:30 -- 3:30

Additional Sessions

If you are planning training sessions of interest to others, please forward the information so it can be included in the next edition of this schedule. Please give suggestions about such sessions and any other comments about this Bulletin to Jim Blondin.

Descriptions of Available Courses

Training for New Employees

Employee Orientation

This training is comprised of a review of SSU's compensation practices and benefits, an introduction to organizational development, a tour of Apopka Offices and issuance of ID badges, and overviews of key company functions such as rates, customer service, purchasing, environmental services, corporate development and safety.

Everybody Has a Customer

"Everybody Has A Customer" (EHAC) training helps us deal better with each other. The two-day course gives tools for understanding behaviors; building rapport with others; recovering from others' actions so that future actions are not affected; and giving service in ways that let employees in other departments know that we care and are trying to cooperate. It is essential training for everyone.

General Employee Training

Corporate Economics

This is a nuts-n-bolts course is based on CareerTrack's "Finance for Nonfinancial Professionals." The video tape enhanced course is separated into three sessions (Speaking Accounting, Reading Financials). *Videos: approximately 1 hour and 30 minutes each.*

Managing Stress

Is stress bad for us? What's the relationship between stress and personality types? How does stress affect the organization and what are stress management techniques that can be applied at work? What can I personally do about my own stress? This workshop offers answers to these and other questions that affect our lives both at work and away. *Video: Managing Stress -- 26 minutes.*

Myers-Briggs (Personality Types)

Myers-Briggs is a personal questionnaire. It asks you to answer questions about your preferred ways of (1) doing things, (2) taking in information and (3) deciding things. Most people find it a revealing and fun experience. It is very useful in (1) understanding why others don't think the way we do, (2) understanding why others don't do things the way we think they should and (3) how to deal with others more effectively.

Problem Solving

Have you ever felt overwhelmed by a project and wondered if there was a systematic way for groups to analyze problems and situations and arrive at consensus? Based on The New Rational Manager, this half-day workshop is an overview of problem solving and decision making principles. It describes: (1) how resolving problems falls into four specific thinking patterns, (2) the four basic steps in each pattern and, (3) the process questions for each thinking pattern. *Videos: Creative Problem Solving -- 26 minutes and Problem Solving Strategiew: The Synectics Approach -- 28 minutes.*

Speaking in Public

This workshop is designed to help those who are new to speaking in public. It will help those who will be making presentations outside the company (e.g., speakers bureau) and inside the company (e.g., managers meetings). It provides tips for dealing with fear and things you can do in advance of your presentation, just

before your presentation, during your presentation and when you've finished your presentation. *Video: Be Prepared to Speak -- 27 minutes.*

Telephone Etiquette

Because people cannot observe facial expressions and body language via telephone conversations, less than 50% of the potential message is communicated. **Telephone etiquette will help anyone who uses the telephone** (1) create a positive, professional image, (2) enhance listening skills and, (3) increase confidence and competence when dealing with people by telephone. *Videos: Who Are You, By the Way? -- 10 minutes and Professional Telephone Skills -- approximately 2 hours.*

Time Management

Have you ever wished for more than 24 hours in a day? Would you like to know how can you get more done? How effectively do you manage your time? Are you doing things that you like to do at the expense of things that are more important to do? How many of our activities occupy most of our time? Learn answers to these and other time saving questions in the Time Management workshop.

Supervisory Training

Coaching

Getting the best out of people in today's uncertain world means empowering employees by involving them in decision-making and that means assuming a leadership role emphasizing "helping" and "facilitating" rather than "assigning" and "controlling." This workshop helps leaders (1) understand the importance of coaching as a managerial tool, (2) learn the five steps in the coaching process and, (3) identify potential barriers to coaching and suggests some strategies for overcoming those barriers.

Delegating

One of the most important of all organizational skills is the leader's ability to delegate authority among those who work for him/her. Most all of us can recall examples of improper and ineffectual delegating from our experience. If there is no question that delegating is beneficial to the organization, why is it so often mishandled? This workshop examines the hidden traps that can undermine our efforts and provides basic steps that will aid the leader in building a stronger and more efficient department. *Video: Delegating -- 28 minutes.*

Effective Meetings

Much time is wasted by many people in meetings. This happens because the wrong people are at a meeting, the wrong number of people are attending, conflicts slow down the process, there is a lack of leadership and/or there has been too little preparation for the meeting. Learn how to conduct meetings that don't waste the time of many.

Managerial Impact (The Sid Story)

The purposes of this workshop are twofold: first, to highlight the personal impact that leaders have on productivity and second, to develop the leaders' recognition of themselves as motivators. It is based on the film titled "The Sid Story." Its objectives are for viewers to: (1) establish a positive work climate in which employees know what is expected, (2) see the advantages of being out in the operations they supervise looking for things being done right and, (3) provide Planned Spontaneous Recognition.

Positive Discipline

Virtually all employees come to work to do a good job. Sometimes, however, there becomes a need to deal with an infraction. Do you know the process to effectively (and properly) respond to a disciplinary situation? Corrective action should be viewed as part of a learning process designed to encourage an individual to improve performance or to become more aware of the need to conform with established Company policy. This workshop discusses the theory and shows how the use of SSU's policy can help bring about change(s) that affect both the company and the employee in a positive manner. *Video: Discipline Without Punishment -- 21 minutes.*

Team Building

Good teams don't just happen! Team building involves trust building which usually takes time to develop. There are several stages through which teams evolve before they generate synergy. You should be able to recognize and understand these in order to proactively change your group into a team. This workshop provides insight into the stages of team building and strategies to enhance the team's development. *Video: Team Building -- 21 minutes.*

Sign-Up Form
Mid-Florida Technical Institute



Name of Class: _____
Date of Class: _____
Cost Center: _____
Supervisor Approval: _____

Sign-Up Form
Mid-Florida Technical Institute



Name of Class: _____
Date of Class: _____
Cost Center: _____
Supervisor Approval: _____

Sign-Up Form
Mid-Florida Technical Institute



Name of Class: _____
Date of Class: _____
Cost Center: _____
Supervisor Approval: _____

Course Registration Form

Please complete and return this form to Jim Blondin by February 3rd.

	1st or 2nd <u>Qtr.</u>	3rd or 4th <u>Qtr.</u>	<u>Never</u>
<u>Training Courses Currently Available</u>			
New Employee Training			
Employee Orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Everybody Has A Customer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Employee Training			
Corporate Economics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Managing Stress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myers - Briggs (Personality Types)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Problem Solving	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Speaking in Public	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Telephone Etiquette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Time Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Windows Software	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supervisory Training			
Coaching	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Delegating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Effective Meetings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Management Impact (The Sid Story)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Positive Discipline	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Team Building	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Training that could be obtained (if sufficient interest is shown)</u>			
EAP (Employee Assistance Program) "Brown-Bag" Workshops			
Aids Facts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assertiveness Training	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Better Management of Your Time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Co-Dependency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coping with Difficult People	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coping with Teenagers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Divorce Issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Drug-Free Workplace Training	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Holiday Stress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parenting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Personality & Work Styles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Skills to Help You Cope Diring a Crisis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	1st or 2nd <u>Qtr.</u>	3rd or 4th <u>Qtr.</u>	<u>Never</u>
Effective Supervisory Methods			
Communications	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dynamics of Diversity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Empowerment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Group Dynamics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Handling Conflict	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leadership Skills for Women	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Managing Organizational Change	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Motivation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Project Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Setting Goals and Objectives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technical Person in a Leadership Role	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Total Quality Management (TQM)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other			
Business Writing Skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Company policies and procedures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other Department's Functions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____ (Your Name and SSU Location)			

**FLORIDA LEAGUE OF CITIES
COOPERATIVE SALARY SURVEY**

**GROUP I:
Cities Over 50,000 Population**

**Florida League of Cities, Inc.
201 West Park Avenue
Post Office Box 1757
Tallahassee, Florida 32302-1757
(904) 222-9684 Suncom: 278-5331**

February 1994

Responding Group I Cities and Counties Over 50,000 Population

<u>City or County Name</u>	<u>Population</u>	<u>City or County Name</u>	<u>Population</u>
Alachua County	186201	Martin County	105031
Bay County	131347	Melbourne	62426
Boca Raton	63224	Metropolitan Dade County	1982901
Brevard County	417740	Miami Beach	93461
Broward County	1294090	Monroe County	80968
Citrus County	98623	North Miami	50090
Clearwater	99856	Okaloosa County	149997
Collier County	168514	Orange County	712637
Coral Springs	86327	Orlando	169675
Escambia County	267800	Palm Beach County	896970
Fort Lauderdale	147678	Pembroke Pines	70909
Gainesville	85587	Pensacola	59833
Hernando County	108112	Pinellas County	860736
Highlands County	72157	Plantation	70544
Hillsborough County	853990	Pompano Beach	72671
Hollywood	123296	Port St. Lucie	62813
Indian River County	94091	St. Lucie County	158937
Jacksonville	653206	St. Petersburg	239132
Lake County	162579	Sarasota	51058
Lakeland	71896	Sarasota County	287203
Largo	66513	Seminole County	305872
Lauderhill	50034	Sunrise	69187
Lee County	350809	Tallahassee	129258
Leon County	202570	Tampa	281837
Manatee County	219313	Volusia County	383983
Marion County	206642	West Palm Beach	68270

512 PLANT OPERATOR B

CITY	MINIMUM	MAXIMUM	ACTUAL AVERAGE	L/S/H MATCH	# INC	ABOVE	TITLE
Bay County	18512	27872	18741	S	1	Y	Water Trt Plt/Lead Opr
Boca Raton	23150	37460		S			5% add'l for B only
Brevard County	22027	30846	25311	L	2		Chief Treatment Plt Opr B
Broward County	19695	32272	28580	L	41	Y	Plant Opr II
Clearwater	22547	32650		S		Y	Plt Opr B
Collier County	21216	31491	27884	S	15	Y	Sr Plt Opr
Escambia County	18920	28380	27315	S	13	N	WW Trt Plt Opr II
Fort Lauderdale	25542	33488	33488	S	5	Y	W Trt Plt Opr II
Gainesville	23566	30921	28868	S	1	N	WW Plant Opr II
Hernando County	18762	27206	23899	S	1	Y	Water Plt Opr II
Hollywood	23944	35163		S		N	Operator II
Indian River County	23733	32032	24771	S	15		Water/WW Plt Opr B
Jacksonville	27804	43716	40371	S	4	Y	Water Opr Supv
Lakeland	21403	30118	26021	S	7	Y	W/Plant Opr II
Lauderhill	21600	30000		S		N	Plt Opr B
Lee County	21034	30498	24469	S	10		Utl Plt Opr B
Manatee County	20904	34445	22235	S	11	N	W/WW Plt Opr II
Martin County	19989	29994	24078	S	10	Y	Treatment Plt Opr II
Melbourne	21705	26188	25919		4		WTP Opr B
Metro Dade County	20278	30983	32129	S	29		Treatment Plt Opr II
Okaloosa County	15329	30389	21757	S	3	Y	WWTP Opr II
Orange County	20384	29411	25002		29		Opr I B
Orlando	22360	29452	23366	S	10		Trt Plt Opr B
Palm Beach County	23662	35895	30630	S	12	N	Utl Plt Opr II
Pembroke Pines	21830	32880	24569	S	8	Y	W/Plt Opr II
Pinellas County	19722	30603	24190	H	2	Y	W/Plant Opr
Plantation	25237	35360	33280	S	8	N	Plt Opr B
Sarasota	18839	28258	23661	S	5		Sr Plt Opr
Sarasota County	21110	31807	22483	S	3	Y	Treatment Plt B Opr
Seminole County	19697	29244	21008	S	3		Treatment Plt Opr B
St Lucie County	19240	27684	21316	S	5	Y	Plant Opr B
St Petersburg	25792	34694	32271	S	8		W Plt Opr III
Sunrise	25721	34593		S	8	N	Sr Utl Opr
Tallahassee	18970	30326	25123	S	7	Y	WW Treatment Opr B
Tampa	24398	34715	29821	S	8	Y	W/Plant Opr II
Volusia County	19344	28995		S			Treatment Plt Opr B
West Palm Beach	28829	40456	33976	H	9	Y	Lead W/WW Plt Opr

Average 21805 31905 26662

DOCKET 950495-WS
EXHIBIT NO. 144
CASE NO. 76-04227

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a rate)
increase for Orange-Osceola)
Utilities, Inc. in Osceola County,)
and in Bradford, Brevard, Charlotte,)
Citrus, Clay, Collier, Duval,)
Highlands, Lake, Lee, Marion,)
Martin, Nassau, Orange, Osceola,)
Pasco, Putnam, Seminole, St. Johns,)
St. Lucie, Volusia, and Washington)
Counties by Southern States)
Utilities, Inc.)
_____)

Docket No. 950495-WS

Cross Examination Exhibit 144

Excerpt from Florida League of Cities Cooperative Salary Survey
Group II: Cities 10,000 - 50,000 Population
April, 1994

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 950495 EXHIBIT NO. 144
COMPANY/
WITNESS:
DATE: 9/29/96

**FLORIDA LEAGUE OF CITIES
COOPERATIVE SALARY SURVEY**

**GROUP II:
Cities 10,000 - 50,000 Population**

**Florida League of Cities, Inc.
201 West Park Avenue
Post Office Box 1757
Tallahassee, Florida 32302-1757
(904) 222-9684**

April 1994

Group II Cities and Counties Between 10,000 and 50,000 Population

<u>City or County Name</u>	<u>Population</u>	<u>City or County Name</u>	<u>Population</u>
Altamonte Springs	36380	Lauderdale Lakes	27577
Apopka	15037	Leesburg	15063
Atlantic Beach	12495	Lighthouse Point	10391
Bartow	15002	Miami Springs	13230
Bradenton	46342	Miramar	41872
Bradford County	23056	New Smyrna Beach	17231
Casselberry	22227	Niceville	10915
Coconut Creek	30009	North Lauderdale	26554
Cooper City	23955	North Palm Beach	11747
Coral Gables	40700	North Port	13038
Crestview	10942	Ocala	41863
Deerfield Beach	47320	Ocoee	15107
Deland	17048	Opa-Locka	15255
Delray Beach	48346	Ormond Beach	30570
Dunedin	34771	Panama City	35427
Edgewater	16394	Pinellas Park	43652
Eustis	13654	Plant City	24033
Flagler County	31999	Port Orange	37311
Fort Myers	45043	Punta Gorda	11587
Fort Pierce	36722	Rockledge	16753
Fort Walton Beach	21745	Safety Harbor	15427
Gadsden County	42472	Sanford	34156
Greenacres	19442	Sebastian	11569
Gulfport	11761	South Daytona	12632
Haines City	12037	St Augustine	11679
Hamilton County	11535	St Cloud	14297
Holly Hill	11198	Stuart	12195
Jackson County	42577	Sweetwater	14096
Jacksonville Beach	19199	Tamarac	46375
Jupiter	25898	Temple Terrace	16976
Kissimmee	30984	Titusville	40405
Lady Lake	10109	Venice	17491
Lake City	10087	Vero Beach	17443
Lake Worth	28387	Winter Haven	24852

512 PLANT OPERATOR B

CITY	MINIMUM	MAXIMUM	ACTUAL AVERAGE	L/S/H #	INC	ABOVE	TITLE
Apopka	19262	28719		S	1	N	
Bartow	20675	22901			5		Plt Opr II
Bradenton	20218	29078	24478		2		Opr B
Cooper City	25337	34928	31362	S	4	Y	Treat Plt Opr
Crestview	16931	21694			1		Plt Opr B
Deerfield Beach	22668	33491	31891	L	13	Y	Water Opr II
Delray Beach	24209	35113	30395	S	3		Treatment Plt Opr B
Dunedin	17481	27543		S	3	N	Water Plt Opr I
Edgewater	20021	28030	23948	S	1	N	W/WW Plt Opr B
Eustis	19822	29203	21830	S		N	Utl Foreman
Fort Myers	19635	29432	22550	S	6		Plt Opr B
Fort Walton Beach	15726	24315	16203	S	1	Y	Treatment Opr II
Haines City	18755	22408			4		
Holly Hill	17844	26231	23774	H	1	N	W/WW Trt Plt Opr
Jupiter	23026	33238	28525		12		Water Plt Opr II
Kissimmee	21648	30461	26746	S	9	Y	
Lake City	16085	23680	16932	S	1		Water Plt Opr B
Lake Worth	22589	31824	24991	S	2	N	Plt Opr B
Leesburg	20862	26624	24263	S	2	N	W/WW Opr B
Miramar	25000	35000		S	3		
North Lauderdale	24808	34198	34735	H	1		Asst Ch W/Tr Pl Opr
North Port	20675	29203	24575	S	2	N	
Ocala	20302	29437		L	2		Treat Pl Opr Mech
Ormond Beach	20444	29098	25541	S	2	N	Plt Trt Opr B
Panama City	17316	26520	19682	S	2	Y	WTP Opr II
Port Orange	21495	31830	32357	S	5	Y	Shift Supv
Punta Gorda	22455	33022	29373		4	Y	Treat Pl Opr B
Rockledge	18318	26780	19527	S	2	N	B Opr/Tech
Sanford	18602	27971		S	2		Utl Water Plt Opr II
St Augustine	21924	29597	26020	S	3	N	W/WW Pl Opr B
Stuart	19282	25067	20053	S	1	N	+ \$900/yr for Lic
Tamarac	25210	46115	37247	S	2	N	Plt Opr B
Temple Terrace	20176	28246	23566	S	2	N	Plant Opr II
Venice	20487	29910	24288	S	5	N	Plt Opr B
Vero Beach	25231	33218	27142	S	14	Y	Trt Pl Opr II
Winter Haven	19032	26104	20769	S	10	Y	W/WW Plt Opr B
Average	20654	29451	25456				

FLORIDA LEAGUE OF CITIES

**COOPERATIVE
SALARY SURVEY**

**GROUP III:
Cities Under 10,000
Population**

**Florida League of Cities, Inc.
201 West Park Avenue
Post Office Box 1757
Tallahassee, Florida 32302-1757
(904) 222-9684**

May 1994

Group III Cities Under 10,000 Population Responding

Anna Maria	1789	Holmes Beach	4892
Apalachicola	2680	Hypoluxo	1117
Archer	1406	Indian Beach Shores	2366
Atlantis	1673	Indian Rocks Beach	3970
Avon Park	8101	Indian Shores	1442
Bal Harbour Village	3033	Juno Beach	2185
Bay Harbor Islands	4721	Kenneth City	4299
Belleair	3981	Key Biscayne	8897
Belleair Beach	2090	Key Colony Beach	1011
Belleair Bluffs	2221	Keystone Heights	1311
Belleview	3051	Lake Helen	2374
Biscayne Park	3081	Lake Mary	6426
Bradenton Beach	1653	Lake Park	6639
Brooksville	7485	Lake Placid	1210
Bushnell	2107	Lake Wales	9759
Cape Canaveral	8100	Lantana	8396
Carrabelle	1219	Lauderdale-By-The-Sea	2974
Chattahoochee	4334	Live Oak	6334
Chiefland	1997	Longboat Key	6260
Chipley	3898	Lynn Haven	9757
Clermont	6904	Madeira Beach	4251
Clewiston	6154	Maitland	8981
Dade City	5652	Malabar	2147
Defuniak Springs	5082	Malone	1442
Dundee	2397	Mascotte	1870
Eagle Lake	1909	Melbourne Beach	3090
Eatonville	2513	Midway	1118
Edgewood	1102	Minneola	1710
Fellsmere	2279	Moore Haven	1537
Fernandina Beach	9089	Mt Dora	7535
Flagler Beach	3986	Mulberry	3039
Florida City	6067	Neptune Beach	7135
Fort Meade	5241	Newberry	1885
Fruitland Park	2830	North Bay Village	5550
Graceville	2637	Ocean Ridge	1593
Green Cove Springs	4671	Okcechobee	4910
Gretna	2015	Oldsmar	8485
Groveland	2362	Orange City	5734
Gulf Breeze	5740	Orange Park	9448
Hialeah Gardens	9259	Pahokee	6871
Highland Beach	1746	Palm Beach	9819
Hillsboro Beach	1746	Palm Beach Shores	1031

CITY	MINIMUM	MAXIMUM	ACTUAL AVERAGE	L/S/H MATCH	# INC	ABOVE	TITLE
von Park	17374	24904	24904	H	1	N	Chief Opr
elleair	19084	27768	21503	S	1		Water Plt Opr II
ape Canaveral	18204	24814		S		Y	Class B Opr
ermont	14248	21258	14248	S	1	N	WW Plt Opr
ewiston	25376				1		
ernandina Beach	26223	27449	26836	S	5	N	WW Opr II
lorida City	20000	25000	21800	S	2	Y	Plant Opr B
een Cove Springs	17624	24903	19230	S	3		Utl Plt Opr B
ighland Beach	22402	31346	29081	S	1	Y	Plant Opr B
ount Dora	18200	26506	19313		4		WW Plt Opr
alberry	18346	18346			3		Sewer Opr
eptune Beach	17487	26231	20152	S	6	Y	W/WW Opr
keechobee		20000	20000	S	2	N	Plt Opr B
ldsmar	20592	29661	25126	S	2	N	WW Plt Opr B
range Park	20489	34009	26647	S	1		
hokee	25043	26748	25896	S	2		
alm Springs	24876	39742		S			Plt Opr II
erry	15908	21395	16591	S	3	Y	Plt Opr W/WW
arke		29390	29390	S		N	
ivares	18200	26506		S		2	
equesta	23987	33078		S		N	Plt Opr II
Average	20193	26953	22714				

DOCKET 950495-WS

EXHIBIT NO. 146

CASE NO. 96-04227

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

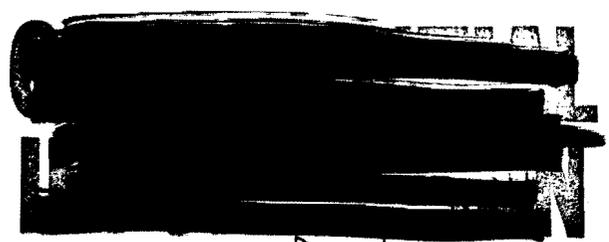
In re: Application for a rate
increase for Orange-Osceola
Utilities, Inc. in Osceola County,
and in Bradford, Brevard, Charlotte,
Citrus, Clay, Collier, Duval,
Highlands, Lake, Lee, Marion,
Martin, Nassau, Orange, Osceola,
Pasco, Putnam, Seminole, St. Johns,
St. Lucie, Volusia, and Washington
Counties by Southern States
Utilities, Inc.

Docket No. 950495-WS

Declassified
Confidential

Cross Examination Exhibit _____

Excerpt from Hewitt Study: VP Finance & Administration



FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950495 EXHIBIT NO. 146
COMPANY/ WITNESS: SSU
DATE: _____

Declassified
DOCUMENT NUMBER-DATE
06570 JUN 18 88

FPSC-RECORDS/REPORTING
X-REF 08006-96 7/31/96

JOB TITLE VP FINANCE & ADMINISTRATIONCOMPANY SSUBASE \$88.0TOTAL \$101.6BENCHMARK X

REFERENCE POINT

SURVEY INFORMATION														COMMENTS
SURVEY SOURCE	SURVEY POSITION TITLE AND INDUSTRY CLASSIFICATION	SURVEY SCOPE	# REPORTED		DATA TYPE	SURV EFF DATE	UNADJ DATA BASE	UNADJ DATA TOTAL	UPDATE FACTOR	COMPENSATION DATA				
			Co.	Ind.						BASE	TOTAL	WEIGHT		
B & Y-MMS	TOP FINANCIAL OFFICER -GENERAL INDUSTRY	U.S. \$25 MIL-\$50 MIL REVS	106	106	A	4/93	\$79.4	\$96.3	1.05621	\$84.1	\$101.7	1	RAW DATA REDUCED BY 10% FOR DIVISION	
ECS-TMR	TOP FINANCIAL EXECUTIVE -GENERAL INDUSTRY	U.S. \$45 MIL REVS	137	137	R	3/93	\$85.3	\$106.4	1.05250	\$89.9	\$111.9	2	RAW DATA REDUCED BY 10% FOR DIVISION	
PRIVATE	TOP FINANCE & ACCOUNTING EXECUTIVE -UTILITY INDUSTRY	U.S. \$45 MIL REVS	92	92	R	3/93	\$74.8	\$78.5	1.06000	\$79.3	\$83.2	2	RAW DATA REDUCED BY 10% FOR DIVISION	
WMM-PAL	TOP DIVISION FINANCIAL OFFICER -GENERAL INDUSTRY	U.S. UNDER \$100 MIL REVS	19	20	M	3/93	\$90.4	\$113.5	1.06000	\$96.1	\$120.3	1	RAW DATA REDUCED BY 10% FOR SCOPE	
SABE	TOP FINANCIAL EXECUTIVE -WATER UTILITIES	U.S. \$45 MIL REVS	17	17	R	4/94	\$97.3	\$107.3	1.01125	\$98.4	\$108.5	3	RAW DATA REDUCED BY 10% FOR DIVISION	
CUSTOM- INFORMAL	VP-FINANCE & ADMINISTRATION -WATER UTILITIES	FLORIDA	7	7	A	12/93	\$64.2	\$76.7	1.02625	\$65.9	\$78.7	1	AVERAGE REVS - \$46.3 MIL RAW DATA REDUCED BY 10% FOR DIVISION	

* M-MEDIAN; A-AVERAGE; WA-WEIGHTED AVERAGE; R-REGRESSION; 3RD=THIRD QUARTILE

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a rate)
increase for Orange-Osceola)
Utilities, Inc. in Osceola County,)
and in Bradford, Brevard, Charlotte,)
Citrus, Clay, Collier, Duval,)
Highlands, Lake, Lee, Marion,) Docket No. 950495-WS
Martin, Nassau, Orange, Osceola,)
Pasco, Putnam, Seminole, St. Johns,)
St. Lucie, Volusia, and Washington)
Counties by Southern States)
Utilities, inc.)
_____)

Confidential

Cross Examination Exhibit _____

Calculation of 1994 Executive Bonuses

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a rate)
increase for Orange-Osceola)
Utilities, Inc. in Osceola County,)
and in Bradford, Brevard, Charlotte,)
Citrus, Clay, Collier, Duval,)
Highlands, Lake, Lee, Marion,)
Martin, Nassau, Orange, Osceola,)
Pasco, Putnam, Seminole, St. Johns,)
St. Lucie, Volusia, and Washington)
Counties by Southern States)
Utilities, Inc.)
_____)

Docket No. 950495-WS

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Cross Examination Exhibit _____

Southern States' 1994 Incentive Compensation Plan

SOUTHERN STATES UTILITIES, INC.
1994 INCENTIVE COMPENSATION PLAN

APPROVED *B. T. Phillips*
B. T. Phillips

DATE 3/24/94

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SOUTHERN STATES UTILITIES, INC.

Incentive Compensation Plan

Incentive Pay Plan for 1994:

Designed to reward executives for working together to achieve joint goals in 1994.

Plan components will provide monetary reward for:

<u>Factor</u>	<u>Component</u>
50%	1) Contribution as part of group effort to achieve key SSU goals.
50%	2) Achieving targeted financial results from the sale of VGU.

Payments will be made in April, 1995 for 1994.

All participants will receive same rating for components 1) and 2) of plan.

<u>Performance Level</u>	<u>% of Target Incentive Opportunity Earned</u>
Target	100%
Superior	75%
Threshold	50%
Below Threshold	0%

Aggregate Awards will be limited to the following groups:

Vice Presidents	20%
Assistant Vice President, Controller, Environmental Services Manager, Director Legal Service, and Director Rates	10%

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Performance level criteria for each component are defined as follows to facilitate computation of the award.

Component 1

Key Organizational Goals

- o A&G and O&M expenses at or below \$30,890,000 budget.
- o Update Customer Service Policy & Procedure Manual.
- o Conserve and protect natural resources by reducing unaccounted for water amounts by 5%; providing conservation education and developing reuse projects.
- o Maintain a uniform rate structure for SSU.
- o Reduce total companywide short term sick time to a total of 1,330 days for the year.
- o Reduce companywide, nonexempt overtime to 36,000 hours or less. This represents an additional 3% reduction from 1994 budget, and a 9% overall reduction from the estimated 1993 overtime experience rate (adjusted for vacant positions).

Target	Achievement of all key goals identified.
Superior	Achievement of 5 key goals identified.
Threshold	Attainment of the majority of goals identified.

Component 2

Targeted Financial Results

Budgeted EPS From Sale of VGU - \$.35 (Approx. \$9.8MM after tax/28.3MM ave. shares)

Target	2% of Pay For Each \$.01 Per Share Additional Gain
Threshold	100% of Budgeted EPS