

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application by Southern ) Docket No. 950495-WS  
 States Utilities Inc. for rate )  
 increase and increase in service)  
 availability charges for Orange- )  
 Osceola Utilities, Inc. in )  
 Osceola County, and in Bradford, )  
 Brevard, Charlotte, Citrus, )  
 Clay, Collier, Duval, Hernando, )  
 Highlands, Hillsborough, Lake, )  
 Lee, Marion, Martin, Nassau, )  
 Orange, Osceola, Pasco, Polk, )  
 Putnam, Seminole, St. Johns, )  
 St. Lucie, Volusia and )  
 Washington Counties. )



NINTH DAY - MID AFTERNOON SESSION

VOLUME 36

PAGES 4187 through 4377

## PROCEEDINGS:

## HEARING

## BEFORE:

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

## DATE:

Thursday, May 9, 1996

## TIME:

Commenced at 3:00 p.m.

## PLACE:

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

## REPORTED BY:

LISA GIROD JONES, RPR, RMR

## APPEARANCES:

(As heretofore noted.)

DOCUMENT NUMBER-DATE

05315 MAY 10 96

FPSC-RECORDS/REPORTING

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**EXHIBITS**

<b>NUMBER</b>	<b>IDENTIFIED</b>	<b>ADMITTED</b>
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PROCEEDINGS

(Transcript continues in sequence from  
Volume 35.)

CARLYN HARPER KOWALSKY

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

CONTINUING CROSS EXAMINATION

BY MR. McLEAN:

Q Exactly. And my question is directed to the  
firm which told your firm what the effect of the float  
was. Does it say, We think this will -- we think this  
will serve your conservation program very well, or --

MR. HOFFMAN: Objection. I would say that  
this letter speaks for itself and that no questions as  
to what is or is not on this letter are necessary.

MR. McLEAN: May I respond? Of course the  
letter speaks for itself. Now what I would like to  
do -- I'm in the process of testing Ms. Kowalsky's  
representation to the Commission that the quote which we  
took off the letter was out of context. That requires  
us to look at the context of the letter.

CHAIRMAN CLARK: I'll allow the question.

WITNESS KOWALSKY: I'm sorry, what was the  
question?



1 Q (By Mr. McLean) I think that it was directed  
2 to whether the word "conservation" appears on the  
3 letter.

4 A No.

5 Q Is the context of this letter -- does the  
6 context -- is the message of this letter sound in public  
7 relations or sound in conservation?

8 A If you want to talk just about this letter, we  
9 can talk about this letter and the thoughts of George  
10 Cecil, who wrote the letter, and obviously he was making  
11 a comment to us about the incidental PR benefits of it.

12 Q Noticeably absent from the letter is his  
13 general comments about the conservation serving aspects;  
14 am I right?

15 A There's nothing in here using that word, no.

16 Q Ms. Kowalsky, would you look to Page 2 of the  
17 exhibit. Let me ask you a general question before we  
18 look at the context of this letter. Does Southern  
19 States concede that -- or does Southern States concede  
20 that any dollars paid to Image Marketing should be  
21 disallowed because they are essentially public  
22 relations, spent in the endeavor of public relations?

23 A There are no dollars in the conservation  
24 budget that are for public relations that are not  
25 related to conservation.

1 Q Okay.

2 A And when we say the word "public relations," I  
3 think we've -- in the budget, the person who did prepare  
4 the budget, which was -- is no longer with the Company,  
5 did use the term "public relations" and "public  
6 education" interchangeably, it seems to me, from my  
7 review of that budget.

8 Q Well, you're testifying that Ms. Dismukes  
9 found these items out of context. I don't believe that  
10 you testified that you meant something that Ms. Dismukes  
11 obviously meant something different by public relations  
12 than you meant. Do you understand the question?

13 A I don't know what the question is.

14 Q Okay, let's look at Page 2. Do you have it?

15 A Yes.

16 Q Okay. Let's look at the first sentence, the  
17 luncheon with Jack O'Brien. Who is Jack O'Brien?

18 A He's a reporter.

19 Q For what paper?

20 A I'm not sure, down in Marco Island.

21 Q Do you know what general area?

22 A Marco Island.

23 Q Marco Island?

24 A Uh-huh.

25 Q Let's skip down to the third line, finding out

1 exactly what kind of advance information he wanted on  
2 the rate case. Does that have anything to do with  
3 conservation?

4 A Well, Mr. Cecil, as I said, does things other  
5 than conservation. He does other types of newspaper and  
6 press matters -- handles those kind of things for us as  
7 well.

8 Q Do you know if Southern States has conceded  
9 that any money which is paid to Image Marketing is  
10 disallowable because it is public relations?

11 A We may have paid Image -- or we may have in  
12 our budget dollars for Image Marketing in another part  
13 of the budget, but the dollars that are in the  
14 conservation budget are just for conservation. But we  
15 may from time to time get memorandum from Image  
16 Marketing which would cover both topics.

17 Q Ms. Kowalsky, do you know whether if it is  
18 image enhancing it should be in any budget of SSU that's  
19 presented to the Commission, with that money being  
20 presented above the line?

21 A I don't know.

22 Q Down at the bottom of that paragraph it  
23 says -- it says, "The will" -- I assume he meant "There  
24 will be nothing but a benefit for SSU." Is any  
25 reference to conservation in that thought?

1           A     I'm sorry, I don't know where you are.

2           MR. HOFFMAN:  Where are you, counsel?  Which  
3 document?

4           Q     (By Mr. McLean)  I'm sorry, at the bottom of  
5 that first full paragraph there is a sentence which  
6 begins third line up.  It says, "The well" -- I think  
7 the gentleman meant to say, "There will be nothing but a  
8 benefit for SSU."  Let me ask the question generally.  
9 Do you see the word "conservation" or any notion related  
10 to conservation anywhere on the page?

11          A     As I said, this memoranda may have not dealt  
12 with conservation.  He's employed for other reasons  
13 besides conservation.

14          Q     Let's look to Page 9.  Would you look to the  
15 first paragraph of Page 9?  This too is a similar  
16 memorandum to your company from Mr. -- from Image  
17 Marketing; is that correct?

18          A     Yes.

19          Q     The fourth paragraph down, there is the words  
20 "The only sour note came from our old nemesis, Jack  
21 O'Brien, who as usual went off on his own tangent,  
22 ignoring the obviously positive drift of the meeting."  
23 I suppose that, too, is outside your conservation  
24 concerns?

25          A     I don't even know what it was referring to.

1 Q Let me turn you to Page 24 of the same  
2 exhibit. Do you have that page, ma'am?

3 A Yes.

4 Q Look down to the fourth paragraph, if you  
5 would. I'm going to read from the letter and ask if my  
6 reading is correct, "If you do come down, it also would  
7 be good to schedule a meeting with Jack O'Brien at the  
8 Marco Eagle. Anything we can do to calm him down a  
9 little will be helpful. Sometimes personal contact can  
10 smooth off the rough edges. We haven't schmoozed him  
11 lately and he just may need a fix." And again,  
12 "conservation" isn't mentioned anywhere on the page; is  
13 that right?

14 A It may not be.

15 Q But it's your testimony that since you hired  
16 Image Marketing to do other things, other than  
17 conservation, things like that may be pursuant to one of  
18 those endeavors?

19 A Correct.

20 Q What documents does SSU have upon which the  
21 Commission can rely to separate those kinds of expenses  
22 out?

23 A All I can tell you is that the budget that is  
24 included in my testimony does not include dollars for  
25 efforts by Image Marketing other than conservation.

1 Q Okay. Let's look at Page 12 -- sorry, let me  
2 catch up just a minute. Let's look to Page 13.

3 MR. HOFFMAN: Same exhibit, counsel?

4 MR. MCLEAN: Yes.

5 Q (By Mr. McLean) See the "water main break  
6 PR"? Do you have any idea what that means?

7 A Excuse me?

8 Q "Water main break PR," that's the third  
9 paragraph down.

10 A Uh-huh.

11 MR. HOFFMAN: Madam Chairman, I'm going to  
12 object. I think that's outside the scope of her  
13 rebuttal testimony.

14 MR. MCLEAN: Well, she's supporting the  
15 conservation costs, and these appear to be one of them.  
16 If this is not part of the conservation costs, I would  
17 like this witness to tell us how that we know it's not.  
18 It is a bill from Image Marketing.

19 WITNESS KOWALSKY: I think I can probably  
20 clarify some of this.

21 CHAIRMAN CLARK: Ms. Kowalsky, there's an  
22 objection pending.

23 Mr. Hoffman, are you going to pursue that?

24 MR. HOFFMAN: Yes, ma'am. We're looking at a  
25 document under Image Marketing that pertains to water

1 main breaks, and my point was, water main breaks are  
2 outside the scope of her prefiled rebuttal testimony.

3 CHAIRMAN CLARK: Well, Mr. Hoffman, as I've  
4 understood it, this is for purposes of testing -- taking  
5 comments out of context, and as pointed out by  
6 Mr. McLean, if it doesn't relate to that, she can say  
7 that.

8 MR. HOFFMAN: Okay.

9 CHAIRMAN CLARK: Mr. McLean.

10 MR. McLEAN: Yes, ma'am.

11 CHAIRMAN CLARK: Would you ask your question  
12 again, please?

13 MR. McLEAN: Yes, ma'am. Thank you.

14 Q (By Mr. McLean) "Water main break PR," does  
15 that stand for water main break public relations?

16 A I don't know.

17 Q Does your testimony support the notion that  
18 these expenses should be recovered in this rate case,  
19 that the expense reflected on Page 13 of the exhibit to  
20 which we've been referring, Exhibit No. 208?

21 A It looks like part of the costs may and part  
22 of them may not. I think one of the problems that we're  
23 having in trying to discuss this particular discovery  
24 response is that the request says, "Please provide a  
25 copy of all memorandum from Image Marketing to the

1 Company and all memorandum from the Company to Image  
2 Marketing." The discovery request is not limited to  
3 conservation, and I didn't even provide the documents  
4 that are contained here.

5 Q Okay, I understand that problem. Now, is  
6 there any document or is there any witness in this case  
7 who can tell this Commission which of those expenses are  
8 permissible and which are allowable and which ones are  
9 disallowable?

10 A Are you referring to past expenses?

11 Q This one right here reflected on this  
12 document, for example. It is clear that Image Marketing  
13 has charged Southern States for some sort of public  
14 relations related to a water main break, right?

15 A Correct -- well --

16 Q How do we know that's not in the conservation  
17 program?

18 A If you're talking about the proposed cost, I  
19 don't have any budget for a water main break.

20 Q You have a proposed budget for Image  
21 Marketing, though, don't you?

22 A There is a breakdown for outside services in  
23 the budget.

24 Q Okay. On Page 3, Line 17, Ms. Kowalsky, you  
25 say, "If these efforts incidentally result in reflecting



1 a positive image for the Company, this can only be  
2 viewed as a good thing." Do you take Ms. Dismukes'  
3 testimony -- and I went through this -- I think you were  
4 in the room yesterday -- I went through with this a  
5 water management district person strangely enough. But  
6 do you believe that Ms. Dismukes has testified that the  
7 incidental -- that incidental enhancement of public  
8 relations should be disallowed, or do you believe that  
9 it is true that she said where the principal thrust of  
10 the particular endeavor is public relations, that the  
11 expenses associated with that matter should be  
12 disallowed?

13 A Well, it seems to me, based on some of your  
14 questions here today, that anything -- if the memo  
15 doesn't, you know, reflect -- I mean it seems to me  
16 that, yes, you're talking about anything that has  
17 marketing or public relations, anywhere that word is  
18 found, you're trying to disallow that cost.

19 Q Now with respect to those questions I asked, I  
20 think the question was -- I didn't ask you whether the  
21 word "conservation" predominated over public relations.  
22 But the gist of each of those questions was, isn't it  
23 true that the whole document excludes any reference to  
24 conservation? Wasn't that the gist of those questions  
25 to which you just referred?

1 A I don't know how to answer that.

2 Q Well, okay, I'll let it pass.

3 Okay, let's move to Page 5, Line 12, of your  
4 rebuttal testimony. "There are several important  
5 aspects of a successful retrofit program. Certainly, we  
6 need to ensure that the quality of the devices are such  
7 that the customers will utilize them. Of the 6,253 SSU  
8 has distributed so far, we have not received any  
9 complaints about the quality of the devices." And it's  
10 true, isn't it, that Ms. Dismukes took some issue with  
11 your recurring expenses for these devices, correct?

12 A Yes.

13 Q How much do customers have to pay for those?

14 A Under the proposed program, they would be free  
15 to customers.

16 Q And how much -- of the 6,253 already  
17 distributed, how much did they pay for it -- I'm sorry,  
18 how many did they pay for?

19 A Excuse me?

20 Q Of the 6,253, did customers generally pay for  
21 those?

22 A Part of them were purchased and part of them  
23 were free.

24 Q With respect to the ones that were free --  
25 well, you go on to say that you have no complaints about

1 the quality of the devices nor any indication from  
2 customers that they did not want to utilize them for any  
3 other reason. If they're free, what incentive is there  
4 to the customer to complain about them?

5 A As I said, some of them are purchased. Some  
6 of them the customers sent away and paid \$10 to receive  
7 the kit.

8 Q I was going to ask you about those too. But  
9 my question goes to the ones that were free.

10 A Well, we get a lot of feedback from  
11 customers. And they generally tell us if they don't  
12 like something.

13 Q Generally they tell you they don't like things  
14 that cost money; isn't that your experience?

15 A Well, generally they tell us anything they  
16 don't like.

17 Q Even the float, didn't they say, "Nice float,  
18 bad water"?

19 A I don't know. I wasn't there.

20 Q Okay, with respect to that float, y'all  
21 asked -- you spent \$5,000 on the last time you fielded  
22 it, and there's \$10,000 in the budget; isn't that  
23 right? Are both statements correct?

24 A No.

25 Q Which one is untrue?

1           A     We don't have any money in the budget for a  
2 float.

3           Q     Stand by just a moment. (Pause) Ms. Kowalsky,  
4 are you saying now that you're not asking for any money  
5 for a Christmas float from the Commission for any future  
6 years?

7           A     That's correct.

8           Q     So if it should happen -- if we should happen  
9 to find a request for it, the Commission is free to  
10 disregard that request, correct?

11          A     Correct.

12          Q     Okay. Thank you. Ms. Kowalsky, let's turn to  
13 Page 10 of your testimony, your rebuttal testimony, and  
14 there you discuss Ms. Dismukes' criticism of the Marco  
15 Island water audits, correct?

16          A     Yes.

17          Q     And y'all are asking for \$20,000 to be  
18 included in the budget for continuation of water audits?

19          A     That's true.

20          Q     When was the last water audit y'all had?

21          A     1995.

22          Q     Is that the one where that seven of 17 single  
23 facility residents participated in the programs, as you  
24 say in your testimony? That's the one you're referring  
25 to?

1           A     Yes, we had that -- seven of 17 single family  
2 and 66 of 78 multi-family participate.

3           Q     Now with respect to the seven of 17, that's  
4 less than half of the folks contacted participated,  
5 right?

6           A     I think that's an invalid way to look at it  
7 because you really ought to look at the whole program.  
8 We had about 73 people participate out of whatever that  
9 total is, and we really had a vast majority of people  
10 that did participate.

11          Q     Okay. Let's look at the seven of 17 just for  
12 a moment and let the Commission decide whether that's  
13 the correct way to look at it. Can you assure the  
14 Commission that the participation would be any better in  
15 the future, and if so upon what basis?

16          A     Well, I guess I take issue with the idea that  
17 it wasn't good to start with. I think it was very good  
18 to start with. So I would hope that it would be that  
19 good the next time we do it.

20          Q     You are willing to accept, then, of the single  
21 family or single facility residents -- do you mean that  
22 to be single family residences?

23          A     Yes.

24          Q     Do you accept then as acceptable that fewer  
25 than half of the single family residents contacted

1 should participate in the program?

2 A The focus of the program was on the customers  
3 that used the most amount of water, and we did target  
4 and we did get responses from a majority of the  
5 customers who used those -- that high amount of water.

6 Q You take the -- the focus of your conservation  
7 program, you said, is to the greatest users?

8 A Yes.

9 Q Is that right? Now intuitively that would  
10 make sense, obviously, because they have the greatest  
11 opportunity to conserve, right?

12 A That's true.

13 Q Is it also true that they have the greatest  
14 inclination to conserve, given a conservation signal?

15 A Well, it depends.

16 Q On what?

17 A A lot of different factors.

18 Q Have you measured any of those factors?

19 A Well, a lot of it depends on their attitude.  
20 I mean some customers have a high conservation ethic,  
21 and other customers don't have that as a very important  
22 agenda item.

23 Q But you haven't identified those -- when you  
24 go after the higher users, you don't look for those  
25 attitudes necessarily, and I believe even you say that

1 those attitudes do not correlate necessarily with high  
2 usage, correct?

3 A Well, what we look for is -- our programs are  
4 designed to do two things. One is to focus on the high  
5 users and one is to sort of overlap with that the  
6 customers that are willing and interested in trying to  
7 conserve. And we feel like that's the -- that's where  
8 you're going to get the most benefit from your  
9 conservation program is from those -- looking at those  
10 elements. And so that's why we try and incorporate a  
11 part of our program so that customers can tell us what  
12 elements of the program they would like to participate  
13 in.

14 Q Why did you select Marco Island as a pilot  
15 project?

16 A Because it has -- it's a very high use  
17 community.

18 Q Now with respect to the six systems selected  
19 for the "enhancements," I believe -- is that the correct  
20 word to use?

21 A Yes.

22 Q You chose those because of the high usage as  
23 well?

24 A Yes, we did.

25 Q Now, can you tell the Commission that high

1 usage coincides with high inclination to conserve, when  
2 there's a message? Is that true?

3 A Not always.

4 Q Okay. And to analogize, and permit me in my  
5 analogy, if you wanted to cut back on gas guzzlers, you  
6 would find quite a few of them out at the country club,  
7 I suppose, wouldn't you? Isn't that intuitive?

8 A If I wanted to do what?

9 Q Gas guzzlers. If you want to cut back, if you  
10 want to discourage the use of high fuel-consuming cars,  
11 you would find a lot of them at the country club,  
12 wouldn't you, intuitively so?

13 A Okay.

14 Q You accept that?

15 A Yes, sure.

16 Q But would you find a particularly high  
17 inclination to abandon gas guzzlers and go to Toyotas at  
18 the country club?

19 A Probably not.

20 Q Now a great deal of the money which you  
21 propose to spend in your conservation program depends on  
22 the notion and depends on your experience in high  
23 consuming communities, doesn't it?

24 A Depends on what in high --

25 Q Let me start my question over. A very great



1 portion of your conservation program was designed and is  
2 implemented based upon your focus on high consuming  
3 communities?

4 A Yes, it is.

5 Q But you can't tell the Commission that that's  
6 the best place to spend the money as opposed to an  
7 average consuming community, can you?

8 A Well, I think what we're trying to address is  
9 a great deal in response to the Water Management  
10 District requirements, and when we get these consumptive  
11 use permit requests for additional information and we  
12 have a high use community, they really focus on what --  
13 you know, they really ask us a lot of questions -- what  
14 are you going to do to make this community use less  
15 water? And so this is what we've developed.

16 Q Do you ever say to them, it might take fewer  
17 dollars in moderate use communities to conserve water  
18 than it would the number of dollars taken to consume the  
19 same amount of water in high use communities?

20 A They don't care about moderate use  
21 communities. They only care about the high use  
22 communities.

23 Q Maybe is that because they don't concern  
24 themselves with cost-effectiveness?

25 A Well, I think you heard testimony from them

1 about their thoughts on cost-effectiveness.

2 Q Yes, ma'am. Let's look to -- I want to change  
3 the focus here so that we can move on.

4 Madam Chairman, there is -- I think it is the  
5 third stapled together package, called Response to Marco  
6 Island Civic Association, Document Request No. 11. May  
7 I have that marked for identification, please, ma'am?

8 CHAIRMAN CLARK: That will be 209.

9 MR. McLEAN: Thank you very much.

10 (Exhibit No. 209 marked for identification.)

11 Q (By Mr. McLean) Ms. Kowalsky, let's move to  
12 Page 11 of your testimony. You were asked to comment  
13 regarding Ms. Dismukes' criticism of the Marco Island  
14 conservation program, and you offer rebuttal to that  
15 notion on Page 11 and Page 12 when you say -- and I  
16 believe you mentioned this in your summary too -- that  
17 y'all have managed to reduce consumption from 23,462  
18 gallons per month to 14,928 gallons per month, correct?

19 A Yes.

20 Q Do you have that? Now, the implication,  
21 anyway, is that -- well let me ask you -- strike the  
22 implication. It is true, according to your testimony,  
23 that both of those numbers represent residential  
24 consumption; is that right?

25 A Yes.

1 Q Let's look to what the exhibit that chairman  
2 has marked numbered 209. First, let me ask you,  
3 Southern States obviously keeps up with what consumption  
4 is in any system; isn't that correct? They make -- they  
5 develop records which record the extent to which  
6 customers of any particular system use water; isn't that  
7 correct?

8 A Yes.

9 Q Now, upon what did you rely for your 23,462  
10 number and your 14,928 number? Where did you get those  
11 numbers?

12 A Mr. Bencini gave me those numbers.

13 Q Are you prepared to tell the Commission today  
14 that those are accurate numbers and that that is a valid  
15 comparison, i.e. -- you're saying to the Commission, we  
16 managed to reduce consumption from 22,000 to 14,000?

17 A That's correct.

18 Q Residential? And you represent that to be the  
19 case to the Commission; is that right?

20 A That's correct.

21 Q Now, did you measure residential consumption  
22 in the same way in both instances?

23 A I don't know because I didn't do the  
24 measurement.

25 Q You didn't develop the math, but you are

1 prepared to tell the Commission that it is correct?

2 A I don't have any reason to believe it's not  
3 correct.

4 Q Okay, let's look in a general way at this  
5 exhibit that the chairman has just marked Exhibit  
6 No. 209. First of all, that is the sort of -- the pages  
7 of this exhibit were furnished in discovery because of a  
8 request by the Marco Island Civic Association, correct?

9 A That's what it says.

10 Q And it was furnished by a gentleman named Tony  
11 Isaacs. Is that an SSU employee?

12 A Yes.

13 Q Do the records look generally familiar --  
14 familiarize yourself, please, with Pages 2, 3, 4 and 5  
15 and see if that appears to be the sort of way that SSU  
16 records consumption at a particular place.

17 A I really would have no idea.

18 Q So you're telling the Commission that it is --  
19 that you have reduced consumption from 23,000 and change  
20 to 14,000 and change, and I want to know how I can test  
21 how you got those numbers.

22 MR. HOFFMAN: Objection. Madam Chairman, I  
23 think she's already stated twice now that she was  
24 provided the numbers by Mr. Bencini, and I think that  
25 Mr. McLean can test the numbers when Mr. Bencini takes

1 the stand.

2 MR. McLEAN: Well, the conservation witness  
3 says we have been phenomenally successful. They have  
4 managed to reduce consumption from 23 to 14. I would  
5 like to know from the conservation witness whether  
6 that's true. If she relied on someone else, then let's  
7 strike this from her testimony and let's go to the right  
8 witness.

9 CHAIRMAN CLARK: Mr. McLean, I think that to  
10 an extent a lot of testimony depends, just as  
11 Ms. Dismukes' testimony depends, on representation or  
12 ideas presented by other witnesses. I will allow you to  
13 ask that question of Mr. Bencini.

14 MR. McLEAN: Okay. Thank, you Madam  
15 Chairman.

16 Q (By Mr. McLean) Then let's look at these  
17 pages of the exhibits and see if we can tell anything  
18 about them in a very general way. I certainly won't ask  
19 you to do any calculations. On Page 2, look over in the  
20 left-hand column where it says 1992. Do you have that,  
21 all the way up at the top?

22 A I see where it says 1992 residential.

23 Q Says bills and gallons sold. Do you have  
24 that, 1992 through 1995?

25 A Yes.

1 Q And look to Page 3 and then 4 and then 5.  
2 Don't they give the years? For example, three gives  
3 year number -- in the year '93, Page 4 gives '94, and  
4 Page 5 gives '95. Are you with me?

5 A Yes.

6 Q Now let's look to Page 2. And I just want to  
7 look at one aspect of Page 2. Let's look down to where  
8 it says 1992 -- that's all the way in the left-hand  
9 column, and see the two-inch meters? Do you have where  
10 it says two-inch meters?

11 A Yes.

12 Q There's 76 bills rendered in the first month,  
13 76 in the next, 79 after that, and when we get all the  
14 way across the page to the second to the last column, we  
15 have 954 bills rendered to two-inch meters; am I right?

16 A Those are the numbers that you're reading from  
17 this page.

18 Q Let's look to Page 5. Do you have Page 5?

19 A Yes.

20 Q Of the exhibit? Let's look down that left-  
21 hand column. It says residential, five-eighths, three  
22 quarters, one inch, one and a half. Finally we get to  
23 two-inch. Are you with me?

24 A Yes.

25 Q Look all the way across that page. Each month

1 there was one bill rendered to the two-inch meter. Am I  
2 right? All the way across until you get all the way  
3 over to 12 bills issued to two-inch meters during the  
4 year 1995. Am I right?

5 A Those are the numbers. I guess I really would  
6 have to say that I don't understand, you know, what the  
7 numbers mean or what they apply to.

8 Q I'm going to try to get to that. Let's look  
9 down the page then, on the left-hand side, Page 5, it  
10 says, residential, multi-family, commercial and  
11 irrigation. Do you have irrigation?

12 A Yes.

13 Q Remember back when there was about 80 meters  
14 in the two-inch class in 1992?

15 A No.

16 Q Well, let's look back to that page. Looking  
17 back to Page 2. Remember I asked you about the number  
18 of two-inch meters there, 79, 79 and so forth. Do you  
19 see that?

20 A Two-inch meters and the question is?

21 Q Let me re-ask the question because I  
22 understand it's a little difficult to follow. Looking  
23 down the left-hand side of Page 5 is 1995, residential,  
24 multi-family, commercial and irrigation. Do you have  
25 the row named irrigation?

1 A You're talking about on Page 5?

2 Q Yes, ma'am.

3 A And it says irrigation.

4 Q Look at that. There's 89 meters in the  
5 two-inch class in January of that year. Am I right?

6 A Yes.

7 Q And if you follow that all the way across,  
8 you'll see that the number varies around 89, all the way  
9 until we get over to the right-hand column for 1,076  
10 two-inch meters issued in 1995.

11 A I don't know that that's what it means. I  
12 don't know that it means that's how many meters were  
13 issued.

14 Q That's what's on the page, isn't it?

15 A Those numbers are on the page, but I can't  
16 interpret this table.

17 Q I understand. But let's look back to Page 2.  
18 Show me the irrigation class there.

19 A Excuse me?

20 Q Show me where the irrigation class is.

21 A There is no word "irrigation" on this page.

22 Q You're right. I'll put it to you,  
23 Ms. Kowalsky, that the two-inch meters, and maybe  
24 perhaps some others, moved from your accounting of  
25 residential in '92 to irrigation class in 1995.



1 MR. HOFFMAN: Objection.

2 CHAIRMAN CLARK: Sustained.

3 MR. HOFFMAN: Thank you.

4 Q (By Mr. McLean) Would you accept  
5 hypothetically that it appears that that's the case?

6 MR. HOFFMAN: Objection.

7 CHAIRMAN CLARK: Mr. McLean, ask the other  
8 witness on these numbers. She said she knows the  
9 numbers are there. She doesn't have a comprehension of  
10 what they may be.

11 MR. McLEAN: I agree with that, Chairman  
12 Clark. But I think there's a fairly apparent notion  
13 here, and this witness, being a member of the Bar,  
14 should be able to understand. It looks like they took a  
15 whole bunch of consumption out of the residential class  
16 and put it in irrigation class.

17 CHAIRMAN CLARK: Mr. McLean, I would agree  
18 with you there may be that inference. But she has said  
19 she doesn't know.

20 MR. McLEAN: Thank you, Commissioner.

21 Q (By Mr. McLean) Ms. Kowalsky, I mean to ask  
22 Mr. Bencini, or whichever witness the utility offers up  
23 on that point, if it turns out -- and I ask you  
24 hypothetically -- if it turns out that my notion  
25 concerning that issue is right, that you moved -- and I

1 don't mean to say it pejoratively -- you may have  
2 inadvertently moved -- but if you moved a substantial  
3 amount of consumption out of the residential class, if  
4 you moved a lot of extremely high users out of the  
5 residential class, can you say that the remaining usage  
6 would apparently decline when in fact it would not  
7 actually decline? Can you say whether that would be the  
8 case?

9 A I don't know.

10 Q Is it true that Marco Island was your pilot  
11 project? That's true, isn't it?

12 A Yes.

13 Q And isn't it true that your experiences,  
14 notions, that -- strike that. Let me rephrase it.  
15 Isn't it true that Marco Island was more or less your  
16 test market for your conservation program?

17 A Well, we certainly focused on Marco Island  
18 first because it was a very high use community and in  
19 very desperate need of conservation, and we have used it  
20 as a model for some of our other conservation efforts.

21 Q Okay. Thank you, Ms. Kowalsky. I have  
22 nothing further.

23 COMMISSIONER GARCIA: I'm sorry, Ms. Kowalsky  
24 could you repeat that last answer? I missed it.

25 WITNESS KOWALSKY: I said that we have focused

1 on Marco Island because it was a very high use community  
2 in need of conservation efforts, and we have used it as  
3 a model for our other conservation programs.

4 CHAIRMAN CLARK: Mr. Jacobs?

5 MR. JACOBS: I have no questions.

6 CHAIRMAN CLARK: Mr. Twomey.

7 CROSS EXAMINATION

8 BY MR. TWOMEY:

9 Q If you know, if you've modeled your other  
10 programs after the -- your experience at Marco Island,  
11 in the other projects have you shifted irrigation  
12 consumption from residential after establishing the base  
13 used to gauge the success of conservation? Have you --  
14 are the numbers the same? Do you treat the irrigation  
15 categories the same as the numbers Mr. McLean ran you  
16 through?

17 MR. HOFFMAN: Objection, Madam Chairman. I  
18 think the question is ambiguous, and to the extent I  
19 understand it, appears to be presuming facts that are  
20 not in evidence.

21 CHAIRMAN CLARK: Mr. Twomey, I have indicated  
22 that question can be asked of Mr. Bencini.

23 MR. TWOMEY: I just asked her if she knew.

24 CHAIRMAN CLARK: She said she hasn't known.  
25 How many times are we going to ask her that,

1 Mr. Twomey?

2 MR. TWOMEY: I don't think it's exactly the  
3 same question, but I'll withdraw it and we'll ask

4 Mr. Bencini.

5 CHAIRMAN CLARK: Did you have anymore  
6 questions?

7 MR. MCLEAN: Madam Chairman, point of  
8 clarification. You said that we could ask Mr. Bencini.  
9 I assume we can ask any witness who can talk about it.  
10 I didn't want to be restricted to Bencini by  
11 acquiescence.

12 CHAIRMAN CLARK: No.

13 MR. MCLEAN: Thank you, ma'am.

14 CHAIRMAN CLARK: Staff?

15 MS. CAPELESS: Staff has no questions.

16 Mr. McLean covered the few questions that we had.

17 CHAIRMAN CLARK: Redirect?

18 MR. HOFFMAN: Just a few, Madam Chairman.

19 REDIRECT EXAMINATION

20 BY MR. HOFFMAN:

21 Q Ms. Kowalsky, there was some discussion with  
22 Mr. McLean concerning the introduction and  
23 implementation of Southern States' conservation programs  
24 in high consumption areas versus low consumption areas.  
25 Do you recall that?

1           A     Yes.

2           Q     In your opinion, would it be more  
3 cost-effective, i.e., will there be more gallons saved,  
4 if these conservation programs are introduced in high  
5 consumption areas as opposed to low consumption areas?

6           A     Yes.

7           Q     And by following that course, will there also  
8 be additional savings of Florida's Water Resources in  
9 the Floridan Aquifer and the other aquifers?

10          A     Absolutely. You know, the program is designed  
11 to maximize the water savings and, you know, based on  
12 the effectiveness of the other programs, we expect that  
13 it will do that. In fact, Marco Island being the model  
14 for our program, we have recently completed our analysis  
15 of the retrofit kits that were distributed last year,  
16 and we have -- in our program we've predicted that water  
17 savings of 72 gallons per home is predicted after  
18 installation of retrofit kits. In our Marco Island  
19 analysis, we have found that the customers have saved 69  
20 gallons per home, which I think is very close to our  
21 predicted savings.

22          Q     Now, you were also asked a question about the  
23 retrofit kits, and I think part of your testimony was  
24 that some portion of these retrofit kits were provided  
25 without charge; is that correct?

1 A Yes.

2 Q In your experience in dealing with the  
3 provision of these retrofit kits, would you find it  
4 unusual for a customer to complain if a free retrofit  
5 kit didn't work?

6 A Would I find it unusual? It wouldn't surprise  
7 me.

8 Q So it wouldn't surprise you then if a customer  
9 who was provided a free retrofit kit complained to the  
10 company because the kit didn't work?

11 MR. McLEAN: Pardon me.

12 WITNESS KOWALSKY: No, it would not.

13 MR. McLEAN: Pardon me, ma'am. I believe  
14 Mr. Hoffman is leading his witness.

15 MR. HOFFMAN: Madam Chairman, it's just for  
16 clarification. I can rephrase it if you insist.

17 CHAIRMAN CLARK: Rephrase it, Mr. Hoffman.

18 Q (By Mr. Hoffman) Ms. Kowalsky, in your  
19 experience, are you aware of situations in which the  
20 Company has received complaints from customers who were  
21 provided free retrofit kits?

22 A We've not received any complaints about the  
23 retrofit kits that have been provided thus far, either  
24 free or purchased. However, we receive complaints every  
25 day about various items, and it would not surprise me if

1 a customer was unsatisfied, they would let us know.

2 Q Okay. Now you were also asked a question by  
3 Mr. McLean, a series of questions, concerning  
4 Ms. Dismukes' proposed adjustments to the Company's  
5 advertising costs. Do you recall that?

6 A Yes.

7 Q And I think in one of his questions he asked  
8 you to attempt to characterize Ms. Dismukes' testimony.  
9 Do you recall that?

10 A Yes.

11 Q And I think his questions went to whether or  
12 not you believed Ms. Dismukes was applying a test of  
13 whether or not there was incidental enhancement of  
14 public relations --

15 A Yes.

16 Q -- versus the -- versus an expense that was --  
17 that had a primary goal of public relations. Do you  
18 recall that?

19 A Yes.

20 Q Now, let me ask you this. Suppose those two  
21 options are available to you, and then let me read you a  
22 passage from Ms. Dismukes' rebuttal testimony at Page 33  
23 where she says, "I recommend disallowance of one-half of  
24 SSU's advertising costs which SSU claims are  
25 conservation related." In light of that testimony, do

1 you -- would you characterize Ms. Dismukes' testimony  
2 as: Applying a test of an incidental enhancement of  
3 public relations, a primary thrust of public relations,  
4 or let's just split the baby?

5 A Sounds like to me she just wants to cut in  
6 half all of our conservation costs that have anything to  
7 do with advertising.

8 MR. McLEAN: Madam Chairman, I request an  
9 instruction that counsel not lead the witness, because  
10 if I -- if counsel is simply permitted to rephrase the  
11 questions, the witness still sort of knows what to say.

12 MR. HOFFMAN: Madam Chairman, I don't think I  
13 was leading the witness on that one. I gave her three  
14 choices. No further questions.

15 MR. McLEAN: Incidentally, Ms. Dismukes didn't  
16 file rebuttal testimony, but if that was an invitation,  
17 we accept.

18 MR. HOFFMAN: If I said rebuttal, Mr. McLean  
19 has corrected me. It was her original.

20 CHAIRMAN CLARK: Exhibits.

21 MR. McLEAN: 207, Madam Chairman.

22 CHAIRMAN CLARK: You move 207, 208 and 209?

23 MR. McLEAN: Yes, ma'am. And with respect to  
24 the extra one, there's no need to mark it or do anything  
25 else with it at this point.



1 CHAIRMAN CLARK: Okay, without objection --

2 MR. HOFFMAN: Madam Chairman, I would object  
3 to the admission of -- I think it's Exhibit 209. I do  
4 not have it in front of me right now. That was a  
5 document that was not prepared by Ms. Kowalsky. She has  
6 testified repeatedly that she is not familiar with the  
7 underlying figures and was not able to interpret it. We  
8 would just request that there be a deferral on the  
9 admission of that document until the appropriate witness  
10 is provided.

11 MR. MCLEAN: Madam Chairman, Mr. Hoffman's  
12 objection to the witness's testimony came well after  
13 there had been considerable testimony about it. I don't  
14 think the record will make a great deal of sense without  
15 that document being admitted. We may choose not to  
16 examine Mr. Bencini on the issue. But the point is,  
17 Mr. Hoffman's objection came well after the witness had  
18 talked extensively about the document. And if we choose  
19 not to deal with Mr. Bencini, the record simply won't  
20 make any sense.

21 MR. HOFFMAN: Madam Chairman, that's  
22 absolutely untrue. I think that we timely objected to  
23 that document and to questions related to that document  
24 once we knew where Mr. McLean was going with that.  
25 Ms. Kowalsky has stated she did not prepare that. She

1 has not authenticated that discovery response.

2 CHAIRMAN CLARK: I agree with that,  
3 Mr. McLean. I don't think it's been authenticated.

4 MR. McLEAN: Well authentication is not the  
5 operation of tying the document to this witness. I  
6 asked her if it was typical, I asked if representative  
7 of the Company and the way they kept their records. And  
8 the witness even offered that Mr. Bencini prepares  
9 documents just such as that.

10 CHAIRMAN CLARK: Wait a minute, I think we're  
11 talking about two different things. This is the  
12 selected invoices and letters from Image Marketing; is  
13 that correct?

14 MR. HOFFMAN: No, I was referring to --

15 CHAIRMAN CLARK: All right, then I'm wrong.  
16 What are we referring to?

17 MR. HOFFMAN: Madam Chairman, I'm referring to  
18 the consumption numbers that are attached to a discovery  
19 response provided by Tony Isaacs.

20 CHAIRMAN CLARK: Okay, we're not going to  
21 admit it at this time.

22 MR. HOFFMAN: Thank you. And we would move  
23 Exhibit 206, Ms. Kowalsky's exhibit.

24 CHAIRMAN CLARK: Without objection, 206 is  
25 admitted.

1 (Exhibit Nos. 206, 207 and 208 received into  
2 evidence.)

3 MR. McLEAN: Madam Chairman, I would like  
4 to -- that 209, if that was the one, be accepted as  
5 proffered because we may not examine Mr. Bencini.

6 CHAIRMAN CLARK: That's fine. I will  
7 understand that if you do not pursue it with  
8 Mr. Bencini, you nonetheless want to proffer it at this  
9 time.

10 MR. McLEAN: Yes, ma'am, thank you.

11 CHAIRMAN CLARK: Yes, we'll take a ten-minute  
12 break.

13 (Recess from 3:45 p.m. until 4:05 p.m.)

14 CHAIRMAN CLARK: We'll call the hearing back  
15 to order. Ms. O'Sullivan, you've indicated to me that  
16 we should go through the procedures for getting some of  
17 the testimony into the docket that's been stipulated.  
18 All right, why don't we do that now.

19 MS. O'SULLIVAN: Parties have agreed to  
20 stipulate in the testimony of several DEP witnesses. We  
21 request that the direct testimony of the following  
22 witnesses be inserted into the record as though read:  
23 William Ryland, Neal Schobert, Peter Screneck, Sandra  
24 Sequeira, Deborah Lee Oblaczynski, William Thiel, John  
25 Kintz and Toni Touart.

1           CHAIRMAN CLARK: Prefiled direct testimony of  
2 the customers -- I mean of the witnesses you just  
3 indicated will be inserted in the record as though  
4 read.

5           MS. O'SULLIVAN: Thank you. We do have one  
6 set of exhibits attached to the testimony of Neal  
7 Schobert identified as NRS-1, 2 and 3.

8           CHAIRMAN CLARK: Exhibits NRS-1, 2 and 3 will  
9 be labeled as Exhibit 210 and will be admitted in the  
10 record without objection.

11           MS. O'SULLIVAN: Thank you.

12           (Exhibit No. 210 received into evidence.)

13           MR. FEIL: Madam Chairman, it's also my  
14 understanding that the parties that have reached  
15 stipulations with respect to several other witnesses  
16 beginning on Page 12 of the prehearing order.

17           CHAIRMAN CLARK: Okay, Mr. Feil.

18           MR. FEIL: You see there Mr. Ludsen, who as I  
19 understand is going to be the last witness. Mr. Gower  
20 is supposed to be here.

21           CHAIRMAN CLARK: I didn't know he was going to  
22 be the last witness, but I know he's going to be  
23 tomorrow.

24           MR. FEIL: Right, that's fine. Same with  
25 respect to Mr. Gower.

1           My understanding is the parties have reached a  
2 stipulation with respect to Ms. Roberts' testimony. She  
3 had no exhibits attached to her prefiled testimony.

4           CHAIRMAN CLARK: Okay. Let's do that. The  
5 prefiled rebuttal testimony of Ms. Ida Roberts will be  
6 inserted in the record as though read.

7           MR. FEIL: My understanding also is that the  
8 parties have stipulated the testimony of Ms. Lock and  
9 Mr. Johnson. Ms. Lock did have some exhibits and we do  
10 have a -- an excerpt or a deletion from Ms. Lock's  
11 testimony which Mr. Beck and Mr. Armstrong had discussed  
12 before. So her testimony would be inserted with the  
13 exception of Page 34, Line 16 through Page 36, Line 16.

14           CHAIRMAN CLARK: With that deletion, the  
15 prefiled rebuttal testimony of Dale Lock will be  
16 inserted in the record as though read, and give me the  
17 exhibit.

18           MR. FEIL: Her exhibits were DGL-6 through  
19 DGL-9.

20           CHAIRMAN CLARK: DGL-6 through 9 will be  
21 labeled as Exhibit 211 and be admitted in the record  
22 without objection.

23           (Exhibit No. 211 received into evidence.)

24           MR. FEIL: With respect to Ms. Lock, also,  
25 Madam Chairman, Mr. Beck and I had been discussing one

1 item, that when she was up on direct being cross  
2 examined that she indicated she would clarify when she  
3 got back up on rebuttal. Since she's not coming back on  
4 rebuttal, I discussed with Mr. Beck a two or three  
5 sentence stipulation of fact and I would like to read  
6 that if I may.

7 CHAIRMAN CLARK: You may.

8 MR. FEIL: The question concerned whether or  
9 not the data used in the Hewitt study from the Florida  
10 League of Cities' survey was of a certain date. So the  
11 stipulation of fact reads as follows: "According to the  
12 Florida League of Cities, the League issues its survey  
13 results over a period of months. In 1994 the League  
14 issued survey results as follows: One, for cities and  
15 counties with a population of 50,000 and above, in  
16 February of 1994; two, for cities and counties with a  
17 population of between 10,000 and 50,000, in April 1994;  
18 and three, for cities and counties with a population of  
19 10,000 and below, in May of 1994. For all three survey  
20 groups, the data included in the survey was effective  
21 October 1993."

22 CHAIRMAN CLARK: All right. That stipulation  
23 will be accepted into the record.

24 MR. FEIL: Thank you. Mr. Johnson, we also  
25 have a stipulation as to his testimony. He had no

1 exhibits.

2                   CHAIRMAN CLARK: All right, the prefiled  
3 rebuttal testimony of Frank Johnson will be inserted in  
4 the record as though read.

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## 1 DIRECT TESTIMONY OF WILLIAM V. RYLAND

2 Q. Please state your name and business address.

3 A. William V. Ryland, State of Florida, Department of Environmental  
4 Protection, 3804 Coconut Palm Drive, Tampa, Florida 33619.

5 Q. Please state a brief description of your educational background and  
6 experience.

7 A. I have a B.S. degree in biology, magna cum laude, and one year of  
8 graduate school in biology. I have worked for the state of Florida for eight  
9 years as an Environmental Specialist I. Six of the eight years, I was  
10 employed by Hillsborough and Pinellas County Health Departments. The last two  
11 years I have been with the Florida Department of Environmental Protection  
12 (FDEP).

13 Q. By whom are you presently employed?

14 A. I am employed by the FDEP.

15 Q. How long have you been employed with the FDEP and in what capacity?

16 A. I have been employed at FDEP for two years as an Environmental  
17 Specialist I. I worked in a similar capacity at the Hillsborough and Pinellas  
18 County health units for six years.

19 Q. What are your general responsibilities at the FDEP?

20 A. I work as an Environmental Specialist I in the compliance/enforcement  
21 section. I conduct sanitary surveys and compliance inspections on drinking  
22 water systems. I review chemical and bacteriological reports and ensure  
23 systems are current on monitoring. I prepare enforcement documents for  
24 systems that are out of compliance and follow through the enforcement  
25 procedure.



1 Q. Are you familiar with the Southern States Utilities, Inc. water  
2 systems located in the Southwest District?

3 A. Yes.

4 Q. Were these systems inspected by you, or by FDEP staff under your  
5 supervision?

6 A. Yes.

7 Gospel Island Estates Water System

8 Q. Does the utility have a current construction permit from the FDEP for  
9 Gospel Island Estates Water System (Gospel Island Estates)?

10 A. No.

11 Q. Are the utility's treatment facilities and distribution system  
12 sufficient to serve its present customers?

13 A. The Department cannot answer this question with reasonable assurance in  
14 regards to the current plant capacity and treatment facility adequacy, since  
15 there has not been a construction permit application submitted within the last  
16 five years.

17 Q. Does the utility maintain the required 20 psi minimum pressure  
18 throughout the distribution system?

19 A. Yes. The Department noted pressure of 45/65 (psi) on March 13, 1995,  
20 during a survey.

21 Q. Does the utility have an adequate auxiliary power source in the event  
22 of a power outage?

23 A. This requirement is not applicable, as the system's small population is  
24 below that required for auxiliary power.

25 Q. Are the utility's water wells for Gospel Island Estates located in

1 | compliance with Rule 62-555, Florida Administrative Code?

2 | A. Yes.

3 | Q. Does the utility have certified operators as required by Rule 61E12-41,  
4 | Florida Administrative Code?

5 | A. Yes.

6 | Q. Has the utility established a cross-connection control program in  
7 | accordance with Rule 62-555.360, Florida Administrative Code?

8 | A. Yes. The system has the standard SSU plan dated August, 1992 on file.  
9 | The Department encourages specific current plans be done on each system.

10 | Q. Is the overall maintenance of the treatment plant and distribution  
11 | facilities satisfactory?

12 | A. Yes.

13 | Q. Does the water produced by the utility meet the State and Federal  
14 | maximum contaminant levels for primary and secondary water quality standards?

15 | A. Yes.

16 | Q. Does the utility monitor the organic contaminants listed in Rule  
17 | 62-550.410, Florida Administrative Code?

18 | A. Yes. However, a waiver was issued on March 18, 1994, for unregulated  
19 | sampling due to the small size of system.

20 | Q. Do recent chemical analyses of raw and finished water, when compared to  
21 | regulations, suggest the need for additional treatment?

22 | A. No.

23 | Q. Does the utility maintain the required chlorine residual or its  
24 | equivalent throughout the distribution system?

25 | A. Yes. As noted in the facility's monthly operating reports and confirmed

1 on March 13, 1995 during a survey.

2 Q. Are the plant and distribution systems in compliance with all the other  
3 provisions of Chapter 62, Florida Administrative Code, not previously  
4 mentioned?

5 A. Yes.

6 Q. Has Gospel Island Estates been the subject of any FDEP enforcement  
7 action within the past two years?

8 A. No.

9 Q. Do you have any further information to add regarding the Gospel Island  
10 Estates System?

11 A. As noted on the survey of March 13, 1995, the high water table has  
12 expanded a pond to within 100 feet of the well. This has been worsened by  
13 recent rains. In the future, the well's raw water may have to be examined for  
14 the possibility of being under the direct influence of surface water. If this  
15 were confirmed, future regulations would require much more testing and the  
16 possible addition of filtration or other treatment.

17 Oak Forest Water System

18 Q. Does the utility have a current construction permit from the FDEP for  
19 Oak Forest Water System (Oak Forest)?

20 A. No.

21 Q. Are the utility's treatment facilities and distribution system  
22 sufficient to serve its present customers?

23 A. Yes.

24 Q. Does the utility maintain the required 20 psi minimum pressure  
25 throughout the distribution system?

- 1 A. Yes. There have been no complaints of low pressure. The pressure noted  
2 on the survey done August 17, 1995, was 60/80 psi.
- 3 Q. Does the utility have an adequate auxiliary power source in the event  
4 of a power outage?
- 5 A. Yes. As noted during the August 17, 1995, survey.
- 6 Q. Are the utility's water wells for Oak Forest located in compliance with  
7 Rule 62-555, Florida Administrative Code?
- 8 A. Yes.
- 9 Q. Does the utility have certified operators as required by Rule 61E12-41,  
10 Florida Administrative Code?
- 11 A. Yes.
- 12 Q. Has the utility established a cross-connection control program in  
13 accordance with Rule 62-555.360, Florida Administrative Code?
- 14 A. Yes. Oak Forest has a standard SSU plan dated August, 1992 on file.  
15 The Department encourages specific current plans be done on each system.
- 16 Q. Is the overall maintenance of the treatment plant and distribution  
17 facilities satisfactory?
- 18 A. Yes.
- 19 Q. Does the water produced by the utility meet the State and Federal  
20 maximum contaminant levels for primary and secondary water quality standards?
- 21 A. Yes.
- 22 Q. Does the utility monitor the organic contaminants listed in Rule  
23 62-550.410, Florida Administrative Code?
- 24 A. Yes.
- 25 Q. Do recent chemical analyses of raw and finished water, when compared to

1 regulations, suggest the need for additional treatment?

2 A. No.

3 Q. Does the utility maintain the required chlorine residual or its  
4 equivalent throughout the distribution system?

5 A. Yes. As noted during the survey on August 17, 1995 and in the  
6 facility's monthly operating reports.

7 Q. Are the plant and distribution systems in compliance with all the other  
8 provisions of Chapter 62, Florida Administrative Code, not previously  
9 mentioned?

10 A. Yes.

11 Q. Has Oak Forest been the subject of any FDEP enforcement action within  
12 the past two years?

13 A. No.

14 Point O'Woods Water System

15 Q. Does the utility have a current construction permit from the FDEP for  
16 Point O'Woods Water System (Point O'Woods)?

17 A. No.

18 Q. Are the utility's treatment facilities and distribution system  
19 sufficient to serve its present customers?

20 A. Yes.

21 Q. Does the utility maintain the required 20 psi minimum pressure  
22 throughout the distribution system?

23 A. Yes. At the date of the survey, March 13, 1995, the pressure was 48/68  
24 psi.

25 Q. Does the utility have an adequate auxiliary power source in the event

1 of a power outage?

2 A. Yes.

3 Q. Are the utility's water wells for Point O'Woods located in compliance  
4 with Rule 62-555, Florida Administrative Code?

5 A. Yes, except for Well #4 as explained on page 8, line 21 of my testimony.

6 Q. Does the utility have certified operators as required by Rule 61E12-41,  
7 Florida Administrative Code?

8 A. Yes.

9 Q. Has the utility established a cross-connection control program in  
10 accordance with Rule 62-555.360, Florida Administrative Code?

11 A. Yes. The system has the standard SSU plan dated August, 1992 on file.  
12 The Department encourages specific current plans be done on each system.

13 Q. Is the overall maintenance of the treatment plant and distribution  
14 facilities satisfactory?

15 A. Yes.

16 Q. Does the water produced by the utility meet the State and Federal  
17 maximum contaminant levels for primary and secondary water quality standards?

18 A. No. The system has exceeded the 90% copper level, and has exceeded  
19 copper levels in the lead/copper rule. A corrosion control permit has been  
20 issued for treatment. The facility is presently feeding aquadene. However,  
21 the results of testing since addition of aquadene have just come in. The  
22 copper levels are lower but are still exceeding the MCL. The system may have  
23 to adjust levels of treatment. According to current water quality parameters,  
24 further testing will be required in this area.

25 Q. Does the utility monitor the organic contaminants listed in Rule

1 | 62-550.410, Florida Administrative Code?

2 | A. Yes.

3 | Q. Do recent chemical analyses of raw and finished water, when compared to  
4 | regulations, suggest the need for additional treatment?

5 | A. No. This system has exceeded copper levels in the lead/copper rule, as  
6 | already explained.

7 | Q. Does the utility maintain the required chlorine residual or its  
8 | equivalent throughout the distribution system?

9 | A. Yes. As noted on monthly operating reports and by inspection on March  
10 | 13, 1995.

11 | Q. Are the plant and distribution systems in compliance with all the other  
12 | provisions of Chapter 62, Florida Administrative Code, not previously  
13 | mentioned?

14 | A. Yes.

15 | Q. Has Point O'Woods been the subject of any FDEP enforcement action within  
16 | the past two years?

17 | A. No. The last case was closed June 29, 1993.

18 | Q. Do you have anything further to add?

19 | A. Yes. SSU is in the process of reactivating Well #4. The  
20 | bacteriologicals have cleared and chemicals are now in the lab. We have not  
21 | received the results yet. This well previously had raw water turbidity  
22 | problems. This well is required as a back-up well. Previous chemical testing  
23 | (1993) on this well was satisfactory except for turbidity. Lightning caused  
24 | damage to the pump on Well #5 and we gave emergency temporary permission to  
25 | use Well #4 until pump on #5 is repaired. In the past (1992) the geology of





1 Q. Has the utility established a cross-connection control program in  
2 accordance with Rule 62-555.360, Florida Administrative Code?

3 A. Yes. The system has a standard SSU plan dated August, 1992 on file.  
4 The Department encourages specific current plans be done on each system.

5 Q. Is the overall maintenance of the treatment plant and distribution  
6 facilities satisfactory?

7 A. Yes.

8 Q. Does the water produced by the utility meet the State and Federal  
9 maximum contaminant levels for primary and secondary water quality standards?

10 A. No. This system exceeded the 0.3 ppm MCL for iron with a test result  
11 of 0.43 ppm. A recheck showed 0.348 ppm iron. The system is already using  
12 AugaMag, a sequestering agent, for iron control. It is recommended SSU  
13 consider treatment for iron removal, which will require a permit application  
14 and approval by the FDEP.

15 Q. Does the utility monitor the organic contaminants listed in Rule  
16 62-550.410, Florida Administrative Code?

17 A. Yes.

18 Q. Do recent chemical analyses of raw and finished water, when compared to  
19 regulations, suggest the need for additional treatment?

20 A. Possibly. Future treatment will be needed for iron if adjustment of the  
21 AquaMag is not sufficient.

22 Q. Does the utility maintain the required chlorine residual or its  
23 equivalent throughout the distribution system?

24 A. Yes. As noted, on the monthly operating reports and by inspection on  
25 March 13, 1995.

1 Q. Are the plant and distribution systems in compliance with all the other  
2 provisions of Chapter 62, Florida Administrative Code, not previously  
3 mentioned?

4 A. Yes.

5 Q. Has Rolling Green/Rosemont been the subject of any FDEP enforcement  
6 action within the past two years?

7 A. No.

8 Q. Do you have anything further to add?

9 A. Yes. The back-up well is currently being sampled for required chemical  
10 monitoring. The results are not in yet. The system is almost at the  
11 population which requires the second well. The system population is 343 with  
12 98 connections. At 350 population or 150 connections, the second well is  
13 required. If chemical results are satisfactory on the well, there should be  
14 no problem. If they are not, treatment may be required.

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## 1 DIRECT TESTIMONY OF NEAL R. SCHOBERT

2 Q. Please state your name and business address.

3 A. Neal R. Schobert, 3804 Coconut Palm Drive, Tampa, Florida 33619.

4 Q. Please state a brief description of your educational background and  
5 experience.6 A. I received a Bachelor's Degree in Biology from Florida State University  
7 in 1976. I have worked in health and environmental capacities since  
8 graduation.

9 Q. By whom are you presently employed?

10 A. I am employed by the Florida Department of Environmental Protection  
11 (FDEP).

12 Q. How long have you been employed with the FDEP and in what capacity?

13 A. Eleven years. I inspect various types of facilities including water,  
14 wastewater treatment and laboratory facilities.

15 Q. What are your general responsibilities at the FDEP?

16 A. Compliance inspection, operational review, enforcement follow-up.

17 Q. Are you familiar with the Southern States Utilities, Inc. wastewater  
18 systems located in Southwest District?

19 A. Yes.

20 Q. Were these systems inspected by you, or by FDEP staff under your  
21 supervision?

22 A. Yes.

## 23 Marion Oaks Wastewater System

24 Q. Does the utility have current operating or construction permits from the  
25 FDEP for Marion Oaks Wastewater System (Marion Oaks)?

1 A. Yes.

2 Q. Please state the issuance dates and the expiration dates of the  
3 operating or construction permits.

4 A. Operating permit DO 42-178431 expired May 23, 1995. Construction permit  
5 DC 42-219274 issued April 1, 1993, has been modified three times since then.  
6 There is no valid operating document.

7 Q. Are the plants in compliance with FDEP issued permits?

8 A. No. Permittee has elected to not build anoxic tanks to remove nitrogen.  
9 Previous enforcement action required nitrate violations be addressed. Poor  
10 operation of the existing facilities had apparently been the cause of these  
11 violations, as detailed in Exhibits NRS-1, NRS-2 and NRS-3. Since then, they  
12 have not recurred following FDEP enforcement action. Therefore, the request  
13 to postpone major construction will be granted.

14 Q. Are the wastewater collection, treatment and disposal facilities  
15 adequate to serve present customers based on permitted capacity?

16 A. Yes.

17 Q. Are the treatment and disposal facilities for Marion Oaks located in  
18 accordance with Rule 62-600, Florida Administrative Code?

19 A. Yes.

20 Q. Has the FDEP required the utility to take any action so as to minimize  
21 possible adverse effects resulting from odors, noise, aerosol drift or  
22 lighting?

23 A. No.

24 Q. Do the pump stations and lift stations meet FDEP requirements with  
25 respect to location, reliability and safety?

1 | A. Yes.

2 | Q. Does the utility have certified operators as required by Rule 61E12-41,  
3 | Florida Administrative Code?

4 | A. Yes.

5 | Q. Is the overall maintenance of the treatment, collection, and disposal  
6 | facilities satisfactory?

7 | A. Yes.

8 | Q. Does the facility meet the effluent disposal requirements of Rules  
9 | 62-600 and 62-610, Florida Administrative Code?

10 | A. Yes.

11 | Q. Are the collection, treatment and disposal facilities in compliance with  
12 | all the other provisions of Chapter 62, Florida Administrative Code, not  
13 | previously mentioned?

14 | A. Yes.

15 | Q. Has Marion Oaks wastewater system been the subject of any FDEP  
16 | enforcement action within the past two years?

17 | A. Yes. As described earlier with regard to nitrate violations.

18 | Q. Do you have anything further to add?

19 | A. No, I do not.

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## 1 DIRECT TESTIMONY OF PETER SCRENECK

2 Q. Please state your name and business address.

3 A. Peter Screneck. Department of Environmental Protection, 3804 Coconut  
4 Palm Drive.

5 Q. Please state a brief description of your educational background and  
6 experience.

7 A. I received a Bachelor of Science degree in from Ramapo College of N.J.  
8 in 1985. I have approximately 8 years as a water/wastewater plant operator  
9 for both utilities and contract operations.

10 Q. By whom are you presently employed?

11 A. I am employed by the Florida Department of Environmental Protection  
12 (FDEP).

13 Q. How long have you been employed with the FDEP and in what capacity?

14 A. Four and a half years in the drinking water program  
15 compliance/enforcement section.

16 Q. What are your general responsibilities at the FDEP?

17 A. I perform inspections of water systems, report findings, review all  
18 chemical/bacteriological results, determine their compliance with required  
19 monitoring schedules as set forth in Rule 62-550, Florida Administrative Code  
20 and educate owners as to testing due or plant problems which need correction  
21 in order to maintain compliance.

22 Q. Are you familiar with the Southern States Utilities, Inc. water systems  
23 located in the Southwest District?

24 A. Yes, in Marion County.

25 Q. Were these systems inspected by you, or by FDEP staff under your

1 | supervision?

2 | A. I inspected systems in the Southwest District, Marion County (West of  
3 | I-75).

4 | Marion Oaks Water System

5 | Q. Does the utility have a current construction permit from the FDEP for  
6 | Marion Oaks Water System (Marion Oaks)?

7 | A. Yes.

8 | Q. Are the utility's treatment facilities and distribution system  
9 | sufficient to serve its present customers?

10 | A. Yes.

11 | Q. Does the utility maintain the required 20 psi minimum pressure  
12 | throughout the distribution system?

13 | A. Yes.

14 | Q. Does the utility have an adequate auxiliary power source in the event  
15 | of a power outage?

16 | A. Yes.

17 | Q. Are the utility's water wells for Marion Oaks located in compliance with  
18 | Rule 62-555, Florida Administrative Code?

19 | A. Yes.

20 | Q. Does the Marion Oaks have certified operators as required by Rule 61E12-  
21 | 41, Florida Administrative Code?

22 | A. Yes.

23 | Q. Has the utility established a cross-connection control program in  
24 | accordance with Rule 62-555.360, Florida Administrative Code?

25 | A. Yes.

1 Q. Is the overall maintenance of the treatment plant and distribution  
2 facilities satisfactory?

3 A. Yes.

4 Q. Does the water produced by the utility meet the State and Federal  
5 maximum contaminant levels for primary and secondary water quality standards?

6 A. Yes.

7 Q. Does Marion Oaks monitor the organic contaminants listed in Rule  
8 62-550.410, Florida Administrative Code?

9 A. Yes.

10 Q. Do recent chemical analyses of raw and finished water, when compared to  
11 regulations, suggest the need for additional treatment?

12 A. No.

13 Q. Does the utility maintain the required chlorine residual or its  
14 equivalent throughout the distribution system?

15 A. Yes.

16 Q. Are the plant and distribution systems in compliance with all the other  
17 provisions of Chapter 62, Florida Administrative Code, not previously  
18 mentioned?

19 A. Yes.

20 Q. Has Marion Oaks been the subject of any FDEP enforcement action within  
21 the past two years?

22 Samira Villas Water System

23 Q. Does the utility have a current construction permit from the FDEP for  
24 Samira Villas Water System (Samira Villas)?

25 A. No.



- 1 Q. Are the utility's treatment facilities and distribution system  
2 sufficient to serve its present customers?
- 3 A. Yes.
- 4 Q. Does the utility maintain the required 20 psi minimum pressure  
5 throughout the distribution system?
- 6 A. Yes.
- 7 Q. Does the utility have an adequate auxiliary power source in the event  
8 of a power outage?
- 9 A. No. Auxiliary power not required for a system this small.
- 10 Q. Are the utility's water wells for Samira Villas located in compliance  
11 with Rule 62-555, Florida Administrative Code?
- 12 A. Yes.
- 13 Q. Does the utility have certified operators as required by Rule 61E12-41,  
14 Florida Administrative Code?
- 15 A. Yes.
- 16 Q. Has the utility established a cross-connection control program in  
17 accordance with Rule 62-555.360, Florida Administrative Code?
- 18 A. A cross-connection control plan not required of a system this size.
- 19 Q. Is the overall maintenance of the treatment plant and distribution  
20 facilities satisfactory?
- 21 A. Yes.
- 22 Q. Does the water produced by the utility meet the State and Federal  
23 maximum contaminant levels for primary and secondary water quality standards?
- 24 A. Yes.
- 25 Q. Does the utility monitor the organic contaminants listed in Rule

1 | 62-550.410, Florida Administrative Code?

2 | A. Samira Villas is exempt from this test because the system is too small.

3 | Q. Do recent chemical analyses of raw and finished water, when compared to  
4 | regulations, suggest the need for additional treatment?

5 | A. No.

6 | Q. Does the utility maintain the required chlorine residual or its  
7 | equivalent throughout the distribution system?

8 | A. Yes.

9 | Q. Are the plant and distribution systems in compliance with all the other  
10 | provisions of Chapter 62, Florida Administrative Code, not previously  
11 | mentioned?

12 | A. Yes.

13 | Q. Has Samira Villas been the subject of any FDEP enforcement action within  
14 | the past two years?

15 | A. No.

16 | Q. Do you have anything further to add?

17 | A. No, I do not.

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## 1 DIRECT TESTIMONY OF SANDRA SEQUEIRA

2 Q. Please state your name and business address.

3 A. Sandra Sequeira, 3804 Coconut Palm Drive, Tampa, Florida 33619.

4 Q. Please state a brief description of your educational background and  
5 experience.

6 A. I received a Bachelor of Science, from the University of Tampa in April,  
7 1995. I have nine years of Environmental regulation. The later five years  
8 have been in public water systems.

9 Q. By whom are you presently employed?

10 A. I am employed by the Florida Department of Environmental Protection  
11 (FDEP).

12 Q. How long have you been employed with the FDEP and in what capacity?

13 A. Since March 24, 1989. Presently my title is Environmental Specialist  
14 II.

15 Q. What are your general responsibilities at the FDEP?

16 A. I inspect drinking water systems for compliance with Department  
17 regulations, evaluate bacteriological and chemical analysis, and represent the  
18 Department at public meetings and related enforcement activities.

19 Q. Are you familiar with the Southern States Utilities, Inc. water systems  
20 located in the Southwest District?

21 A. Yes.

22 Q. Were these systems inspected by you, or by FDEP staff under your  
23 supervision?

24 A. Yes.

25 Apache Shores Water System

1 Q. Does the utility have a current construction permit from the FDEP for  
2 Apache Shores Water System (Apache Shores)?

3 A. No. The last permit was WC-09-1388, issued February 2, 1983.

4 Q. Are the utility's treatment facilities and distribution system  
5 sufficient to serve its present customers?

6 A. The Department cannot answer this question with reasonable assurance in  
7 regards to current plant capacity and treatment facility adequacy, since there  
8 has not been a construction permit application submitted within the last five  
9 years.

10 Q. Does the utility maintain the required 20 psi minimum pressure  
11 throughout the distribution system?

12 A. Yes. The Department verified that on the March 13, 1995, sanitary  
13 survey.

14 Q. Does the utility have an adequate auxiliary power source in the event  
15 of a power outage?

16 A. No. There is no automatic start up equipment available.

17 Q. Are the utility's water wells for Apache Shores located in compliance  
18 with Rule 62-555, Florida Administrative Code?

19 A. Yes.

20 Q. Does the utility have certified operators as required by Rule 61E12-41,  
21 Florida Administrative Code?

22 A. Yes.

23 Q. Has the utility established a cross-connection control program in  
24 accordance with Rule 62-555.360, Florida Administrative Code?

25 A. SSU has a standard plan, dated August 1992 on file with the Department.

1 FDEP encourages a specific plan for each system.

2 Q. Is the overall maintenance of the treatment plant and distribution  
3 facilities satisfactory?

4 A. The Department has not done a field inspection to verify  
5 physical/maintenance corrections found in the March 13, 1995, survey.

6 Q. Does the water produced by the utility meet the State and Federal  
7 maximum contaminant levels for primary and secondary water quality standards?

8 A. Yes.

9 Q. Does the utility monitor the organic contaminants listed in Rule  
10 62-550.410, Florida Administrative Code?

11 A. Yes. The system will not be required to analyze pesticide and PCB's  
12 until 1997.

13 Q. Do recent chemical analyses of raw and finished water, when compared to  
14 regulations, suggest the need for additional treatment?

15 A. No.

16 Q. Does the utility maintain the required chlorine residual or its  
17 equivalent throughout the distribution system?

18 A. Yes. The utility's monthly operating reports documents show adequate  
19 chlorine residual.

20 Q. Are the plant and distribution systems in compliance with all the other  
21 provisions of Chapter 62, Florida Administrative Code, not previously  
22 mentioned?

23 A. Yes.

24 Q. Has Apache Shores been the subject of any FDEP enforcement action within  
25 the past two years?

1 A. No.

2 Q. Do you have anything further to add regarding Apache Shores?

3 A. Yes. This system is required to have a second well pursuant to Rule 62-  
4 555.320(6), Florida Administrative Code. However, the standby well available  
5 at this facility does not have up-to-date chemical analysis, no iron filter  
6 nor automatic start-up equipment. In the event of an emergency or the main  
7 well being taken out of service the Department must give written approval  
8 prior to the "stand-by" well being placed into service. The chlorine residual  
9 must be verified and main clearance of storage tank completed.

10 Citrus Springs Water System

11 Q. Does the utility have a current construction permit from the FDEP for  
12 Citrus Springs Water System (Citrus Springs)?

13 A. No.

14 Q. Are the utility's treatment facilities and distribution system  
15 sufficient to serve its present customers?

16 A. Yes.

17 Q. Does the utility maintain the required 20 psi minimum pressure  
18 throughout the distribution system?

19 A. Yes.

20 Q. Does the utility have an adequate auxiliary power source in the event  
21 of a power outage?

22 A. Yes.

23 Q. Are the utility's water wells for Citrus Springs located in compliance  
24 with Rule 62-555, Florida Administrative Code?

25 A. Yes.

- 1 Q. Does the utility have certified operators as required by Rule 61E12-41,  
2 Florida Administrative Code?
- 3 A. Yes.
- 4 Q. Has the utility established a cross-connection control program in  
5 accordance with Rule 62-555.360, Florida Administrative Code?
- 6 A. Yes.
- 7 Q. Is the overall maintenance of the treatment plant and distribution  
8 facilities satisfactory?
- 9 A. Yes.
- 10 Q. Does the water produced by the utility meet the State and Federal  
11 maximum contaminant levels for primary and secondary water quality standards?
- 12 A. Yes.
- 13 Q. Does the utility monitor the organic contaminants listed in Rule  
14 62-550.410, Florida Administrative Code?
- 15 A. Yes.
- 16 Q. Do recent chemical analyses of raw and finished water, when compared to  
17 regulations, suggest the need for additional treatment?
- 18 A. No.
- 19 Q. Does the utility maintain the required chlorine residual or its  
20 equivalent throughout the distribution system?
- 21 A. Yes.
- 22 Q. Are the plant and distribution systems in compliance with all the other  
23 provisions of Chapter 62, Florida Administrative Code, not previously  
24 mentioned?
- 25 A. Yes.

1 Q. Has Citrus Springs been the subject of any FDEP enforcement action  
2 within the past two years?

3 A. No.

4 Crystal River Highlands Water System

5 Q. Does the utility have a current construction permit from the FDEP for  
6 Crystal River Highlands Water System (Crystal River Highlands)?

7 A. No.

8 Q. Are the utility's treatment facilities and distribution system  
9 sufficient to serve its present customers?

10 A. The Department cannot answer this question with reasonable assurance in  
11 regards to current plant capacity and treatment facility adequacy, since there  
12 has not been a construction permit within the last five years.

13 Q. Does the utility maintain the required 20 psi minimum pressure  
14 throughout the distribution system?

15 A. Yes.

16 Q. Does the utility have an adequate auxiliary power source in the event  
17 of a power outage?

18 A. No, it does not. However, presently that is not a requirement for  
19 system of this size.

20 Q. Are the utility's water wells for Crystal River Highlands located in  
21 compliance with Rule 62-555, Florida Administrative Code?

22 A. Yes.

23 Q. Does the utility have certified operators as required by Rule 61E12-41,  
24 Florida Administrative Code?

25 A. Yes.



1 Q. Has the utility established a cross-connection control program in  
2 accordance with Rule 62-555.360, Florida Administrative Code?

3 A. Yes.

4 Q. Is the overall maintenance of the treatment plant and distribution  
5 facilities satisfactory?

6 A. Yes.

7 Q. Does the water produced by the utility meet the State and Federal  
8 maximum contaminant levels for primary and secondary water quality standards?

9 A. Yes.

10 Q. Does the utility monitor the organic contaminants listed in Rule  
11 62-550.410, Florida Administrative Code?

12 A. Yes.

13 Q. Do recent chemical analyses of raw and finished water, when compared to  
14 regulations, suggest the need for additional treatment?

15 A. No.

16 Q. Does the utility maintain the required chlorine residual or its  
17 equivalent throughout the distribution system?

18 A. Yes.

19 Q. Are the plant and distribution systems in compliance with all the other  
20 provisions of Chapter 62, Florida Administrative Code, not previously  
21 mentioned?

22 A. Yes.

23 Q. Has Crystal River Highlands been the subject of any FDEP enforcement  
24 action within the past two years?

25 A. No.

## 1 Golden Terrace Water System

2 Q. Does the utility have a current construction permit from the FDEP for  
3 Golden Terrace Water System (Golden Terrace)?

4 A. No.

5 Q. Are the utility's treatment facilities and distribution system  
6 sufficient to serve its present customers?

7 A. Yes. It should be noted that this is a consecutive water system with  
8 no plant of its own. Water is provided by the City of Inverness.

9 Q. Does the utility maintain the required 20 psi minimum pressure  
10 throughout the distribution system?

11 A. Yes.

12 Q. Does the utility have an adequate auxiliary power source in the event  
13 of a power outage?

14 A. Yes. The City of Inverness has auxiliary power.

15 Q. Are the utility's water wells for Golden Terrace located in compliance  
16 with Rule 62-555, Florida Administrative Code?

17 A. This rule is not applicable.

18 Q. Does the utility have certified operators as required by Rule 61E12-41,  
19 Florida Administrative Code?

20 A. Yes.

21 Q. Has the utility established a cross-connection control program in  
22 accordance with Rule 62-555.360, Florida Administrative Code?

23 A. Yes.

24 Q. Does the water produced by the utility meet the State and Federal  
25 maximum contaminant levels for primary and secondary water quality standards?

1 A. Yes. However, the utility has exceeded lead/copper action levels in  
2 more than 10% of the samples.

3 Q. Does the utility monitor the organic contaminants listed in Rule  
4 62-550.410, Florida Administrative Code?

5 A. Yes. The City of Inverness is up-to-date with chemical monitoring.

6 Q. Do recent chemical analyses of raw and finished water, when compared to  
7 regulations, suggest the need for additional treatment?

8 A. Yes. Lead and copper corrosion control is being implemented by the  
9 supplier.

10 Q. Does the utility maintain the required chlorine residual or its  
11 equivalent throughout the distribution system?

12 A. Yes.

13 Q. Are the plant and distribution systems in compliance with all the other  
14 provisions of Chapter 62, Florida Administrative Code, not previously  
15 mentioned?

16 A. Yes.

17 Q. Has Golden Terrace been the subject of any FDEP enforcement action  
18 within the past two years?

19 A. No.

20 Spring Gardens Water System

21 Q. Does the utility have a current construction permit from the FDEP for  
22 Spring Gardens Water System (Spring Gardens)?

23 A. Yes, permit WC 09-231175, issued November 22, 1994.

24 Q. Are the utility's treatment facilities and distribution system  
25 sufficient to serve its present customers?

1 A. Yes.

2 Q. Does the utility maintain the required 20 psi minimum pressure  
3 throughout the distribution system?

4 A. Yes.

5 Q. Does the utility have an adequate auxiliary power source in the event  
6 of a power outage?

7 A. No. As connections and populations have approached the requirement  
8 criteria, that requirement is now applicable.

9 Q. Are the utility's water wells for Spring Gardens located in compliance  
10 with Rule 62-555, Florida Administrative Code?

11 A. Yes.

12 Q. Does the utility have certified operators as required by Rule 61E12-41,  
13 Florida Administrative Code?

14 A. Yes.

15 Q. Has the utility established a cross-connection control program in  
16 accordance with Rule 62-555.360, Florida Administrative Code?

17 A. Yes.

18 Q. Is the overall maintenance of the treatment plant and distribution  
19 facilities satisfactory?

20 A. Yes.

21 Q. Does the water produced by the utility meet the State and Federal  
22 maximum contaminant levels for primary and secondary water quality standards?

23 A. Yes.

24 Q. Does the utility monitor the organic contaminants listed in Rule  
25 62-550.410, Florida Administrative Code?

1 A. No. The utility has a waiver on file for unregulated Group I, II, III.

2 Q. Do recent chemical analyses of raw and finished water, when compared to  
3 regulations, suggest the need for additional treatment?

4 A. No.

5 Q. Does the utility maintain the required chlorine residual or its  
6 equivalent throughout the distribution system?

7 A. Yes. The September, 1995 monthly operating reports residuals are  
8 documented to meet Florida Administrative Code requirements.

9 Q. Are the plant and distribution systems in compliance with all the other  
10 provisions of Chapter 62, Florida Administrative Code, not previously  
11 mentioned?

12 A. No. The Department is awaiting "after the fact" permit review for the  
13 replacement of pump which was installed in August, 1993.

14 Q. Has Spring Gardens been the subject of any FDEP enforcement action  
15 within the past two years?

16 A. No.

17 Sugar Mill Woods Water System

18 Q. Does the utility have a current construction permit from the FDEP for  
19 Sugar Mill Woods Water System (Sugar Mill Woods)?

20 A. No.

21 Q. Are the utility's treatment facilities and distribution system  
22 sufficient to serve its present customers?

23 A. Yes.

24 Q. Does the utility maintain the required 20 psi minimum pressure  
25 throughout the distribution system?

- 1 A. Yes. The system records pressure on a daily plant log.
- 2 Q. Does the utility have an adequate auxiliary power source in the event  
3 of a power outage?
- 4 A. Yes.
- 5 Q. Are the utility's water wells for Sugar Mill Woods located in compliance  
6 with Rule 62-555, Florida Administrative Code?
- 7 A. Yes.
- 8 Q. Does the utility have certified operators as required by Rule 61E12-41,  
9 Florida Administrative Code?
- 10 A. Yes.
- 11 Q. Has the utility established a cross-connection control program in  
12 accordance with Rule 62-555.360, Florida Administrative Code?
- 13 A. Yes.
- 14 Q. Is the overall maintenance of the treatment plant and distribution  
15 facilities satisfactory?
- 16 A. Yes.
- 17 Q. Does the water produced by the utility meet the State and Federal  
18 maximum contaminant levels for primary and secondary water quality standards?
- 19 A. Yes.
- 20 Q. Does the utility monitor the organic contaminants listed in Rule  
21 62-550.410, Florida Administrative Code?
- 22 A. Yes.
- 23 Q. Do recent chemical analyses of raw and finished water, when compared to  
24 regulations, suggest the need for additional treatment?
- 25 A. No.

1 Q. Does the utility maintain the required chlorine residual or its  
2 equivalent throughout the distribution system?

3 A. Yes.

4 Q. Are the plant and distribution systems in compliance with all the other  
5 provisions of Chapter 62, Florida Administrative Code, not previously  
6 mentioned?

7 A. Yes.

8 Q. Has Sugar Mill Woods been the subject of any FDEP enforcement action  
9 within the past two years?

10 Pine Ridge Utilities Water System

11 Q. Does the utility have a current construction permit from the FDEP for  
12 Pine Ridge Water System (Pine Ridge Utilities)?

13 A. No.

14 Q. Are the utility's treatment facilities and distribution system  
15 sufficient to serve its present customers?

16 A. Yes.

17 Q. Does the utility maintain the required 20 psi minimum pressure  
18 throughout the distribution system?

19 A. Yes.

20 Q. Does the utility have an adequate auxiliary power source in the event  
21 of a power outage?

22 A. Yes. (Note: only Well #4 has adequate auxiliary power. Well #2 and  
23 #3 do not comply).

24 Q. Are the utility's water wells for Pine Ridge Utilities located in  
25 compliance with Rule 62-555, Florida Administrative Code?

1 | A. Yes.

2 | Q. Does the utility have certified operators as required by Rule 61E12-41,  
3 | Florida Administrative Code?

4 | A. Yes.

5 | Q. Has the utility established a cross-connection control program in  
6 | accordance with Rule 62-555.360, Florida Administrative Code?

7 | A. Yes.

8 | Q. Is the overall maintenance of the treatment plant and distribution  
9 | facilities satisfactory?

10 | A. Yes.

11 | Q. Does the water produced by the utility meet the State and Federal  
12 | maximum contaminant levels for primary and secondary water quality standards?

13 | A. Yes.

14 | Q. Does the utility monitor the organic contaminants listed in Rule  
15 | 62-550.410, Florida Administrative Code?

16 | A. Yes.

17 | Q. Do recent chemical analyses of raw and finished water, when compared to  
18 | regulations, suggest the need for additional treatment?

19 | A. No.

20 | Q. Does the utility maintain the required chlorine residual or its  
21 | equivalent throughout the distribution system?

22 | A. Yes, verified during Department inspections.

23 | Q. Are the plant and distribution systems in compliance with all the other  
24 | provisions of Chapter 62, Florida Administrative Code, not previously  
25 | mentioned?



1 A. Yes.

2 Q. Has Pine Ridge Utilities been the subject of any FDEP enforcement action  
3 within the past two years?

4 A. No.

5 Lakeside Water System

6 Q. Does the utility have a current construction permit from the FDEP for  
7 Lakeside Water System (Lakeside)?

8 A. No.

9 Q. Are the utility's treatment facilities and distribution system  
10 sufficient to serve its present customers?

11 A. Yes. (Note: system population slowly approaching second well  
12 requirement. Presently only one well is monitored).

13 Q. Does the utility maintain the required 20 psi minimum pressure  
14 throughout the distribution system?

15 A. Yes.

16 Q. Does the utility have an adequate auxiliary power source in the event  
17 of a power outage?

18 A. Yes. (Note: no second well is being monitored).

19 Q. Are the utility's water wells for Lakeside located in compliance with  
20 Rule 62-555, Florida Administrative Code?

21 A. Yes.

22 Q. Does the utility have certified operators as required by Rule 61E12-41,  
23 Florida Administrative Code?

24 A. Yes.

25 Q. Has the utility established a cross-connection control program in

1 | accordance with Rule 62-555.360, Florida Administrative Code?  
2 | A. Yes.  
3 | Q. Is the overall maintenance of the treatment plant and distribution  
4 | facilities satisfactory?  
5 | A. Yes.  
6 | Q. Does the water produced by the utility meet the State and Federal  
7 | maximum contaminant levels for primary and secondary water quality standards?  
8 | A. Yes.  
9 | Q. Does the utility monitor the organic contaminants listed in Rule  
10 | 62-550.410, Florida Administrative Code?  
11 | A. Yes.  
12 | Q. Do recent chemical analyses of raw and finished water, when compared to  
13 | regulations, suggest the need for additional treatment?  
14 | A. No.  
15 | Q. Does the utility maintain the required chlorine residual or its  
16 | equivalent throughout the distribution system?  
17 | A. Yes.  
18 | Q. Are the plant and distribution systems in compliance with all the other  
19 | provisions of Chapter 62, Florida Administrative Code, not previously  
20 | mentioned?  
21 | A. Yes.  
22 | Q. Has Lakeside been the subject of any FDEP enforcement action within the  
23 | past two years?  
24 | A. No.  
25 | Q. Do you have anything further to add?

1 | A. No, I do not.  
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## 1 DIRECT TESTIMONY OF DEBORAH LEE OBLACZYNSKI

2 Q. Please state your name and business address.

3 A. Deborah Lee Oblaczynski, State of Florida, Department of Environmental  
4 Protection, 1900 S. Congress Ave., Suite A, P. O. Box 15425, West Palm Beach,  
5 Florida 33416.6 Q. Please state a brief description of your educational background and  
7 experience.8 A. I have a bachelor of science degree in biological sciences with an  
9 interdisciplinary minor in chemistry and physics from Florida State  
10 University. I graduated in December 1989. I have one year and two months  
11 experience as an Environmental Chemist with McGinnes Laboratories, Inc. in  
12 West Palm Beach. I have been employed for four years and six months as an  
13 environmental specialist in the drinking water section of the Florida  
14 Department of Environmental Protection (FDEP). One year and four months as  
15 an Environmental Specialist I and three years and two months as an  
16 Environmental Specialist II.

17 Q. What are your general responsibilities at the FDEP?

18 A. My responsibilities include tracking and determining compliance with  
19 monitoring and reporting requirements for public water systems in Martin  
20 County, and inspections of approximately 100 public water systems in Martin  
21 County. I also coordinate compliance for those public water systems as  
22 determined by the Florida Administrative Code and Florida Statutes. I also  
23 have some enforcement responsibilities for systems that are out of compliance.24 Q. Are you familiar with the Southern States Utilities, Inc. water systems  
25 located in the Southeast District?

1 A. Yes.

2 Q. Were these systems inspected by you, or by FDEP staff under your  
3 supervision?

4 A. Yes, I have inspected them.

5 Fisherman's Haven Water System

6 Q. Does the utility have a current construction permit from the FDEP for  
7 Fisherman's Haven Water System (Fisherman's Haven)?

8 A. No.

9 Q. Are the utility's treatment facilities and distribution system  
10 sufficient to serve its present customers?

11 A. Yes.

12 Q. Does the utility maintain the required 20 psi minimum pressure  
13 throughout the distribution system?

14 A. Yes.

15 Q. Does the utility have an adequate auxiliary power source in the event  
16 of a power outage?

17 A. No. No auxiliary power is not provided. The requirement for auxiliary  
18 power is based on a population of 350 or more persons and/or 150 or more  
19 service connections. Information submitted to the Department by the Southern  
20 States Utilities indicates a population of 303 persons and 133 service  
21 connections. Therefore, Fisherman's Haven is not required to install and  
22 maintain auxiliary power at this time.

23 Q. Are the utility's water wells for Fisherman's Haven located in  
24 compliance with Rule 62-555, Florida Administrative Code?

25 A. Yes.

- 1 Q. Does the utility have certified operators as required by Rule 61E12-41,  
2 Florida Administrative Code?
- 3 A. Yes.
- 4 Q. Has the utility established a cross-connection control program in  
5 accordance with Rule 62-555.360, Florida Administrative Code?
- 6 A. Yes. The cross connection control program is on file with the  
7 Department.
- 8 Q. Is the overall maintenance of the treatment plant and distribution  
9 facilities satisfactory?
- 10 A. Yes.
- 11 Q. Does the water produced by the utility meet the State and Federal  
12 maximum contaminant levels for primary and secondary water quality standards?
- 13 A. Yes.
- 14 Q. Does the utility monitor the organic contaminants listed in Rule  
15 62-550.410, Florida Administrative Code?
- 16 A. Yes.
- 17 Q. Do recent chemical analyses of raw and finished water, when compared to  
18 regulations, suggest the need for additional treatment?
- 19 A. No.
- 20 Q. Does the utility maintain the required chlorine residual or its  
21 equivalent throughout the distribution system?
- 22 A. Yes.
- 23 Q. Are the plant and distribution systems in compliance with all the other  
24 provisions of Chapter 62, Florida Administrative Code, not previously  
25 mentioned?

1 A. Yes.

2 Q. Has Fisherman's Haven been the subject of any FDEP enforcement action  
3 within the past two years?

4 A. No.

5 Fox Run Water System

6 Q. Does the utility have a current construction permit from the FDEP for  
7 the Fox Run Water System (Fox Run)?

8 A. Yes.

9 Q. Are the utility's treatment facilities and distribution system  
10 sufficient to serve its present customers?

11 A. Yes.

12 Q. Does the utility maintain the required 20 psi minimum pressure  
13 throughout the distribution system?

14 A. Yes.

15 Q. Does the utility have an adequate auxiliary power source in the event  
16 of a power outage?

17 A. Yes.

18 Q. Are the utility's water wells for Fox Run located in compliance with  
19 Rule 62-555, Florida Administrative Code?

20 A. Yes.

21 Q. Does the utility have certified operators as required by Rule 61E12-41,  
22 Florida Administrative Code?

23 A. Yes.

24 Q. Has the utility established a cross-connection control program in  
25 accordance with Rule 62-555.360, Florida Administrative Code?

1 A. Yes. The cross connection control program is on file with the  
2 Department.

3 Q. Is the overall maintenance of the treatment plant and distribution  
4 facilities satisfactory?

5 A. Yes.

6 Q. Does the water produced by the utility meet the State and Federal  
7 maximum contaminant levels for primary and secondary water quality standards?

8 A. Yes.

9 Q. Does the utility monitor the organic contaminants listed in Rule  
10 62-550.410, Florida Administrative Code?

11 A. Yes.

12 Q. Do recent chemical analyses of raw and finished water, when compared to  
13 regulations, suggest the need for additional treatment?

14 A. No.

15 Q. Does the utility maintain the required chlorine residual or its  
16 equivalent throughout the distribution system?

17 A. Yes.

18 Q. Are the plant and distribution systems in compliance with all the other  
19 provisions of Chapter 62, Florida Administrative Code, not previously  
20 mentioned?

21 A. Yes.

22 Q. Has Fox Run been the subject of any FDEP enforcement action within the  
23 past two years?

24 A. Yes. The Department and Fox Run resolved the issue of iron exceeding  
25 the maximum contaminant level by permitting and constructing modifications to



1 | the water treatment system, specifically, addition of filters. The  
2 | enforcement case was closed January 3, 1995.

3 | Leilani Heights Water System

4 | Q. Does the utility have a current construction permit from the FDEP for  
5 | the Leilani Heights Water System (Leilani Heights)?

6 | A. Yes.

7 | Q. Are the utility's treatment facilities and distribution system  
8 | sufficient to serve its present customers?

9 | A. Yes.

10 | Q. Does the utility maintain the required 20 psi minimum pressure  
11 | throughout the distribution system?

12 | A. Yes.

13 | Q. Does the utility have an adequate auxiliary power source in the event  
14 | of a power outage?

15 | A. Yes.

16 | Q. Are the utility's water wells for Leilani Heights located in compliance  
17 | with Rule 62-555, Florida Administrative Code?

18 | A. Yes.

19 | Q. Does the utility have certified operators as required by Rule 61E12-41,  
20 | Florida Administrative Code?

21 | A. Yes.

22 | Q. Has the utility established a cross-connection control program in  
23 | accordance with Rule 62-555.360, Florida Administrative Code?

24 | A. Yes. The cross connection control program is on file with the  
25 | Department.

- 1 Q. Is the overall maintenance of the treatment plant and distribution  
2 facilities satisfactory?
- 3 A. Yes.
- 4 Q. Does the water produced by the utility meet the State and Federal  
5 maximum contaminant levels for primary and secondary water quality standards?
- 6 A. Yes.
- 7 Q. Does the utility monitor the organic contaminants listed in Rule  
8 62-550.410, Florida Administrative Code?
- 9 A. Yes.
- 10 Q. Do recent chemical analyses of raw and finished water, when compared to  
11 regulations, suggest the need for additional treatment?
- 12 A. No.
- 13 Q. Does the utility maintain the required chlorine residual or its  
14 equivalent throughout the distribution system?
- 15 A. Yes.
- 16 Q. Are the plant and distribution systems in compliance with all the other  
17 provisions of Chapter 62, Florida Administrative Code, not previously  
18 mentioned?
- 19 A. Yes.
- 20 Q. Has Leilani Heights been the subject of any FDEP enforcement action  
21 within the past two years?
- 22 A. No.
- 23 Q. Do you have anything further to add?
- 24 A. No, I do not.
- 25

## 1 DIRECT TESTIMONY OF WILLIAM J. THIEL

2 Q. Please state your name and business address.

3 A. William J. Thiel, Florida Department of Environmental Protection, 1801  
4 SE Hillmoor Drive, Suite C-204, Port St. Lucie, Florida 34952.

5 Q. Please state a brief description of your educational background and  
6 experience.

7 A. My education includes a B.S. degree in Environmental Science from the  
8 Florida Institute of Technology. My experience includes about 10 and a half  
9 years in the environmental regulatory field.

10 Q. By whom are you presently employed?

11 A. I am employed by the Florida Department of Environmental Protection  
12 (FDEP).

13 Q. How long have you been employed with the FDEP and in what capacity?

14 A. A total of approximately 10 and a half years, with about 6 and a half  
15 years doing domestic wastewater compliance and enforcement work, and about 4  
16 years working in the technical services group working on groundwater and  
17 surface water sampling investigations.

18 Q. What are your general responsibilities at the FDEP?

19 A. My responsibilities include compliance assurance and enforcement  
20 activities related to domestic wastewater facilities in the northern counties  
21 of the Southeast District.

22 Q. Are you familiar with the Southern States Utilities, Inc. wastewater  
23 systems located in Southeast District?

24 A. Yes, those systems in Martin and St. Lucie Counties.

25 Q. Were these systems inspected by you, or by FDEP staff under your

1 supervision?

2 A. Yes, they were inspected by me.

3 Fisherman's Haven Wastewater System

4 Q. Does the utility have current operating or construction permits from the  
5 Department of Environmental Protection for Fisherman's Haven Wastewater System  
6 (Fisherman's Haven)?

7 A. Yes, Southern States Utilities currently holds a Temporary Operating  
8 Permit for this facility.

9 Q. Please state the issuance dates and the expiration dates of the  
10 operating or construction permits.

11 A. The permit, DT 43-236192 was issued September 16, 1994 and will expire  
12 November 31, 1996.

13 Q. Are the plants in compliance with FDEP issued permits?

14 A. Yes. The compliance schedule of the permit required evaluation of the  
15 plant by December 31, 1994, submittal of a construction permit application of  
16 modifications or additions to the plant by March 31, 1995, obtaining the  
17 permit by June 30, 1995, and completion of construction by March 31, 1996.  
18 Since Chapter 62-620, which became effective shortly after the application was  
19 submitted, eliminated the distinction between operation and construction  
20 permits, modification of the current temporary operating permit will  
21 incorporate the required construction elements. The modification to allow the  
22 work to begin should be issued shortly, as the application has been determined  
23 to be complete.

24 Q. Are the wastewater collection, treatment and disposal facilities  
25 adequate to serve present customers based on permitted capacity?

1 A. Yes, following completion of the construction currently under review by  
2 FDEP. The plant often is operating at approximately 50% of capacity, with the  
3 highest three maximum contiguous months average daily flow being 72%, for the  
4 period of December, 1994 through February, 1995. This facility experienced  
5 some trouble following an extreme storm event which began about October, 17,  
6 1995. During this event, the facility had 24 hour flows up to 1.2 times the  
7 permitted capacity of the plant. The flows remained over the permitted  
8 capacity for approximately six days following the event.

9 Q. Are the treatment and disposal facilities at Fisherman's Haven located  
10 in accordance with Rule 62-600, Florida Administrative Code?

11 A. Yes, although the plant is located near a private potable well on the  
12 adjoining property. As such, the permit requires a level of chlorination  
13 above that of basic disinfection and quarterly sampling and analysis of a  
14 monitoring well and the private potable well.

15 Q. Has the FDEP required the utility to take any action so as to minimize  
16 possible adverse effects resulting from odors, noise, aerosol drift or  
17 lighting?

18 A. Yes. An odor problem was identified in 1987, though it was resolved  
19 through modifications to operations that same year. To my knowledge, there  
20 are currently no odor problems. Aerosols and lighting have not caused any  
21 problems.

22 Q. Do the pump stations and lift stations meet FDEP requirements with  
23 respect to location, reliability and safety?

24 A. Yes. There is only one lift station, located within the facility site.

25 Q. Does the utility have certified operators as required by Rule 62-602,

1 Florida Administrative Code?

2 A. Yes.

3 Q. Is the overall maintenance of the treatment, collection, and disposal  
4 facilities satisfactory?

5 A. Overall, yes, although some maintenance items requiring attention were  
6 identified during inspection. These include repair or replacement of the  
7 ventilator fan in the chlorine cylinder enclosure, securing the loose filter  
8 dosing pump float switch electrical box to remove a possible safety hazard,  
9 repair of the portion of the blower manifold serving the surge tank which had  
10 been broken off and temporarily capped, and sealing a seam between the filter  
11 dosing tank and lid which was allowing significant leakage of effluent to the  
12 ground. Additionally, the filters were still not in operation following their  
13 bypassing due to the storm of October 17, 1995.

14 Q. Does the facility meet the effluent disposal requirements of Rules  
15 62-600 and 62-610, Florida Administrative Code?

16 A. Yes. As evidenced by the self-monitoring data submitted monthly to the  
17 Department, as well as the Department's last sampling of the facility on May  
18 24, 1995, the facility is meeting required effluent limits.

19 Q. Are the collection, treatment and disposal facilities in compliance with  
20 all the other provisions of Chapter 62, Florida Administrative Code, not  
21 previously mentioned?

22 A. Yes, to the best of my knowledge.

23 Q. Has Fisherman's Haven wastewater system been the subject of any  
24 Department of Environmental Protection enforcement action within the past two  
25 years?

1 A. No.

2 Leilani Heights Wastewater System

3 Q. Does the utility have current operating or construction permits from the  
4 FDEP for the Leilani Heights Wastewater System (Leilani Heights)?

5 A. Yes.

6 Q. Please state the issuance dates and the expiration dates of the  
7 operating or construction permits.

8 A. The facility is operating under DO 43-194646. This permit will expire  
9 October 14, 1996.

10 Q. Are the plants in compliance with FDEP issued permits?

11 A. With the exception of problems associated with the recent storm which  
12 are detailed below, yes. The monthly self-monitoring data submitted to the  
13 Department, and the Department's most recent sampling of the facility on  
14 January 4, 1995 indicate compliance with required effluent limits.

15 Q. Are the wastewater collection, treatment and disposal facilities  
16 adequate to serve present customers based on permitted capacity?

17 A. Yes. Generally, the facility is currently operating at approximately  
18 80 to 85% of permitted capacity. The inspection followed an extreme storm  
19 event which began about October 17, 19895. During this event, the facility  
20 was hydraulically overloaded with 24-hour flows over two times the permitted  
21 capacity of the plant on October 18th and over the permitted capacity for many  
22 days following. Groundwater infiltration was observed in the wet well of lift  
23 station number three, and the sewage entering from the gravity main appeared  
24 very diluted at the time of this inspection. This was the only station  
25 inspected. Apparently due to the utility's concern over possible rainfall

1 related high flows and the potential for associated treatment problems,  
2 Southern States Utilities contracted for a study, titled Phase One Surge Study  
3 for Leilani Heights, completed in June, 1995 by Boyd Environmental  
4 Engineering, Inc., of Maitland Florida. The study results state that a  
5 combination of plant improvements and collection system repairs will be  
6 required to address all of the surge related deficiencies.

7 Collection system problems previously reported by residents have been  
8 attributable to maintenance, such as blockages, which were corrected.

9 Q. Are the treatment and disposal facilities at Leilani Heights located in  
10 accordance with Rule 62-600, Florida Administrative Code?

11 A. Yes, to my knowledge.

12 Q. Has the FDEP required the utility to take any action so as to minimize  
13 possible adverse effects resulting from odors, noise, aerosol drift or  
14 lighting?

15 A. Yes. Southern States Utilities entered into a Consent Order with the  
16 Department in the mid 1980's to resolve such problems. An engineering  
17 evaluation was made by the utility, and vegetative screening, chemical  
18 addition, and other measures were instituted to minimize odors. Currently,  
19 odors do not appear to be a problem. Aerosols and lighting have not caused  
20 any problems.

21 Q. Do the pump stations and lift stations meet FDEP requirements with  
22 respect to location, reliability and safety?

23 A. No. Conversation with representatives of Southern States Utilities,  
24 Wayne Vowell, Chuck Bliss, and Tim Vanasdale revealed that the utility has  
25 identified the lift stations as being deficient with regard to current



1 | reliability requirements of Department rules. Upgrades to all the lift  
2 | stations, including controls and alarms, installation of generator  
3 | receptacles, bypass pumping provisions, etc. are reportedly to be completed  
4 | within the current fiscal year.

5 | Q. Does the utility have certified operators as required by Rule 61E12-41,  
6 | Florida Administrative Code?

7 | A. Yes.

8 | Q. Is the overall maintenance of the treatment, collection, and disposal  
9 | facilities satisfactory?

10 | A. Yes, overall. The previously mentioned flows associated with the storm  
11 | event caused considerable problems at the facility. At the time of the  
12 | inspection, the filters were still not in operation. They had been taken out  
13 | of service to prevent their becoming overloaded with solids which were passing  
14 | through the clarifier, especially since backwashing of the filters would have  
15 | been impossible with the surge tanks full. There is no separate mudwell for  
16 | holding a backwash water at this facility. Also, all of the percolation ponds  
17 | were full. The lead operator, Tim Vanasdale had reported that the ponds were  
18 | full and overflowing at one low spot on the berms following the storm. This  
19 | was the first time that I have known of the facility exceeding its usable  
20 | disposal capacity. Minimizing any inflow or infiltration into the system  
21 | would lessen the chance for a similar situation in the future. A minor item  
22 | that was also observed was the poor condition of the maintenance shed. The  
23 | roof or perhaps the entire structure is in need of replacement to allow a  
24 | location for storage of parts and supplies for all three of the facilities in  
25 | the area.

1 Q. Does the facility meet the effluent disposal requirements of Rules  
2 62-600 and 62-610, Florida Administrative Code?

3 A. Yes. As evidenced by the self-monitoring data submitted to the  
4 Department, the facility is meeting required effluent limits.

5 Q. Are the collection, treatment and disposal facilities in compliance with  
6 all the other provisions of Chapter 62, Florida Administrative Code, not  
7 previously mentioned?

8 A. Yes, to my knowledge.

9 Q. Has Leilani Heights wastewater system been the subject of any FDEP  
10 enforcement action within the past two years?

11 A. No.

12 Tropical Isles Wastewater System

13 Q. Does the utility have current operating or construction permits from the  
14 FDEP for the Tropical Isles Wastewater System (Tropical Isles)?

15 A. Yes. The facility is operating under a valid permit as outlined below.

16 Q. Please state the issuance dates and the expiration dates of the  
17 operating or construction permits.

18 A. Southern States Utilities operating permit, number DO 56-167082, for  
19 this facility had an issuance date of November 30, 1989 and an expiration date  
20 of November 30, 1994. A timely application to renew the permit was submitted,  
21 which had the effect of administratively continuing the expired permit until  
22 the issuance of the renewal.

23 Q. Is the plant in compliance with FDEP issued permits?

24 A. Yes, to the best of my knowledge.

25 Q. Are the wastewater collection, treatment and disposal facilities

1 | adequate to serve present customers based on permitted capacity?

2 | A. Yes. The highest reported three maximum months average daily flow was .  
3 | approximately 68% of the permitted capacity of the facility.

4 | Q. Are the treatment and disposal facilities located in accordance with  
5 | Rule 62-600, Florida Administrative Code?

6 | A. Yes, to my knowledge.

7 | Q. Has the FDEP required the utility to take any action so as to minimize  
8 | possible adverse effects resulting from odors, noise, aerosol drift or  
9 | lighting?

10 | A. Yes. Odor was a sporadic problem at this facility during a period from  
11 | about 1991 to 1994. The utility has taken various action to eliminate odors,  
12 | most recently covering the surge tank with a permanent cover. Odor does not  
13 | appear to be a problem any longer. Also, complaints of excessive noise have  
14 | now been addressed by the utility by the installation of a blower/motor  
15 | enclosure and sound insulation. The noise problem also appears to have been  
16 | abated. Aerosols and lighting have not caused any problems.

17 | Q. Do the pump stations and lift stations for Tropical Isles meet FDEP  
18 | requirements with respect to location, reliability and safety?

19 | A. Yes, to my knowledge.

20 | Q. Does the utility have certified operators as required by Rule 61E12-41,  
21 | Florida Administrative Code?

22 | A. Yes.

23 | Q. Is the overall maintenance of the treatment, collection, and disposal  
24 | facilities satisfactory?

25 | A. Yes, to my knowledge.

1 | Q. Does the facility meet the effluent disposal requirements of Rules  
2 | 62-600 and 62-610, Florida Administrative Code?

3 | A. Yes. As evidenced by the self-monitoring data submitted monthly to the  
4 | Department, as well as the Department's last sampling of the facility on  
5 | October 20, 1994, the facility is meeting required effluent limits.

6 | Q. Are the collection, treatment and disposal facilities in compliance with  
7 | all the other provisions of Chapter 62, Florida Administrative Code, not  
8 | previously mentioned?

9 | A. Yes, to the best of my knowledge.

10 | Q. Has Tropical Isles wastewater system been the subject of any FDEP  
11 | enforcement action within the past two years?

12 | A. No.

13 | Q. Do you have anything further to add?

14 | A. No, I do not.

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## DIRECT TESTIMONY OF JOHN A. KINTZ

1 |  
2 | Q. Please state your name and business address.

3 | A. My name is John A. Kintz, 160 Governmental Center, Pensacola, Florida  
4 | 32501-5794.

5 | Q. Please state a brief description of your educational background and  
6 | experience.

7 | A. I received a bachelor's degree in Civil Engineering from Penn State  
8 | University in 1959. I served for twenty years in the U. S. Naval Civil  
9 | Engineering Corp. Since retirement from the Navy, I have been employed by the  
10 | Florida Department of Environmental Protection (FDEP). I am licensed as a  
11 | Professional Engineer (PE) by the Florida Board of Professional Regulation.  
12 | Since working for the FDEP, I have attended several schools, seminars,  
13 | conferences and workshops in utility water engineering matters.

14 | Q. By whom are you presently employed?

15 | A. I am employed by FDEP.

16 | Q. How long have you been employed with the FDEP and in what capacity?

17 | A. I am currently the Supervisor of the Drinking Water Section of the  
18 | Northwest District of the FDEP. I have held this position for 11 years, since  
19 | 1984. I have worked for the FDEP for a total of 15 years.

20 | Q. What are your general responsibilities at the FDEP?

21 | A. I am responsible for compliance, enforcement and permitting for  
22 | approximately 482 water systems in the Northwest District, which includes 16  
23 | counties in Northwest Florida. I supervise four staff members in the  
24 | Pensacola district, one staff member in Tallahassee and two employees in the  
25 | Panama City office with regard to the technical aspects of water engineering.

1 One of the employees in the Panama City office devotes half time to the  
2 drinking water section and half time to the wastewater section.

3 Q. Are you familiar with the Southern States Utilities Inc. water systems  
4 located in the Northwest District?

5 A. Yes.

6 Q. Were these systems inspected by you, or by FDEP staff under your  
7 supervision?

8 A. Yes.

9 Sunny Hills Water System

10 Q. Does the utility have a current construction permit from the Department  
11 of Environmental Protection for the Sunny Hills Water System (Sunny Hills)?

12 A. No.

13 Q. Are the utility's treatment facilities and distribution system  
14 sufficient to serve its present customers?

15 A. Yes.

16 Q. Does the utility maintain the required 20 psi minimum pressure  
17 throughout the distribution system?

18 A. Yes.

19 Q. Does the utility have an adequate auxiliary power source in the event  
20 of a power outage?

21 A. Yes.

22 Q. Are the utility's water wells for Sunny Hills located in compliance with  
23 Rule 62-555, Florida Administrative Code?

24 A. Yes.

25 Q. Does the utility have certified operators as required by Rule 61E12-41,

- 1 | Florida Administrative Code?
- 2 | A. Yes.
- 3 | Q. Has the utility established a cross-connection control program in  
4 | accordance with Rule 62-555.360, Florida Administrative Code?
- 5 | A. Yes, Sunny Hills has an established cross-connection control program.
- 6 | Q. Is the overall maintenance of the treatment plant and distribution  
7 | facilities satisfactory?
- 8 | A. Yes.
- 9 | Q. Does the water produced by the utility meet the State and Federal  
10 | maximum contaminant levels for primary and secondary water quality standards?
- 11 | A. Yes.
- 12 | Q. Does the utility monitor the organic contaminants listed in Rule  
13 | 62-550.410, Florida Administrative Code?
- 14 | A. Yes.
- 15 | Q. Do recent chemical analyses of raw and finished water, when compared to  
16 | regulations, suggest the need for additional treatment?
- 17 | A. No.
- 18 | Q. Does the utility maintain the required chlorine residual or its  
19 | equivalent throughout the distribution system?
- 20 | A. Yes.
- 21 | Q. Are the plant and distribution systems in compliance with all the other  
22 | provisions of Chapter 62, Florida Administrative Code, not previously  
23 | mentioned?
- 24 | A. Yes.
- 25 | Q. Has Sunny Hills been the subject of any Department of Environmental

1 | Protection enforcement action within the past two years?

2 | A. No.

3 | Q. Do you have anything further to add?

4 | A. No, I do not.

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## 1 DIRECT TESTIMONY OF TONI TOUART

2 Q. Please state your name and business address.

3 A. Toni Touart, Florida Department of Environmental Protection, 160  
4 Governmental Center, Pensacola, Florida 32501-5794.

5 Q. Please state a brief description of your educational background and  
6 experience.

7 A. I have a B.S. in Biology, a B.S. in Science Interdisciplinary, and an  
8 MPA in Coastal Zone Studies.

9 Q. By whom are you presently employed?

10 A. I am employed by the Florida Department of Environmental Protection  
11 (FDEP).

12 Q. How long have you been employed with the FDEP and in what capacity?

13 A. I have been employed by FDEP for approximately 12 years in a regulatory  
14 position. I am currently working as an Environmental Specialist II in the  
15 Water Facilities Compliance/Enforcement Section.

16 Q. What are your general responsibilities at the FDEP?

17 A. I supervise the industrial wastewater/domestic wastewater compliance/  
18 enforcement activities to insure the facilities under our preview operate in  
19 compliance with permitted requirements and state regulations as they pertain  
20 to Chapter 403, Florida Statutes.

21 Q. Are you familiar with the Southern States Utilities, Inc. wastewater  
22 systems located in Northwest District?

23 A. Yes.

24 Q. Were these systems inspected by you, or by FDEP staff under your  
25 supervision?

1 | A. This system is inspected by our branch office personnel.

2 | Sunny Hills Wastewater System

3 | Q. Does the utility have current operating or construction permits from the  
4 | FDEP for the Sunny Hills wastewater system (Sunny Hills)?

5 | A. Yes.

6 | Q. Please state the issuance dates and the expiration dates of the  
7 | operating or construction permits.

8 | A. Operation Permit D067-183836 was issued on September 28, 1990, with an  
9 | expiration date of September 24, 1995. An application for permit renewal was  
10 | submitted on July 26, 1995, and is currently under review.

11 | Q. Are the plants in compliance with FDEP issued permits?

12 | A. Yes.

13 | Q. Are the wastewater collection, treatment and disposal facilities  
14 | adequate to serve present customers based on permitted capacity?

15 | A. Yes.

16 | Q. Are the treatment and disposal facilities located in accordance with  
17 | Rule 62-600, Florida Administrative Code?

18 | A. Yes.

19 | Q. Has the FDEP required the utility to take any action so as to minimize  
20 | possible adverse effects resulting from odors, noise, aerosol drift or  
21 | lighting?

22 | A. No.

23 | Q. Do the pump stations and lift stations meet FDEP requirements with  
24 | respect to location, reliability and safety?

25 | A. Yes.

1 Q. Does the utility have certified operators as required by Rule 61E12-41,  
2 Florida Administrative Code?

3 A. Yes.

4 Q. Is the overall maintenance of the treatment, collection, and disposal  
5 facilities satisfactory?

6 A. Yes.

7 Q. Does the facility meet the effluent disposal requirements of Rules  
8 62-600 and 62-610, Florida Administrative Code?

9 A. Yes.

10 Q. Are the collection, treatment and disposal facilities in compliance with  
11 all the other provisions of Chapter 62, Florida Administrative Code, not  
12 previously mentioned?

13 A. Yes.

14 Q. Has Sunny Hills been the subject of any FDEP enforcement action within  
15 the past two years?

16 A. No.

17 Q. Do you have anything further to add?

18 A. No, I do not.

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

2       A.     My name is Ida M. Roberts and my business address  
3             is Southern States Utilities, 1000 Color Place,  
4             Apopka, Florida 32703.

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

6       A.     My position is Manager of Community Affairs,  
7             Conservation and Communications.

8       **Q.     PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**  
9             **PROFESSIONAL BACKGROUND AS WELL AS YOUR**  
10            **RESPONSIBILITIES IN YOUR CURRENT POSITION.**

11      A.     I am a 1965 graduate of the University of Florida  
12             with a Bachelor's degree in Journalism and  
13             Communications. I also obtained a Juris doctor  
14             degree from the University of Miami Law School in  
15             1976. I began my career working in communications  
16             for National Airlines, Inc. prior to going to law  
17             school. Subsequent to law school, I clerked for a  
18             federal judge, worked for two law firms and  
19             ultimately opened my own law practice. I have  
20             nearly two decades of experience in  
21             communications, public affairs and government  
22             relations. Formerly, I have been manager of  
23             communications for Eastern Airlines, and was vice  
24             president of corporate communications for  
25             Southeast Banking Corporation for nine years. I

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

1 1995 as well as those planned for 1996.

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

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

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

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

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

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

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

1           that revenue requirement is divided among  
2           customers.

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

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

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

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

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

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

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

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

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

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

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

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



1 Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?

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

4 Q. ARE YOU THE SAME DALE G. LOCK WHO SUBMITTED PRE-  
5 FILED DIRECT TESTIMONY IN THIS PROCEEDING?

6 A. Yes, I am.

7 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

8 A. The purpose of my testimony is twofold: (1) to  
9 rebut the testimony of Office of Public Counsel  
10 witness Paul Katz regarding the adequacy and  
11 competitiveness of Southern States' compensation  
12 program and (2) to rebut the testimony of customers  
13 during customer service hearings suggesting that  
14 SSU had improperly inflated its projections in the  
15 MFRs.

16 Q. DID YOU READ THE ENTIRETY OF MR. KATZ TESTIMONY  
17 INCLUDING THE EXHIBITS NO. PAK-1 AND PAK-2?

18 A. Yes, I studied all of Mr. Katz's testimony and  
19 exhibits. According to page 2 of Mr. Katz'  
20 testimony, his conclusions were based on a review  
21 of only pages 11 through 20 out of the 125 pages of  
22 my testimony and exhibits. His failure to be  
23 provided with or to review all of my testimony and  
24 exhibits may be the explanation for his lack of any  
25 mention, critique or analysis of the single most

1 important supporting documentation for SSU's  
2 competitive pay increases -- namely, the eighty-one  
3 page "Competitive Pay Data and Analysis", Exhibit  
4 \_\_\_\_\_ (DGL-3). Mr. Katz never addresses the study  
5 or refers to any of the data or conclusions taken  
6 from the study. A brief synopsis of the  
7 "Competitive Pay Data and Analysis" begins on page  
8 10 of 30 of the testimony, as well as, in Exhibit  
9 \_\_\_\_\_ (DGL-3). This custom market based pay study  
10 was conducted for SSU by one of the largest and  
11 most renown compensation and benefits consulting  
12 firms in the country, Hewitt Associates. Hewitt is  
13 an international firm of consultants and actuaries  
14 specializing in the design, financing,  
15 communication and administration of employee  
16 benefits and compensation.

17 **Q. WHAT DO YOU THINK OF MR. KATZ'S CREDENTIALS,**  
18 **EMPLOYMENT AND EXPERIENCE OVER THE LAST TEN YEARS**  
19 **AS COMPARED TO THE COMBINED EXPERTISE OF HEWITT**  
20 **ASSOCIATES?**

21 A. I do not believe that Mr. Katz has recent nor  
22 relevant experience to critique today's pay studies  
23 in the private sector compensation field. Perhaps  
24 his limited experience prevented Mr. Katz from  
25 critically analyzing the study performed by Hewitt

1 Associates. Mr. Katz retired 9 years ago from a  
2 career exclusively with the federal government.  
3 Mr. Katz's resume documents that he has very little  
4 experience with the private sector either as an  
5 employee or as a consultant. It would be hard to  
6 imagine any private sector business which would  
7 choose to model itself after the archaic pay  
8 practices and costly excesses of the federal  
9 government pay system. Since his retirement nine  
10 years ago, Mr. Katz's resume indicates that most of  
11 his consulting work has been in support of  
12 litigation surrounding employment and pay  
13 discrimination cases mainly for government workers.  
14 Specializing as an expert witness for the  
15 plaintiff's bar places him far afield from  
16 corporate compensation consulting work. From his  
17 resume I do not see examples that Mr. Katz has  
18 experience in the modern market based pay programs.  
19 He has focused his experience and training in using  
20 job evaluation typically know as classification and  
21 pay. It would have been more supportable if the  
22 Office of Public Counsel had consulted with a  
23 professional from one of the large private sector  
24 consulting firms such as Hay, Hewitt, Mercer or the  
25 like.

1       **Q.    COULD YOU DESCRIBE THE APPROACH AND CONCLUSIONS OF**  
2       **THE OFFICE OF PUBLIC COUNSEL WITNESS, PAUL KATZ?**

3       A.    Apparently Mr. Katz conducted a cursory and  
4       incomplete review of the testimony provided by SSU.  
5       I saw no evidence that he reviewed any  
6       interrogatory responses or document requests which  
7       were supplied to the OPC dealing with SSU's  
8       compensation programs. In fact, Mr. Katz suggested  
9       that SSU had no formal incentive pay program and no  
10      justification for its current salary levels. His  
11      lack of information and relevant facts was apparent  
12      throughout his testimony. He completely ignored  
13      the empirical quantitative compensation data  
14      presented by Hewitt Associates. From Mr. Katz's  
15      conclusions, he was able to discern very little  
16      about SSU's pay practices, business operations,  
17      revenue base or the justification for competitive  
18      pay adjustments. He focused on minor supporting  
19      statistics. His conclusions demonstrate errors in  
20      analysis, interpretation and serious deficiencies  
21      of vital numbers and information. I will  
22      demonstrate the following points regarding Mr.  
23      Katz's testimony:  
24      1.    A lack of information and understanding by Mr.  
25      Katz regarding a) the nature of SSU's water and

1 sewer business, b) no knowledge of SSU's current  
2 programs and pay practices; and c) no knowledge of  
3 SSU's geographic operating locations. None of the  
4 aforementioned were to be found in the testimony  
5 Mr. Katz provided.

6 2. Errors in Mr. Katz's comparisons of SSU with  
7 the NAWC companies regarding revenue and customers  
8 as compared to payroll dollars listed in his  
9 Exhibit Nos. PAK-1 and PAK-2.

10 **Q. COULD YOU BEGIN BY EXPLAINING HOW MR. KATZ ERRED IN**  
11 **HIS COMPARISONS OF SSU AGAINST THE NAWC SURVEY AND**  
12 **TELL US, IS MR. KATZ CORRECT IN HIS COMPARISON OF**  
13 **SOUTHERN STATES' PAYROLL TO OTHER NAWC COMPANIES?**

14 A. No, Mr. Katz is not correct. The NAWC survey  
15 comparisons were calculated incorrectly by Mr.  
16 Katz. In the NAWC survey "Notes to Company  
17 Reports" NAWC's footnote reads "Southern States  
18 Utilities Incorporated - includes water and  
19 wastewater operations. Financial data, other than  
20 the information presented, is not available for  
21 water operations only." He used only partial SSU  
22 revenues and partial customers. Mr. Katz did not  
23 include sewer revenue or sewer customers in his  
24 comparisons, but did include sewer payroll dollars.  
25 When using the true revenue and customer numbers,

1 the ratio of SSU payroll dollars per customer and  
2 per revenue dollar are far below average. This  
3 supports my testimony which shows that SSU's  
4 average payroll cost per employee is far lower than  
5 the average company in the NAWC survey. The  
6 exhibits prepared by Mr. Katz in his direct  
7 testimony, specifically Exhibit No. PAK-1 and  
8 Exhibit PAK-2, misrepresent SSU's payroll to the  
9 other NAWC companies.

10 The first mistake Mr. Katz makes is in Exhibit  
11 No. PAK-1 where he compares only SSU's water  
12 revenues to total company payroll. Certainly SSU's  
13 dollar amount of revenue per dollar amount of  
14 payroll would be extremely low when you only  
15 include a portion of revenues in the numerator of  
16 the equation but include total company payroll in  
17 the denominator. Please refer to Exhibit No. 211  
18 (DGL-5) which accurately depicts the dollar of  
19 revenue per dollar of payroll. This schedule shows  
20 that actual total company water and sewer revenues  
21 compared to total company water and sewer payroll  
22 yields \$4.20 of revenue to each \$1 of payroll as  
23 opposed to Mr. Katz's \$2.57.

24 Mr. Katz concludes from his flawed analysis  
25 that SSU "spends relatively more money on pay than

1 do virtually all of SSU's fellow companies".

2 There are other serious problems to Mr. Katz  
3 comparison of water only companies to water and  
4 sewer companies. I would like to point out that  
5 SSU is a water and sewer utility but the survey  
6 consists mainly of water companies only. SSU's  
7 sewer costs distort any relative payroll comparison  
8 because sewer operations are more labor intensive  
9 than water operations. One must also ask how  
10 appropriate it is for Mr. Katz to compare the  
11 company's revenues to payroll when the company  
12 revenues are not providing an appropriate level of  
13 return.

14 Another significant error occurs in Mr. Katz's  
15 Exhibit No. PAK-2 where he compares SSU's water  
16 customers only to total company payroll which  
17 includes both water and sewer. Once again, SSU  
18 payroll dollars to number of customers does not  
19 compare favorably to other NAWC companies when one  
20 includes only a portion of the company's customers  
21 in the denominator and the total amount of payroll  
22 in the numerator of the equation. Please refer to  
23 Exhibit 211 (DGL-5) which accurately compares  
24 SSU's total water and sewer payroll to total water  
25 and sewer number of customers.

1           In contrast to Mr. Katz's conclusion, SSU rate  
2 payers actually carry a relatively smaller payroll  
3 burden than most other rate-payers throughout the  
4 country. SSU has a lower than NAWC average labor  
5 cost.

6           I would like to discuss the misrepresentation  
7 of SSU's rankings in this analysis via the  
8 comparison of SSU, a water and sewer utility, to  
9 the NAWC companies which are mainly water  
10 companies. For instance, in Exhibit No. 211  
11 (DGL-5), the ratio of SSU water payroll dollars to  
12 the number of customers is at 66. SSU's sewer ratio  
13 of payroll dollars to customers has a factor of 99.  
14 By combining water and sewer ratios, the combined  
15 factor is 77. The labor costs for sewer services  
16 are thus about 50% higher than the costs of  
17 providing water service alone. That is, 50% more  
18 labor is spent per customer on our sewer operations  
19 than on water. This demonstrates that sewer  
20 operations are much more labor intensive than water  
21 alone and bring the average payroll costs up when  
22 water and sewer companies like SSU are compared to  
23 other water only companies.

24           SSU has performed a payroll analysis using  
25 water and sewer payroll costs and revenue which



1 more accurately represents its position compared to  
2 other NAWC companies. Please refer to Exhibit No.  
3 211 (DGL-6) which compares SSU to the other NAWC  
4 companies on the basis of average pay per employee  
5 for the years 1993 and 1994. This exhibit shows  
6 that in 1993 SSU had an average pay per employee of  
7 \$25,216 versus the NAWC average of \$37,876 for all  
8 the companies in the survey. The results did not  
9 change significantly in 1994 when SSU had an  
10 average pay per employee of \$27,269 as compared to  
11 an average of \$39,694 for all surveyed NAWC  
12 companies. Only 7 companies in 1993 and 8  
13 companies in 1994 included in the survey had lower  
14 average pay per employee than SSU. These NAWC  
15 comparisons of average pay support my earlier  
16 testimony and also the Hewitt study results wherein  
17 I explained the need for competitive labor  
18 adjustments. Even Mr. Katz stated in his testimony  
19 he could not believe that the disparity in average  
20 pay between SSU and the NAWC surveyed companies was  
21 so great.

22 On page 8, line 6 of his testimony, Mr. Katz  
23 states that: "SSU ... typically utilizes industry  
24 and/or national data and compares it to the whole  
25 SSU corporation. This is clearly not a typical or

1 professional personnel practice." This however, is  
2 exactly what Mr. Katz did in comparing SSU's whole  
3 corporation average payroll, revenues and number of  
4 customer ratios to the National Association of  
5 Water Companies survey data.

6 **Q. ON PAGE 3 OF MR. KATZ' TESTIMONY HE STATES THAT**  
7 **"(A) THE FOUNDATION SALARY SURVEYS USED ARE NON-**  
8 **COMPARABLE TO SSU OR IT'S INDIVIDUAL**  
9 **ESTABLISHMENTS, AND (B) THE SURVEY DATA ITSELF HAS**  
10 **BEEN MISUSED." MR. KATZ ALSO CLAIMS THAT SSU DID**  
11 **NOT USE RELEVANT LOCAL GEOGRAPHIC COMPARISONS. DO**  
12 **YOU AGREE WITH THESE STATEMENTS?**

13 A. Absolutely not. The salary surveys used by Hewitt  
14 Associates were highly relevant and represented the  
15 exact jobs which SSU employs, as well as, contained  
16 pay data from many of the county and city locales  
17 in which SSU does business. Further the statistical  
18 analysis and labor market comparison methods used  
19 by Hewitt Associates were state of the art. From  
20 his testimony, I see no evidence that Mr. Katz  
21 reviewed the 81 page Hewitt Associates custom SSU  
22 study, which I provided in Exhibit \_\_\_\_\_ (DGL-3),  
23 nor did he see or review any of the published  
24 salary surveys used by Hewitt Associates. He  
25 criticizes the use of only one survey by name. That

1 is the one which I specifically mentioned in the  
2 ten pages of my testimony which he read. And in  
3 that instance, he judged the survey, The Florida  
4 League of Cities Survey, solely by its name since  
5 he apparently had no copy of the survey. This  
6 survey was available at SSU for inspection by the  
7 OPC, but, they did not avail themselves of the  
8 opportunity to review it. Mr. Katz concluded that  
9 the jobs and employers contained in the survey were  
10 all located in large urban cities. He states on  
11 page 9 of his testimony:

12 "That SSU also used a Florida  
13 League of Cities survey is still not  
14 indicative of the above "local"  
15 focus. State-wide (or even local  
16 city government) pay data is not the  
17 same as, for example, local pay  
18 data, especially when an SSU water  
19 plant is located in a non-urban area  
20 and the city government pay data  
21 comes almost exclusively from  
22 downtown. It is a well known fact  
23 that suburban pay is typically lower  
24 than downtown pay."

25 The foregoing conclusions are ludicrous in

1           that the Florida League of Cities Survey contains  
2           an exact geographic match of the majority of rural  
3           counties and cities in which SSU actually operates  
4           water and wastewater plants specifically including  
5           the counties of Alachua, Citrus, Hernando,  
6           Highlands, Lake, Marion, Martin and Volusia, as  
7           well as the small to mid size towns of Altamonte  
8           Springs, Deland, Fort Myers, Jacksonville Beach,  
9           Kissimmee, New Smyrna, Ocala, Sanford, and  
10          Lakeland. Mr. Katz falsely concluded that SSU did  
11          not use relevant local geographic comparisons.

12                 Another misconception of Mr. Katz is that SSU  
13          has no employees in urban areas. SSU operates in  
14          and employs personnel listed in the Florida League  
15          of Cities Survey from larger counties and cities  
16          including Orange, Hillsborough, and Lee Counties.  
17          SSU also operates plants in the suburbs of the  
18          cities of Orlando, Tampa, and Jacksonville all of  
19          which are included in the survey. In fact it would  
20          be irresponsible for SSU to ignore the single  
21          largest data base of pay rates for licensed Water  
22          and Wastewater Plant Operators and maintenance  
23          personnel in the State of Florida. We consistently  
24          lose trained personnel to these governmental  
25          entities who are the largest source of employment

1 for Water and Wastewater Plant Operators. The  
2 county and municipal entities are truly our biggest  
3 competitors in the labor market. The Florida  
4 League of Cities Survey is the best and single  
5 largest source of pay data for the very plant  
6 operations jobs for which SSU recruits. It  
7 contains average pay as well as, minimum and  
8 maximum pay range data by job title and description  
9 for Water and Wastewater Plant Operators A, B, and  
10 C, as well as Meter Reader, Superintendent of Water  
11 and Superintendent of Wastewater positions.

12 Mr. Katz' criticism of the use of the survey  
13 demonstrates that he did not know what geographic  
14 locations were included in the Florida League of  
15 Cities Survey (FLCS). He did not know what jobs  
16 were contained in the survey. He also did not know  
17 in what geographic locations SSU owned and operated  
18 its plants. Mr. Katz totally missed the  
19 significance and value of the FLCS data. He made no  
20 comment on the 18 other surveys used by Hewitt to  
21 establish market comparison, such as the Tower  
22 Perrin - Florida Benchmark survey or Bureau of  
23 Labor Statistics Survey both used to isolate  
24 Orlando pay rates.

25 **Q. ON PAGE 11 OF HIS TESTIMONY, MR. KATZ STATES "THE**

1           NEED TO FOCUS NARROWLY AS IS REASONABLE ON  
2           COMPARING THE LOCAL ESTABLISHMENT (I.E., THE WATER  
3           PLANT) TO THE IMMEDIATELY SURROUNDING LOCAL LABOR  
4           MARKET." HOW HAS SSU DONE THIS IN THE USE OF THE  
5           HEWITT STUDY "COMPETITIVE PAY DATA AND ANALYSIS FOR  
6           SELECTED POSITIONS"?

7           A. As stated earlier, the FLCS survey contained  
8           water/wastewater plant operator pay data from the  
9           many of the same locations in which SSU operates  
10          its plants. By using exclusively the Florida  
11          League of Cities - Cooperative Salary Survey for  
12          Water and Wastewater plant operators pay  
13          comparisons, it was found that the specific SSU  
14          cost required to bring Operator I positions to  
15          average market level pay rates was 11.4%, Operator  
16          II positions was 12.5% and Operator III positions  
17          was 22.2%.

18          Q. MR. KATZ STATES ON PAGE 8 OF HIS TESTIMONY THAT  
19          "SSU, IN ITS TESTIMONY, TYPICALLY UTILIZES INDUSTRY  
20          AND/OR NATIONAL DATA AND COMPARES IT TO THE WHOLE  
21          SSU CORPORATION. THIS IS CLEARLY NOT A TYPICAL OR  
22          PROFESSIONAL PERSONNEL PRACTICE." IS THIS TRUE?

23          A. No this is not true. If only Mr. Katz had studied  
24          the 81 page, April 1995 Competitive Pay Data and  
25          Analysis for Selected Positions he would have seen

1 the job by job detailed custom survey comparisons  
2 wherein different geographic area surveys were used  
3 for each of the 50 different SSU jobs studied to  
4 reflect the labor markets wherein SSU recruits for  
5 particular jobs. For example, in pricing the labor  
6 rates for the job Secretary, five different survey  
7 sources were used. The two highest weighted  
8 surveys included only secretarial pay in Orlando.  
9 The other two surveys represented statewide general  
10 industry secretary pay data. Each survey was  
11 assigned a weight by Hewitt to more accurately  
12 reflect the relevance of the pay data in deriving  
13 the average pay value. This approach correctly  
14 reflected that most of SSU's secretary positions  
15 are located in Orlando, however each region  
16 throughout the state also employs one or more  
17 secretaries.

18 **Q. MR. KATZ ON PAGE 4 OF HIS TESTIMONY STATES: "A**  
19 **SALARY STRUCTURE HAS LITTLE TO DO WITH ACTUAL PAY."**  
20 **HE THEN GOES ON TO SAY: "THE FACT THAT SSU DID NOT**  
21 **INCREASE ITS SALARY STRUCTURE HAS NO BEARING**  
22 **WHATSOEVER ON (A) ITS ACTUAL RATES, OR (B) ITS**  
23 **ABILITY TO FAIRLY COMPETE IN THE LABOR MARKET.**  
24 **SSU'S CLAIMS ABOUT SALARY STRUCTURE SHOULD BE**  
25 **REJECTED AS IRRELEVANT TO ANY CLAIMS MADE ABOUT THE**

1           **NEED FOR PAY RAISES OR ITS ABILITY TO COMPETE IN**  
2           **THE MARKET." DO YOU AGREE WITH THESE STATEMENTS?**

3           A.   No.   In these comments Mr. Katz engaged in exactly  
4           what he referred to as "throwing numbers around".  
5           It would be almost impossible to try to dissect or  
6           shed reason on his many broad over generalizations  
7           and misperceptions based on numbers he has taken  
8           out of context.   I can demonstrate however, that  
9           every other major employer focuses on pay range  
10          minimums and maximums, because pay ranges and  
11          salary structure data are listed in virtually all  
12          commercially published wage and salary surveys.  
13          Obviously, Hewitt Associates and the rest of the  
14          modern day compensation world finds pay range data  
15          to be highly important.

16                 In SSU's compensation policy and practice, all  
17          employees are hired at the minimum of the pay range  
18          or are paid at no more than 90% of the mid-point of  
19          the assigned pay range for their job  
20          classification, if they possess experience or  
21          training superior to those requirements stated in  
22          the job description.   SSU's Human Resources staff  
23          individually checks and approves every  
24          recommendation to hire to ensure conformity with  
25          this pay practice.   To allow anything other than



1 consistent pay treatment would quickly degenerate  
2 morale and result in numerous complaints and  
3 demands for pay increases by others not afforded  
4 like treatment. The pay range minimums have a  
5 dramatic impact on our ability to hire and recruit  
6 new employees. This is particularly important in  
7 view of the level of turnover we experience.

8 **Q. MR. KATZ STATES ON PAGE 5 OF HIS TESTIMONY THAT SSU**  
9 **SHOULD NOT HAVE REFERENCED EXTERNAL COMPANY SALARY**  
10 **BUDGET DATA REPORTED IN THE HEWITT ASSOCIATES'**  
11 **COMMERCIALY PUBLISHED SURVEY OF THE FLORIDA AND**  
12 **SOUTHERN UNITED STATES LABOR MARKETS IN 1993 AND**  
13 **1994. MR. KATZ FURTHER CONCLUDED THAT, IN HIS**  
14 **OPINION, THIS INFORMATION IS IRRELEVANT AND:**  
15 **"THUS, THIS FOUNDATION DATA AND ALL THE ANALYSIS**  
16 **AND CONCLUSIONS THAT RELY ON IT SHOULD ALSO BE**  
17 **REJECTED." COULD YOU INDICATE WHY THIS DATA WAS**  
18 **MENTIONED IN YOUR TESTIMONY?**

19 **A.** Yes. Obviously many companies purchase and rely on  
20 this type of published data when planning their  
21 salary budgets and use this data to make  
22 competitive market pay adjustments. To ignore this  
23 information would be foolish. In my testimony, none  
24 of the historic 1993 and 1994 salary budget data  
25 actually was used to recommend the 1996 pay

1 adjustments. It was only included so that the  
2 commission staff could ascertain that historically  
3 SSU had not kept pace with the market in budgeting  
4 nor awarding actual pay increases. Again, Mr. Katz  
5 has focused on the relatively inconsequential while  
6 ignoring the 81 page Hewitt SSU custom competitive  
7 pay study.

8 **Q. ON PAGE 5 OF MR. KATZ TESTIMONY HE STATES: " FIRST**  
9 **SSU CALCULATES (PAGES 12 AND 13) THAT ...AVERAGE**  
10 **OVERALL SALARY INCREASE BUDGETS IN FLORIDA OF**  
11 **APPROXIMATELY 4% A YEAR FOR EACH OF TWO YEARS**  
12 **(1993-94) YIELDS AN ACTUAL TWO YEAR SALARY INCREASE**  
13 **OF 8.7%. NO SUCH THING!" MR. KATZ THEN TESTIFIES**  
14 **THAT BUDGETS FREQUENTLY DO NOT TRANSLATE INTO**  
15 **ACTUAL SPENDING AND THAT THIS INFORMATION SHOULD BE**  
16 **REJECTED. CAN YOU TELL US THE POINT OF YOUR**  
17 **TESTIMONY CITED BY MR. KATZ?**

18 A. Yes. Mr. Katz chose to ignore the actual average  
19 salary structure information in my testimony and  
20 instead criticized the reference to average  
21 budgeted salary increase data. This actual  
22 information was also presented on page 12 of my  
23 testimony. In paragraph two of page 12, actual data  
24 is presented from a published Hewitt national  
25 survey, which reports the *actual* salary structure

1 percentage changes.

2 Q. ON PAGE 3 OF HIS TESTIMONY, MR. KATZ REFERENCES THE  
3 "ZERO PERCENT INCREASE IN SALARY STRUCTURE"  
4 REPORTED BY SSU. THEN ON PAGE 5, HE STATES:

5 "IN THE SECTION TITLED SALARY  
6 BUDGETS SSU CLAIMS A ZERO PERCENT  
7 INCREASE. HOWEVER, IN A SEPARATE  
8 SECTION TITLED "SALARIES" SSU  
9 CLEARLY REPORTS A "SALARY INCREASE  
10 BUDGET" (FOR MERIT, EQUITY, AND STEP  
11 ADJUSTMENTS) OF 7.2%. WELL WHICH IS  
12 IT; ZERO PERCENT OR 7.2%. WHICH IS  
13 THE REAL TRUTH? PERHAPS THERE IS NO  
14 REAL TRUTH, BECAUSE IN THE ALMOST  
15 NEXT SENTENCE (PAGE 13, LINE 6) SSU  
16 CLAIMS AVERAGE ACTUAL RAISES OF  
17 1.44% PER YEAR. WHAT HAPPENED TO THE  
18 PREVIOUS ZERO PERCENT OR 7.2%?  
19 THAT'S WHAT ' THROWING FIGURES ABOUT  
20 MEANS".

21 COULD YOU PLEASE RESPOND TO MR. KATZ'S PRESUMABLY  
22 RHETORICAL QUESTIONS?

23 A. Mr. Katz has confused and misquoted numbers from  
24 three different matters: (1) Salary structure -  
25 pay grade minimums and maximums, (2) Salary budgets

1 - salary increases budgeted for merit, equity and  
2 step adjustments, and (3) Average actual pay -  
3 Total payroll divided by the number of employees.  
4 Mr. Katz actually has answered part of the question  
5 himself. On page 3 of his testimony, he stated  
6 that the "Zero Percent" referred to salary  
7 structure increases, not to "salary increase  
8 budgets". Salary structure, as Mr. Katz knows,  
9 refers to the minimum and maximum of pay grades. As  
10 stated on page 12 of my testimony no increases have  
11 been made to the salary range structure since they  
12 were last increased by 2% in 1990.

13 Salary increase budgets refer to merit, equity  
14 and step adjustments. And incidentally, there is  
15 no section in my testimony titled "Salary Budgets"  
16 as suggested by Mr. Katz. Further, nowhere in my  
17 testimony does SSU claim a Zero Percent increase in  
18 salary budgets as suggested by Mr. Katz. Mr. Katz  
19 did correctly quote page 13, line 4 of my testimony  
20 when I stated: "SSU's more conservative *salary*  
21 *increase budgets* for merit, equity and step  
22 adjustments reflected a compound growth rate (from  
23 1993 to 1994) of 7.2%." Salary increases are the  
24 percentage of pay awarded to individuals. On page  
25 13, line 6 of my testimony, I state that: "The

1 actual growth in SSU's *actual average pay* increased  
2 by 1.44% or from \$27,168 in 1993 to \$27,560 in  
3 1994." My testimony does not say "*average actual*  
4 *raises*" as suggested by Mr. Katz. With Mr. Katz's  
5 credentials he should know that "*actual average*  
6 *pay*" is calculated by dividing the total payroll by  
7 the total number of employees. I can only conclude  
8 that, at best, Mr. Katz paid little attention to  
9 the facts when preparing his testimony.

10 SSU's point when reporting these differences  
11 in salary increase percentages and changes in  
12 average pay was to demonstrate that although SSU  
13 has granted merit, step and equity increases, SSU's  
14 average pay is not reflective of the same annual  
15 percentage of growth. The only explanation for  
16 average pay not keeping pace with average pay  
17 increases would be turnover, whereby higher paid  
18 employees leave and are being replaced by lower  
19 paid, less experienced ones. Hence, it appears  
20 that at least one of Mr. Katz suggestions is  
21 accurate -- that appears on page 6, line 4 of his  
22 testimony when he states "It gets worse. ... SSU  
23 asserts these facts...are due to filling more lower  
24 paid... than higher paid positions."

25 When Mr. Katz purports to misunderstand what

1 he read in my testimony, when he can not  
2 differentiate between changes in actual average pay  
3 and salary increase budgets, he is falsely claiming  
4 that SSU reported inconsistencies. This is not the  
5 case. In my testimony on page 9, I clearly state  
6 that pay increases for merit are budgeted at 3% for  
7 both 1995 and 1996. I also indicated the percentage  
8 of SSU's historic actual spending on merit,  
9 promotion and license adjustments. He is bold in  
10 his broad sweeping generalizations and blanket  
11 statements. Yet, he never once addressed any of  
12 the competitive pay data from the comprehensive  
13 custom study which Hewitt conducted for SSU. This  
14 oversight renders his opinions invalid.

15 **Q. MR. KATZ STATES THAT THE COMMISSION SHOULD INSIST**  
16 **THAT THE COMPANY PROVIDE A VALID COMPENSATION**  
17 **SURVEY THAT IS MARKET BASED, WITH THE SPECIFIC**  
18 **MARKET BEING THE VARIOUS LOCALITIES IN WHICH THE**  
19 **COMPANY OPERATES. WHAT DOES THIS STATEMENT INDICATE**  
20 **TO YOU?**

21 A. This demonstrates that Mr. Katz either was unaware  
22 or chose to ignore the fact that SSU had completed  
23 a competitive pay survey performed by an undisputed  
24 expert in the field which formed the basis for  
25 SSU's requested labor market adjustments. None of

1 the SSU job specific competitive market data that  
2 was the basis for the competitive pay adjustments  
3 in the MFRs, as found in Exhibit \_\_\_\_\_ (DGL-3), was  
4 ever analyzed or even mentioned by Mr. Katz. The  
5 custom Hewitt Associates study of 42 different SSU  
6 benchmark jobs should have been his focus, but  
7 instead Mr. Katz was fixated on a grossly flawed  
8 analysis of a few minor statistics from national  
9 surveys.

10 **Q. WHAT WERE THE CONCLUSIONS FOUND BY HEWITT IN THEIR**  
11 **STUDY OF SSU'S COMPETITIVE PAY POSITION?**

12 A. In the April 1995 Hewitt study, Exhibit \_\_\_\_\_ (DGL-  
13 3), page 11 of 81, under the heading "Indicated  
14 Actions and Costing", Hewitt states: "The overall  
15 percentage cost to bring the surveyed positions to  
16 market is 17.3%; however, this is an average and  
17 should be used with caution. ...If the Rate  
18 positions were removed from the calculation, SSU  
19 would need to adjust the salaries of the remaining  
20 jobs by 12.9% to bring them to market averages".

21 **Q. WHAT IS THE PERCENTAGE OF PAYROLL INCREASE THAT SSU**  
22 **IS REQUESTING TO MAKE COMPETITIVE PAY LABOR**  
23 **ADJUSTMENTS IN THE 1996 MFR'S?**

24 A. In order to soften the effect on customer rates of  
25 the pay adjustments indicated as required to make

1 SSU salaries competitive, SSU is requesting only a  
2 4.7% adjustment in 1996 to begin to improve its  
3 competitive position in the external labor market.

4 **Q. COULD YOU BRIEFLY DESCRIBE THE METHODS USED BY**  
5 **HEWITT IN THE SSU COMPETITIVE PAY STUDY?**

6 A. Yes. SSU asked Hewitt Associates to use its  
7 recommended methodology to compare SSU's current  
8 compensation levels (actual average pay for  
9 specific benchmark jobs) and salary structure (the  
10 minimum pay rates at which employees are hired into  
11 these specific jobs) to targeted pay levels in the  
12 market place. The jobs SSU selected for inclusion  
13 in the study represented all job families as well  
14 as the vast majority of employees. Hewitt used  
15 only those benchmark jobs for which it could  
16 collect solid data. That is specific jobs whose job  
17 descriptions closely matched SSU's jobs in terms of  
18 the same skill, effort and responsibilities, and  
19 training, experience and educational requirements.  
20 Mr. Frank Johnson, a principal with Hewitt  
21 Associates explains the process used by Hewitt  
22 Associates in his rebuttal testimony.

23 **Q. COULD YOU ADDRESS MR. KATZ' ASSERTION THAT "PAY IS**  
24 **RARELY AN IMPORTANT FACTOR IN VOLUNTARY DEPARTURES"**  
25 **WHICH STATEMENT APPARENTLY IS PREMISED ON A 1954**



1           **STUDY OF MOTIVATION AND PERSONALITY?**

2           A.    I think that using a 1954 study to understand 1990s  
3           behavior is most inappropriate. The 1996 work place  
4           is a far cry from 1954, which predates the 1964  
5           Civil Rights Act, OSHA, ADA and virtually all Fair  
6           Employment Practices legislation. In 1954, there  
7           was little representation of women and minorities  
8           in the workplace and fewer still dual career  
9           couples or single working parents. There was no  
10          high technology automation, no personal computers,  
11          no global competition, not even credit card debt!  
12          Most employers offered lifetime employment. There  
13          was no displacement of jobs to emerging nations, no  
14          downsizing. The reasons workers stayed with their  
15          employers in 1954 have little or nothing to do with  
16          the mobile workforce of today. Working families  
17          are highly motivated by pay. In fact, the economic  
18          strains are such that working mothers must  
19          frequently leave their newborn infants in daycare  
20          just to make ends meet. Mr. Katz apparently would  
21          have the Commission ignore four decades of such  
22          changes. He also once again ignores the facts.

23                 SSU conducts exit interviews to determine the  
24          cause of turnover. From our statistics, supplied  
25          to the parties in response to FPSC Staff

1 Interrogatory No. 42, the worsening turnover for  
2 "better paying jobs" increased from 11.8% of  
3 resignations citing better paying jobs in 1992 to  
4 40.7% citing the need for better paying jobs in  
5 1995. It should be born in mind that many  
6 individuals refuse to disclose the reasons for  
7 leaving so it is likely that the number is even  
8 higher than reported.

9 John D. Crane, Professional Engineer and  
10 Editor of the Florida Water Resources Journal, the  
11 official publication of the FWPCOA, the FSAWWA and  
12 the FWEA, stated to SSU that he "knows there is a  
13 shortage [of certified operators], but does not  
14 know of any studies or research on the subject."  
15 Further attempts were made by SSU to obtain  
16 statistics on the number of licensed operators in  
17 relation to the number water and wastewater  
18 facilities in the State.

19 Elsa Potts and Van Hoofnogle, employees of the  
20 Department of Environmental Protection (DEP),  
21 provided SSU with reports showing that there are  
22 currently 3,097 domestic wastewater facilities and  
23 7,201 public water systems in Florida totaling  
24 10,298 plants. Compared to the number of licensed  
25 operators at 8,261, there appears to be a shortage

1 of qualified individuals to operate those  
2 facilities in compliance with the DEP regulations.  
3 (See rule 62-699).

4 Several articles in the Florida Water  
5 Resources Journal, report possible reasons for the  
6 small numbers of certified operators in relation to  
7 the current demand. First, in 1993, the  
8 certification process was transferred from the  
9 Department of Environmental Protection (DEP) to the  
10 Department of Business and Professional Regulation  
11 (BPR). The greatest impact of this transition was  
12 the source of revenue of the two agencies. In  
13 contrast to the DEP which receives revenue from a  
14 variety of sources, the "BPR is funded solely from  
15 revenue generated from each profession's  
16 examination applicants and licensees." As a  
17 result, examination fees have increased from \$25.00  
18 to \$230.00 which many employers may not pay.

19 Another attempt at cutting administrative  
20 costs is the consolidation of testing dates and  
21 sites. This further reduces the opportunities to  
22 become licensed or obtain higher level licensure.  
23 Beginning in 1996, examinations are scheduled bi-  
24 annually in Orlando as opposed to three items a  
25 year in three locations being Orlando, Miami and

1 Tallahassee. This also adds travel expenses to the  
2 examination fee. BPR had anticipated a 50%  
3 increase in enrollment as a result of this  
4 consolidation. However, B.J. Phillips,  
5 Certification Specialist at the BPR, stated that  
6 the enrollment had only increased 11% for the first  
7 test of 1996 administered on February 28th. This  
8 indicates a decline in the number of new licenses  
9 being issued. It should be noted that the supply  
10 of licensed water and wastewater plant operators  
11 can be expected to diminish and demand thereby will  
12 increase. This factor also puts upward pressure on  
13 SSU's labor costs. Without the implementation of  
14 competitive market adjustments, SSU will be  
15 increasingly unable to retain or attract licensed  
16 plant operators.

17 Further, SSU can not be satisfied to have  
18 turnover on par or worse than the national average  
19 of all types of employers which includes retailers,  
20 restaurants and the like. Water and wastewater  
21 employees are skilled workers and have higher  
22 training and licensing costs which SSU must pay.  
23 SSU's turnover rates should be significantly below  
24 that of the national average of all employers or we  
25 will not be able to provide competitive customer

1 rates. I have attached as Exhibit 211 (DGL-7) a  
2 copy of the SSU year end 1995 turnover report,  
3 which was not available at the time of my original  
4 testimony, which demonstrates that for all  
5 turnover, the rate in 1995 was 16.01%. Even  
6 factoring out turnover that was not a result of  
7 voluntary resignation or for cause, the rate of  
8 preventable turnover was 11.8%. According to 1994  
9 turnover data reported by the Saratoga Institute,  
10 utility company total separations averaged only  
11 approximately 7.8%.

12 Utility total separations range from a low (in  
13 the 10th percentile) of 3.7% to a high (in the 90th  
14 percentile) of 11.6%. This means that SSU's total  
15 separations at 16.01% exceed the 90th percentile of  
16 all utilities nationally. These facts must be  
17 addressed. SSU's proposed salary adjustments are a  
18 prudent and reasonable step to addressing them.

19 **Q. ON PAGE 12 OF HIS TESTIMONY, MR. KATZ TESTIFIES**  
20 **THAT "THE COMMISSION SHOULD REQUIRE THE COMPANY TO**  
21 **DEMONSTRATE THE ADOPTION OF AN EFFECTIVE AND VALID**  
22 **INCENTIVE PROGRAM THAT IS TRULY PERFORMANCE BASED.**  
23 **SUCH A PROGRAM SHOULD INCLUDE CORRESPONDING**  
24 **PENALTIES FOR LOWER PERFORMANCE." HE GOES ON TO**  
25 **STATE THAT "SUCH PLANS WOULD NOT REQUIRE FUNDING**

1           **FROM RATEPAYERS, SINCE THEY WOULD REWARD EMPLOYEES**  
2           **WITH SOME PORTION OF THE FINANCIAL GAINS THAT**  
3           **ACCUE TO COMPANY STOCKHOLDERS..." PLEASE RESPOND**  
4           **TO MR. KATZ' TESTIMONY.**

5           A.    The Company responded to the Office of Public  
6           Counsel's Interrogatory No. 43 which response  
7           details the SSU Management Incentive Compensation  
8           Plan. As stated in our response to Interrogatory  
9           No. 43, no amounts were budgeted or reflected in A  
10          & G labor accounts of the MFRs to award these  
11          incentives. Mr. Katz testimony suggests that Mr.  
12          Katz had not reviewed SSU's interrogatory responses  
13          and thus did not have adequate information about  
14          SSU's pay practices when he prepared his testimony.  
15          SSU has a management incentive compensation program  
16          which rewards key management employees for  
17          attainment of financial goals. In 1996, this  
18          program was redesigned by the national human  
19          resources consulting firm William M. Mercer for  
20          M.P. Electric and all affiliates at no cost to SSU.

21                SSU is requesting competitive labor adjustment  
22                to minimally reach pay levels consistent with  
23                other competing employers. It would be highly  
24                unlikely that any company could attract and retain  
25                hourly workers by paying non-competitive pay rates

1 and compounding this problem by placing portions of  
2 their pay at risk based on company financial  
3 performance. Unless hourly employees were paid at  
4 market levels "gain sharing" programs would be a  
5 huge disincentive. Companies using "gain sharing"  
6 do so primarily for salaried employees and do so  
7 with hourly employees only upon first establishing  
8 competitive labor rates.

9 **Q. DID YOU REVIEW THE DIRECT TESTIMONY OF OPC**  
10 **WITNESSES HUGH LARKIN, JR. AND DONNA DERONNE?**

11 A. Yes, I did.

12 **Q. DO YOU AGREE WITH THE PROPOSED ADJUSTMENTS TO**  
13 **OPERATING INCOME PERTAINING TO SALARY & WAGE**  
14 **EXPENSE APPEARING ON SCHEDULES 19 AND 20?**

15 A. No I do not. These adjustments are not justified.  
16 Mr. Larkin and Ms. DeRonne state that Mr. Katz  
17 sponsors "the theory behind the disallowance," but  
18 Mr. Katz does not identify with specificity any  
19 rationale for recommending that all of SSU's  
20 projected wage increases for the future test year  
21 be disallowed in their entirety. As explained  
22 throughout my testimony and the testimony of Mr.  
23 Frank Johnson, Mr. Katz had no justification for  
24 recommending the removal of SSU's proposed pay  
25 adjustment, based on the Hewitt Study, much less

1 the 1996 projected payroll adjustments for merit  
2 pay, license attainment pay, promotions, and step  
3 increases. The Commission should also note that  
4 these increases, amounting to 5.87%, do not  
5 represent an "attrition" increase, as incorrectly  
6 suggested in Schedule 20 of Exhibit \_\_\_\_\_ (HL-1).  
7 Rather, the 5.87% adjustment represents the  
8 aggregate of the total payroll impact of the  
9 components I mentioned and is an amount which is  
10 virtually equal to that spent for 1995. Neither  
11 the testimony of Mr. Larkin/Ms. DeRonne nor Mr.  
12 Katz indicate that they reviewed SSU's response to  
13 OPC Interrogatory No. 44 which documented, by  
14 component, the types of pay increases SSU granted  
15 historically in 1992, 1993 and 1994, budgeted for  
16 1995 and projected for 1996. The Company's  
17 response to OPC Interrogatory No. 44 is provided in  
18 Exhibit 211 (DGL-8).

19 Moreover, the increases clearly represented in  
20 Interrogatory Appendix 44-1, page 1 of 1 are  
21 prudent and reasonable. At SSU, for example, merit  
22 increases at 3% of payroll were paid in 1993, 1994  
23 and 3% was the 1995 actual amount of merit increase  
24 which is consistent with the MFR projection. In  
25 1996, a 3% increase again is budgeted for merit



1 increases.

2 According to the Hewitt Associates 1994 and  
3 1995 Salary Increase Survey Report - 18th Annual  
4 Survey Findings, for the 1,941 participating  
5 organizations, the average 1994 merit increases  
6 actually earned for salaried exempt, salaried non-  
7 exempt, non-union hourly and union employees  
8 averaged 4.3%, 4.1%, 3.8% and 3.3% respectively.  
9 SSU at 3% is clearly below average overall in  
10 granting merit increases. In looking at utility  
11 data, specifically, for 1994 actual earned merit  
12 increases for salaried exempt, salaried non-exempt  
13 and non-union hourly employees, respectively, were  
14 3.9%, 3.8% and 3.4%. Again, SSU's increases are  
15 below the average. I also should clarify that the  
16 Survey Findings are the result of a generic study  
17 performed by Hewitt as opposed to the customized  
18 study Hewitt performed for SSU which is the basis  
19 for our proposed adjustments.

20 Additionally, promotional increases of 1% are  
21 budgeted for 1996 and were based on actual historic  
22 budgeted and spending documented in 1993, 1994 and  
23 1995. In budgeting the amounts to be paid for  
24 promotions, SSU has exercised unusual diligence in  
25 restricting even promotional increases within the

1 Company.

2 To follow the recommendations and  
3 disallowances of Mr. Katz, as applied by Mr. Larkin  
4 /Ms. DeRonne, would seriously harm SSU in its  
5 ability to recruit and retain employees, as do  
6 other Florida businesses, by compensating our  
7 employees fairly and at competitive market rates.

8 **Q. HAS SSU MADE THE EQUITY ADJUSTMENTS WHICH YOU**  
9 **INDICATED IN YOUR DIRECT TESTIMONY?**

10 A. In part. As of December, 1995, SSU provided 5.08%  
11 in competitive market based equity adjustments to  
12 the salaries of customer service employees as the  
13 first step in obtaining salary equity as indicated  
14 in the Hewitt study which I provided as Exhibit  
15 \_\_\_\_\_ (DGL-3).

~~16 **Q. COULD YOU NOW PLEASE PROVIDE YOUR REBUTTAL OF THE**  
17 **CUSTOMER TESTIMONY DURING THE CUSTOMER SERVICE**  
18 **HEARINGS SUGGESTING THAT SSU HAD IMPROPERLY**  
19 **INFLATED ITS MFR PROJECTIONS?**~~

20 A. We believe the information provided by numerous SSU  
21 witnesses regarding the minimal deviations between  
22 actual 1995 experience and MFR 1995 projections  
23 refutes allegations that SSU improperly inflated  
24 our MFR projections. A specific example of how SSU  
25 ~~was conservative in its projections was the~~

1 ~~projection of 1995 FAS 106 expenses. As I~~  
2 ~~indicated in my direct testimony, SSU could not~~  
3 ~~provide the actual 1995 FAS 106 costs at the time~~  
4 ~~the MFRs were submitted. Since that time, we have~~  
5 ~~received the 1995 actuarial report from Godwins~~  
6 ~~Booke and Dickenson, which we provided to the~~  
7 ~~parties as a late filed deposition exhibit. A copy~~  
8 ~~of the report is contained in Exhibit \_\_\_\_\_ (BSB-2)~~  
9 ~~which is being sponsored by Mr. Brian S. Broverman,~~  
10 ~~the actuary.~~

11 We have asked Mr. Broverman to provide the  
12 Commission with actual 1995 FAS 106 expenses to  
13 demonstrate that the allegations and concerns  
14 expressed by customers and their counsel were  
15 unfounded since SSU actually was conservative in  
16 several areas of expenses, such as FAS 106  
17 projections.

18 As indicated at page 1 of the report, SSU's  
19 1995 FAS 106 expense is \$948,957. This exceeds the  
20 1995 projected OPEB costs of \$787,150 contained in  
21 the MFRs by \$161,807. SSU requests that this  
22 revised 1995 OPEB cost be approved by the  
23 Commission. As the Commission may recall, I  
24 indicated in my prefiled direct testimony that we  
25 ~~would make this request.~~

1 ~~Also, the report provides an updated~~  
2 ~~projection of 1996 OPEB costs. The updated~~  
3 ~~actuarials projection on page 2 of the report is~~  
4 ~~\$994,000. The amount projected for 1996 OPEB costs~~  
5 ~~in the MFRs was \$850,122.~~

6 SSU requests that the additional \$161,807 of  
7 actual FAS 106 expense for 1995 be considered by  
8 the Commission as a set-off against any other  
9 revenue requirement reductions which might result  
10 after Commission consideration of the issues in  
11 this proceeding. The increased FAS 106 costs,  
12 representing the actual FAS 106 costs of \$948,957  
13 for 1995 then would be escalated by the 2.49%  
14 Commission ordered attrition factor, discussed by  
15 SSU witness Kimball, to arrive at the proper 1996  
16 ~~cost.~~

17 **Q. DO YOU AGREE WITH MS. KIM DISMUKES' RECOMMENDATIONS**  
18 **THAT THE TOTAL 1996 PROJECTED SALARY AND OVERHEAD**  
19 **EXPENSES OF SOUTHERN STATES' MANAGER OF**  
20 **COMMUNICATIONS AND GOVERNMENT RELATIONS SHOULD BE**  
21 **REMOVED FOR THE 1996 TEST YEAR?**

22 A. No. I do not agree with the disallowance of 100%  
23 of Mr. Smith's salary and overhead expenses. It is  
24 my opinion that since 30% of the job functions are  
25 expended on lobbying efforts, and another 20% on

1 public relations advertising and company image  
2 enhancement that the salary and expenses be divided  
3 in a similar fashion for the test year. At least  
4 50% of Mr. Smith's efforts are internal  
5 communication management responsibilities  
6 (including media liaison) and external customer  
7 water supply, and conservation education.

8 Mr. Smith was hired as Manager of  
9 Communications and Governmental Relations in  
10 November 1994. The duties of the job, as outlined  
11 in the job description contained in Exhibit 211  
12 (DGL-9) indicate that the primary function of the  
13 position relates to external and internal  
14 communications. In fact, of the 13 duties and  
15 responsibilities listed, only three items relate to  
16 lobbying activities. They are:

17 1. Formulates long-range strategies and plans for  
18 company in areas of government and press relations,  
19 as well as employee and customer communications.

20 2. Maintains constant contact with governing  
21 bodies who have jurisdiction over company water or  
22 wastewater systems, Florida and federal legislators  
23 and other governmental bodies which set and enforce  
24 water and wastewater policies or which administrate  
25 State or federal environmental laws impacting water

1 and wastewater facilities.

2 3. Performs other duties or special projects as  
3 requested related to the area of responsibility.

4 Additionally, during 1995, Mr. Smith managed  
5 and was chiefly responsible for all internal  
6 communication to SSU employees, advertising  
7 development and placement, media relations and  
8 response to media inquiry. Likewise, communication  
9 efforts, by and large, are designed to educate and  
10 keep employees and customers informed on issues  
11 critical to the operation of the utility and  
12 service provided to customers.

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

14 **A.** Yes, it does.

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

2       A.   My name is Frank Johnson and my business address is  
3           2100 RiverEdge Parkway, Atlanta, Georgia 30328.

4       **Q.   BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5       A.   My employer is Hewitt Associates, LLC.   I am a  
6           principal in the firm and responsible for the Direct  
7           Pay Practice in the Southeastern Region.   My  
8           primary responsibilities are to work with clients on  
9           compensation issues and develop our practice in the  
10          region.

11       **Q.   PLEASE DESCRIBE THE NATURE OF THE BUSINESS IN WHICH  
12          HEWITT ASSOCIATES IS ENGAGED.**

13       A.   Hewitt Associates is a global human resource  
14          consulting firm.   Our primary activities are to  
15          assist our clients in improving their business  
16          results through people.   Specific areas of focus  
17          include all forms of employee compensation, employee  
18          benefits, and a broad range of human resource  
19          consulting activities, including comprehensive  
20          compensation and benefits analyses.

21                 Hewitt Associates has 62 offices world-wide  
22          and employs approximately 5,000 associates.

23       **Q.   COULD YOU NAME SOME OF THE MAJOR NATIONAL AND  
24          FLORIDA FIRMS FOR WHICH HEWITT ASSOCIATES HAS  
25          PERFORMED COMPENSATION AND BENEFITS ANALYSES?**

1       A.   Hewitt Associates performs compensation and benefits  
2           work for a broad cross-section of the Fortune 500.  
3           These would include organizations such as  
4           AlliedSignal Inc., Amoco Corporation, The Clorox  
5           Company, Delta Air Lines, Inc., Eastman Kodak  
6           Company, First Union Corporation, General Electric  
7           Company, General Motors Corporation, GTE, Levi  
8           Strauss & Company, Motorola Inc., Nike Inc., RJR  
9           Nabisco Inc., Sears Roebuck, Shell Oil Company, and  
10          Whirlpool Corporation.

11                 Hewitt Associates also has worked with a  
12           number of major Florida-based organizations  
13           including American Automobile Organization,  
14           AvMed-SanteFe, Barnett Banks, Blue Cross Blue Shield  
15           of Florida, Cordis Corporation, Brevard County  
16           School Board, Burger King Corporation, Darden  
17           Restaurants Inc., Eckerd Corporation, Florida  
18           Progress Corporation, Florida Steel Corporation,  
19           Independent Life & Accident Ins. Co., Interim  
20           Services Inc., Office Depot Inc., Orlando Regional  
21           Healthcare System, Scotty's Inc., Tropicana Products  
22           Inc., Tupperware Worldwide, Universal Studios  
23           Florida, and The Walt Disney Company.

24       **Q.   FOR WHAT OTHER UTILITIES HAS HEWITT ASSOCIATES**  
25       **PERFORMED COMPENSATION AND BENEFITS ANALYSIS?**



1       A.    The Brooklyn Union Gas Company, Carolina Power and  
2            Light, Consumers' Power Company, The Dayton Power &  
3            Light Company, The Detroit Edison Company, Duke  
4            Power Company, Florida Power Corporation, Louisville  
5            Gas and Electric Company, Minnesota Power, Nashville  
6            Electric Service, Oglethorpe Power Corporation,  
7            Potomac Electric Power Company, Public Service  
8            Enterprise Group Inc., SCANA, Sonat, The Southern  
9            Company (Gulf Power, Georgia Power, Alabama Power,  
10           Savannah Power, etc.), Tacoma Public Utilities,  
11           Unicom Corporaton, Washington Energy Company, and  
12           Wisconsin Power and Light Company.

13       **Q.    AS A PROFESSIONAL IN THE FIELD OF COMPENSATION, HAVE**  
14            **YOU PERSONALLY CONDUCTED COMPENSATION OR COMPETITIVE**  
15            **MARKET ANALYSES FOR OTHER FIRMS AND UTILITIES? IF**  
16            **SO, PLEASE NAME SOME OF THEM.**

17       A.    Yes.  I have conducted and/or supervised numerous  
18            market studies for a wide variety of organizations.  
19            Some examples in the utility industry are:  The  
20            Southern Company, Carolina Power and Light, Sonat,  
21            SCANA (South Carolina Electric and Gas), Florida  
22            Power Corporation, Nashville Electric Service, and  
23            Duke Power Company.

24                    Some other organizations I have conducted  
25            and/or supervised market studies for include AvMed

1 Sante Fe, Blue Cross Blue Shield of Georgia, Bowater  
2 Incorporated, Burger King Corporation, Burlington  
3 Industries Incorporated, Caterpillar Incorporated,  
4 Coca-Cola Bottling Company-Consolidated, Coulter  
5 Corporation, DiMwtal Equipment Corporation, Exxon  
6 Chemical Company, First Union Corporation, General  
7 Electric Appliance Division, Interim Services Inc.,  
8 International Paper Company, Jacksonville Port  
9 Authority, Lykes Brothers, The Mayo Clinic, Milton  
10 Roy Company, National Gypsum Company, Oxford  
11 Industries, Prison Rehabilitative Industries and  
12 Diversified Enterprises, Inc. (PRIDE), Racal-Datacom  
13 Inc., St. Joseph Hospital (Tampa), Springs  
14 Industries, and Wachovia Corporation.

15 Most of the clients I have worked with have  
16 included some level of market-based pay analysis.  
17 Most recent examples include:

- 18 • A Washington D.C.-based financial services  
19 organization where data was developed on a  
20 broad cross-section of 50 jobs;
- 21 • A Charlotte, North Carolina-based financial  
22 services organization where market data was  
23 developed on 80 jobs in the information  
24 systems area;
- 25 • A Florida organization where data was

1 developed on almost a 100 jobs throughout the  
2 state;

3 • A Florida hospital where data was developed on  
4 75 jobs;

5 • An Atlanta organization where market data was  
6 developed on almost a 100 jobs; and

7 • A South Carolina organization where data was  
8 developed on 150 jobs.

9 Because of the extensive nature of the market data  
10 analyses Hewitt Associates conducts, we have access  
11 to a broad range of compensation surveys. We also  
12 have developed detailed processes for ensuring the  
13 accuracy of the data.

14 **Q. FOR HOW LONG HAVE YOU BEEN EMPLOYED WITH**  
15 **HEWITT ASSOCIATES?**

16 A. Seven and a half years.

17 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

18 A. I received a Bachelor of Business Administration  
19 from Georgia State University with a major in  
20 general management in 1967, and I received a Masters  
21 of Business Administration from Georgia State  
22 University with a specialty focus on human resources  
23 management in 1971.

24 **Q. WHAT CERTIFICATES AND PROFESSIONAL TRAINING IN THE**  
25 **FIELD OF COMPENSATION DO YOU HAVE?**

1 A. I have held membership in the American Compensation  
2 Association, the Atlanta Area Compensation  
3 Association, and the Society for Human Resource  
4 Management. Through those organizations, other  
5 professional organizations, and internal  
6 opportunities with my employers, I have attended  
7 dozens of training courses related to compensation  
8 and benefits.

9 **Q. HAVE YOU CONDUCTED TRAINING FOR PROFESSIONALS IN THE**  
10 **FIELD OF EMPLOYEE BENEFITS AND COMPENSATION?**

11 A. Yes. I have conducted numerous training courses for  
12 managers and supervisors covering both the  
13 philosophical aspects of compensation and benefits,  
14 as well as the administrative details of how those  
15 programs should be managed within our company.  
16 Additionally, I served as an Assistant Professor at  
17 Central Piedmont Community College.

18 In over 20 years of consulting, I have  
19 conducted many training courses and seminars for  
20 clients and professional organizations. I have  
21 addressed American Compensation Association groups  
22 in New York; Philadelphia; Washington, D.C.;  
23 Atlanta; Miami; Tampa; Orlando; Jacksonville;  
24 Columbia, South Carolina; Greenville, South  
25 Carolina; Greensboro, North Carolina; Charlotte,

1 North Carolina; Raleigh, North Carolina; Knoxville,  
2 Tennessee; Nashville, Tennessee; Memphis, Tennessee;  
3 and Richmond, Virginia.

4 Client services will also include some  
5 training and instruction for the client. Having  
6 served over 250 clients, it is difficult for me to  
7 enumerate which specific clients required some form  
8 of supplementary training and which did not;  
9 however, at least 25% of my client assignments  
10 involved some level of training. Additionally, as  
11 part of the normal services provided, we perform a  
12 form of training for our clients. We explain new  
13 concepts and ideas to executives and work with them  
14 to establish a strategy for the organization. We  
15 then apply those concepts and ideas with the  
16 compensation professionals in the organization, and  
17 as a part of the application, we are sharing our  
18 knowledge and experiences in a way that could be  
19 considered ongoing training. Essentially, we are  
20 hired by our clients because they believe the  
21 breadth of our experience and the knowledge we bring  
22 to the assignment will add value to their  
23 enterprises.

24 **Q. COULD YOU DESCRIBE YOUR BACKGROUND IN THE FIELD OF**  
25 **COMPENSATION AND EMPLOYEE BENEFITS?**

1       A.   My entire business experience has been aligned with  
2           human resource activities and has included some  
3           level of compensation and/or employee benefits  
4           activities.  I began working for Equifax (called  
5           Retail Credit Company at the time) in 1963.  While  
6           with Equifax, my duties consisted of working with  
7           the group medical insurance program, paying claims,  
8           analyzing data, working with carriers during renewal  
9           activities, compensation analytical work, and  
10          special projects.  Approximately half my time was  
11          spent on compensation issues and included conducting  
12          survey data analysis, job evaluations, pay system  
13          design and ongoing administration.

14                 I spent an additional seven years as a  
15                 corporate compensation and employee benefit manager  
16                 with Belk Store Services and Rollins Incorporated.  
17                 My duties for both these employers included the full  
18                 range of design, administration, and funding for  
19                 compensation and employee benefit programs.  I  
20                 worked with trustees, money managers, and carriers  
21                 to refine existing employee benefit programs and  
22                 monitor financial results.  I also designed  
23                 compensation programs for a broad range of employee  
24                 groups, including retail sales clerks, white-collar  
25                 administrative employees, management and executive

1 employees, lawn care specialists, exterminators,  
2 customer representatives, home protection equipment  
3 installers, and outside sales representatives.

4 I began consulting approximately twenty years  
5 ago. My entire consulting career has been focused  
6 on compensation related activities. As I mentioned,  
7 I have worked with more than 250 clients during this  
8 time, and the myriad projects I have worked on has  
9 included market pricing, job evaluations, salary  
10 structure design and development (including  
11 different forms of traditional structures, as well  
12 as alternative approaches to broadbanding), base pay  
13 design (including traditional approaches, as well as  
14 competency-based, skill-based, and team-based pay),  
15 short-term incentive design, long-term incentive  
16 design, performance management design, and sales  
17 compensation. Also, because of my background, some  
18 of these projects included employee benefits and  
19 some broader human resources issues; however, my  
20 concentration has been on compensation.

21 **Q. PLEASE STATE THE DUTIES OF YOUR CURRENT POSITION**  
22 **WITH HEWITT ASSOCIATES.**

23 A. My duties include:

- 24 • Provide high quality advice and design  
25 assistance to clients throughout Hewitt

- 1 Associates' Southeastern region;
- 2 • Market Hewitt Associates' services to
- 3 prospective clients;
- 4 • Develop the direction for the Direct Pay
- 5 Practice in the Southeastern region, in
- 6 conjunction with the firm's overall business
- 7 direction.

8 **Q. HAVE YOU PREVIOUSLY TESTIFIED ON ISSUES REGARDING**

9 **COMPENSATION FOR UTILITY CLIENTS?**

10 A. No. In working with some of our utility clients,

11 the possibility has been raised, and we have

12 discussed the potential need. However, none of our

13 other utility clients have had the need for me to

14 testify.

15 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN**

16 **THIS CASE?**

17 A. The purpose of my testimony is to rebut the

18 testimony of Office of Public Counsel witness Mr.

19 Paul A. Katz concerning the basis for SSU's proposed

20 market salary adjustment.

21 **Q. DID HEWITT ASSOCIATES PERFORM A COMPENSATION STUDY**

22 **FOR SSU TITLED "COMPETITIVE PAY DATA AND ANALYSIS**

23 **FOR SELECTED POSITIONS" DATED APRIL 1995?**

24 A. Yes. Exhibit \_\_\_\_\_ (DGL-3) is a copy of that study.

25 **Q. DO YOU BELIEVE THE COMPENSATION STUDY**



1           HEWITT ASSOCIATES PERFORMED FOR SSU WAS A VALID  
2           SURVEY THAT WAS MARKET BASED WITH THE SPECIFIC  
3           MARKETS BEING THE LOCALITIES IN WHICH SSU OPERATES?  
4           IF SO, PLEASE TELL US WHY.

- 5       A.   Yes, I believe the market data analysis is valid.  
6           We employ a rigorous process to ensure the relevance  
7           and validity of the data, and this process was  
8           followed for the SSU study. The process includes:
- 9           •   **A careful review of SSU's jobs.** This included  
10           an examination of job descriptions,  
11           organization charts, and discussions with  
12           management to clarify questions about actual  
13           job content.
  - 14           •   **A clear understanding of the appropriate**  
15           **competitive market places.** When developing  
16           competitive survey data, it is important to  
17           understand where employees are most likely to  
18           be recruited and where they are most likely to  
19           go if they are offered other employment. Some  
20           key findings from this analysis are:
    - 21           -   Higher level jobs and jobs requiring  
22           specific or unique technical skills and  
23           competencies are recruited from a much  
24           wider market place than lower level jobs  
25           or jobs requiring skills and competencies

1 that are more easily obtained. For  
2 example, a search for a Chief Financial  
3 Officer likely will be on at least a  
4 regional basis and could be national. It  
5 is also possible that this search could  
6 include utility and non-utility  
7 organizations. The search for a clerical  
8 position is much more likely to be  
9 conducted on a local basis, and the  
10 comparable organizations are likely to  
11 include all employers.

12 - Many "staff" positions (e.g., Human  
13 Resources, Accounting, Information  
14 Systems, etc.) may be recruited or lost  
15 from a variety of industries; they are  
16 not confined to the utility industry.

17 - Some jobs (e.g., Engineers) will have  
18 different market places depending on the  
19 level of the job. For example, an Entry  
20 Level Engineer likely has the option of  
21 going into almost any industry. As the  
22 Engineer gains experience in a specific  
23 industry, however, they will tend to  
24 focus future job searches on that  
25 specific industry. Likewise, companies

- 1 in the industry will tend to look for  
2 senior level people who have specific  
3 experience to their industry.
- 4 - The competitive market place for some  
5 jobs is relatively narrowly defined. For  
6 example, an experienced Water Plant  
7 Operator is most likely to be attracted  
8 to other water plants. SSU's experience  
9 is that their primary competition for  
10 this job in Florida is in plants operated  
11 by local governments that are in  
12 proximity to SSU's water plants.
- 13 • **Using a variety of surveys that captures data**  
14 **on the relative markets.** This step actually  
15 has two components:
- 16 - Market specificity: We want to ensure  
17 that data is reflective of the  
18 appropriate market place. Different  
19 surveys contain different jobs and  
20 different locations; therefore, we do not  
21 rely on a single survey source to provide  
22 all data. We actually referenced 19  
23 different surveys in the course of our  
24 data analysis for SSU.
- 25 - Control bias: It is possible for any one

1 survey to contain some element of data  
2 bias. This can be caused by the way  
3 companies match the jobs to their survey  
4 descriptions, the size or types of  
5 companies in the survey, etc. Therefore,  
6 we attempt to use multiple survey sources  
7 for each job match whenever possible as a  
8 control mechanism. If we get closely  
9 comparable data from two different  
10 sources, it helps establish the  
11 credibility of each source.

12 However, in some cases, a single  
13 survey source provides the most directly  
14 relevant data, and no other valid data  
15 source exists. In these cases, we use  
16 this survey as the sole input. Our  
17 clients also are encouraged to review  
18 their own recruiting experience to  
19 provide further validation of the single  
20 source.

21 • **Carefully matching SSU's jobs with surveyed**  
22 **jobs.** The data analysis is not conducted by  
23 looking at job titles. Rather we take the  
24 information we have gathered concerning the  
25 **content** of SSU's jobs and compare it with job

1           **descriptions** contained in the survey sources.  
2           We make every effort to ensure that the  
3           descriptions and the information contained in  
4           the survey are comparable to the content of  
5           the SSU job. Once this is established, we  
6           then use that data in the survey analysis.

- 7           •   **Adjusting survey data to be effective at a**  
8           **constant date.** Because the effective dates of  
9           the data will vary in different surveys, all  
10          data is adjusted to a common date; in this  
11          case, it was projected to July 1, 1995.
- 12          •   **Weighting survey data.** We carefully analyze  
13          each survey, the closeness of the job match,  
14          the timeliness of the survey, and the  
15          appropriateness of the market place. Based on  
16          this analysis, we use our experience and  
17          judgment to assign a weighting to each survey  
18          input. This helps to ensure that the most  
19          relevant data is given the highest weight in  
20          the overall calculation.
- 21          •   **Establishing an Estimated Market Value.** We  
22          compile all the survey data and develop a  
23          weighted average. The weighted average  
24          provides SSU with a close approximation of the  
25          market value of each particular job under

1 study. The Estimated Market Values ("EMV's")  
2 were established to reflect an approximation  
3 of the market average or going rate for each  
4 job in the study.

5 As you can see, extreme care is taken to  
6 ensure the relevance, accuracy, validity and proper  
7 comparison of all data included in the study. We  
8 believe the findings provide SSU with an accurate  
9 representation of market values for the benchmark  
10 jobs that were analyzed.

11 **Q. WHY DID YOU USE THE MARKET AVERAGES AS THE EMVS FOR**  
12 **THE ANALYSIS FOR SSU?**

13 A. SSU's compensation strategy is designed to target  
14 pay levels for all jobs included in this study at  
15 approximately market average levels.

16 **Q. IN YOUR OPINION, IS THIS STRATEGY APPROPRIATE AND**  
17 **CONSISTENT WITH TYPICAL PRACTICE?**

18 A. Yes. While some organizations will purposely target  
19 pay levels to be above competitive market levels in  
20 an effort to help ensure their ability to attract  
21 and retain qualified employees, most organizations  
22 target pay levels at market average rates.  
23 Interestingly, in the past, it was not unusual for  
24 utilities to have aggressive pay policies targeted  
25 at 75th percentile or higher levels. However, in

1 the past few years, our experience has shown that  
2 virtually all the utilities we work with in the  
3 Southeast have modified their strategies to reflect  
4 more of a market average direction. Concurrently,  
5 they often develop incentive programs which provide  
6 the opportunity for total compensation to be above  
7 market averages, but only when specific performance  
8 objectives are achieved.

9 **Q. WERE THE METHODS HEWITT ASSOCIATES USED TO EVALUATE**  
10 **SSU'S LABOR MARKET COMPETITIVENESS THE SAME AS THOSE**  
11 **YOU HAVE USED FOR OTHER MAJOR COMPANIES AND**  
12 **REGULATED UTILITIES IN FLORIDA AND ELSEWHERE IN THE**  
13 **UNITED STATES?**

14 A. Yes. We have found the process I just outlined to  
15 be extremely effective in developing pay levels.

16 **Q. WERE THE METHODS HEWITT ASSOCIATES USED TO EVALUATE**  
17 **SSU'S LABOR MARKET COMPETITIVENESS THE SAME AS YOU**  
18 **HAVE USED FOR OTHER UTILITIES AND BUSINESSES WHICH**  
19 **HAVE EMPLOYEES DISPERSED IN A MIX OF RURAL AND**  
20 **METROPOLITAN AREAS THROUGHOUT ONE STATE OR REGION?**

21 A. Yes.

22 **Q. WOULD YOU SAY THAT THE METHODS HEWITT ASSOCIATES**  
23 **USED ARE CONSIDERED STATE OF THE ART AS USED BY**  
24 **MAJOR HUMAN RESOURCES COMPENSATION PROFESSIONALS IN**  
25 **THE UNITED STATES?**

1 A. Yes. While we believe we have refined the market  
2 pricing process more than many companies and have  
3 developed more rigorous documentation than some do,  
4 the basic approach is used by most major  
5 organizations in the country, both utility and  
6 non-utility, when developing competitive pay data on  
7 their jobs.

8 **Q. FOR WHAT PURPOSE DO YOUR OTHER CLIENTS USE THE**  
9 **COMPETITIVE PAY DATA YOU PROVIDE?**

10 A. Competitive pay data is used by our clients to  
11 assist them in making a number of decisions. Some  
12 examples are:

13 • **Assign jobs to salary grades and ranges.** Many  
14 companies now take the approach that market  
15 data is the most appropriate information to  
16 use when creating salary structures and  
17 assigning jobs to the salary grades. They, or  
18 we, collect the competitive pay data as I  
19 previously described. They then use the  
20 Estimated Market Value to determine which  
21 salary grade a job should be placed in.  
22 Typically, jobs are placed into the grade with  
23 a midpoint or target pay level that is closest  
24 to the market value.

25 • **Updating existing salary structure.** The



1 competitive pay data often is compared with  
2 existing midpoints or target pay levels in a  
3 salary structure. This information is then  
4 used to adjust the salary structure so that it  
5 better reflects the competitive realities of  
6 the market place. This is necessary because  
7 most organizations use the salary structure to  
8 help them manage and control their salary  
9 expenses. If the structure is too low, they  
10 run the risk of underpaying employees; if the  
11 structure is too high, they run the risk of  
12 overpaying employees.

13 • **Determining the appropriateness of current pay**  
14 **levels.** This concept is similar to the  
15 previous one; however, in this analysis actual  
16 salary levels, rather than midpoints, are  
17 compared with competitive pay levels. Again,  
18 the purpose of this analysis is for the  
19 organization to determine whether or not  
20 current pay levels are high or low relative to  
21 the market place.

22 • **Determining salary increase budgets.**  
23 Depending on the outcome of the analysis I  
24 just described. Many companies use the  
25 competitive information to assist them with

1           developing their salary increase budgets. For  
2           example, if salaries, on average, are well  
3           above the competitive levels, the company may  
4           decide its salary increase budget could be  
5           less than budgets being developed by other  
6           organizations. Conversely, if salaries are  
7           relatively low compared to the competition,  
8           the company may desire a salary increase  
9           budget that is high enough to provide some  
10          level of "catch-up." Alternatively, the  
11          company may simply develop a special budget  
12          for giving adjustments that will allow the  
13          catch-up to occur.

14       **Q.    COULD YOU PLEASE DESCRIBE THE APPROACH FOR**  
15       **DEVELOPING MARKET INFORMATION WHICH YOU USED WHEN**  
16       **CONDUCTING YOUR ANALYSIS FOR SSU?**

17       A.    We essentially broke the project into four steps.  
18           The first step was to define carefully the scope of  
19           our project activities in a project planning  
20           meeting. During this meeting, we discussed  
21           appropriate criteria for selecting benchmark jobs,  
22           the number of jobs, potential jobs for inclusion as  
23           benchmarks, and the likely survey sources we would  
24           be using for developing data.

25           During this same meeting, we conducted a step

1 we labeled "direction setting." We discussed  
2 specific issues regarding the appropriate groups  
3 against which SSU should compare themselves to and  
4 the level at which pay should be compared.

5 We highlighted the importance of job matching  
6 and established a detailed process for ensuring that  
7 SSU's jobs are matched appropriately to the survey  
8 jobs. I described this process in an answer to a  
9 previous question.

10 The final step was to develop the competitive  
11 market information. We called this step "market  
12 pricing." The process we agreed upon and ultimately  
13 used is the same process I described in an answer to  
14 a previous question.

15 **Q. PLEASE INDICATE THE METHODS USED BY**  
16 **HEWITT ASSOCIATES TO SELECT THE WAGE SURVEYS FOR THE**  
17 **SSU COMPETITIVE MARKET ANALYSIS?**

18 A. We have used the same methods for SSU's study that  
19 we have used for hundreds of other clients in that  
20 we selected surveys with the following  
21 characteristics:

- 22 • Those containing jobs that could be compared  
23 directly to SSU jobs.
- 24 • Those containing organizations that compete  
25 with SSU for similar talent.

- 1 • Those covering the appropriate geographic
- 2 areas in which SSU is most likely to recruit
- 3 talent and/or lose people.
- 4 • Those conducted by reputable organizations.
- 5 • Those which were timely enough for the data to
- 6 be considered up-to-date.

7 **Q. PLEASE DESCRIBE THE MEASURES HEWITT ASSOCIATES USED**  
8 **TO ENSURE THAT THE COMPARISON PAY DATA USED IN THE**  
9 **COMPETITIVE MARKET SURVEY WAS RELEVANT TO THE**  
10 **GEOGRAPHIC MARKETS IN WHICH SSU RECRUITS EMPLOYEES.**

11 A. Again, we used the same methods used for hundreds of  
12 other clients. We reviewed each job to determine  
13 where employees are most likely to be hired and  
14 where they are most likely to go if they leave. We  
15 made an independent assessment based on our  
16 experience with various types of jobs, and then  
17 discussed this assessment with SSU management to  
18 ensure the reasonableness of conclusions. We then  
19 selected published salary surveys which contained  
20 data from these geographic areas.

21 **Q. WAS THE PROCESS USED TO WEIGHT THE SURVEY DATA IN**  
22 **CALCULATING THE ESTIMATED BASE MARKET VALUE FOR THE**  
23 **SSU STUDY THE SAME AS THAT USED FOR YOUR OTHER**  
24 **CLIENTS?**

25 A. Yes.

1 Q. DID SSU PROVIDE HEWITT ASSOCIATES WITH DETAILED  
2 FORMAL POSITION DESCRIPTIONS FOR ALL THE JOBS WHICH  
3 IT EMPLOYS ALONG WITH A COPY OF ITS ENTIRE PAY  
4 STRUCTURE?

5 A. Yes.

6 Q. PLEASE DESCRIBE THE PROCESS USED BY  
7 HEWITT ASSOCIATES TO MATCH JOB DESCRIPTIONS SUPPLIED  
8 BY SSU TO THE JOB DESCRIPTIONS SUPPLIED IN THE  
9 VARIOUS SURVEYS USED.

10 A. We carefully matched SSU's job descriptions to  
11 survey descriptions contained in the published  
12 salary surveys we used.

13 Q. PLEASE EXPLAIN THE STATISTICAL ANALYSES USED TO  
14 COMPARE SSU'S AVERAGE INCUMBENT PAY TO THAT OF THE  
15 SURVEYED COMPANIES.

16 A. We conducted several sets of analyses for SSU. The  
17 actual reports are included in Exhibit \_\_\_\_\_ (DGL-  
18 3). I will reference the exhibit numbers in  
19 describing each of these.

20 • **Actual Pay and Midpoint Compared to Market**  
21 **(Exhibit \_\_\_\_\_ (DGL-3), page 7 of 81):** This  
22 analysis lists the benchmark jobs and shows a  
23 comparison of SSU's actual pay level and  
24 midpoint to the Estimated Market Value  
25 developed during our analysis. This exhibit

- 1 provides several significant findings:
- 2 - On average, SSU's midpoints and its  
3 actual pay levels, the latter being the  
4 key indicator Mr. Katz would presumably  
5 focus on, are both below competitive  
6 market levels.
- 7 - On average, midpoint values are further  
8 behind competitive market values than are  
9 actual pay levels. This supports the  
10 fact that SSU has attempted to keep pace  
11 with pay movement despite having a salary  
12 structure that is well below competitive  
13 levels.
- 14 - There is a wide dispersion of SSU's  
15 actual pay levels and midpoint values  
16 around the market value. As can be seen,  
17 generally speaking, the correlation  
18 between SSU's midpoint values and its  
19 actual pay levels is high. Thus, if the  
20 midpoint is above market levels the  
21 actual pay level tends to be above market  
22 levels, and conversely if the midpoint is  
23 below market levels, the actual pay  
24 levels tend to be below market levels.
- 25 This particular analysis is important from another

1 perspective. It indicates that the previous system  
2 being used by SSU to value its jobs was not doing an  
3 effective job of predicting external market values.  
4 Because the system apparently had a strong internal  
5 focus, there was some disconnection from what was  
6 happening in the external market place. This  
7 exhibit highlights the fact that if SSU wants its  
8 actual pay levels to more closely approximate  
9 competitive pay levels, it will need to change its  
10 job valuing procedures as well as bring pay to  
11 competitive levels.

12 • **Comparison of SSU Salaries and Midpoints with**  
13 **Market Averages (Exhibit \_\_\_\_\_ (DGL-3), page**  
14 **12 of 81):** This analysis displays graphically  
15 how SSU's actual average salary levels and  
16 midpoints compare with the market values,  
17 using salary grades as a variable.

18 This analysis provides a pictorial  
19 example that SSU's actual average salaries are  
20 below market averages at all levels, and SSU  
21 midpoints are below market averages at almost  
22 all levels. However, it is also instructive  
23 to note that for higher graded jobs, the  
24 differential increases. In other words, lower  
25 level jobs are paid closer to the market place

1 than higher level jobs.

2 Again, this is important if SSU wants to  
3 make its pay structure more reflective of  
4 competitive practice. SSU will either have to  
5 design a new salary structure or adjust its  
6 current salary structure by differing amounts  
7 (e.g., grade 1 would be increased by a  
8 relatively small amount and grade 22 would be  
9 increased by a relatively large amount).

10 In developing this graphic, we also conducted  
11 a statistical analysis of the data. This  
12 statistical analysis verifies that in general SSU's  
13 actual pay levels and midpoints move in a consistent  
14 pattern with the market, but they are consistently  
15 low.

16 • **Market Ratio and Comparatio Comparisons**  
17 **(Exhibit \_\_\_\_\_ (DGL-3), page 13 and 14 of 81):**

18 These two bar graphs provide a different  
19 display of the data outlined in the previous  
20 analysis. By grade, this graph shows the  
21 percentage relationship of SSU's midpoint and  
22 average salary level compared to the market  
23 values.

24 • **Cost to Bring Actual Pay to Market (Exhibit**  
25 **\_\_\_\_\_ (DGL-3), page 15 of 81):** Using the



1 information outlined in Exhibit \_\_\_\_\_ (DGL-3),  
2 page 8 of 81, we calculated the amount of  
3 salary increase needed, on average, to bring  
4 the current pay level to the competitive  
5 level. For example, the Data Entry Operator  
6 I is shown as having a base pay level of  
7 \$16,000 and an estimated market value of  
8 \$17,500. By increasing the \$16,000 by 9.4%,  
9 you get \$17,500. In the aggregate, this  
10 exhibit shows that it would take 17.3% to  
11 bring all SSU pay levels to the market values  
12 developed.

13 **Q. ACCORDING TO YOUR REPORT, ONE OF THE SURVEYS HEWITT**  
14 **ASSOCIATES RELIED ON WAS THE FLORIDA LEAGUE OF**  
15 **CITIES SURVEY, PLEASE GENERALLY DESCRIBE THE**  
16 **PARTICIPATING EMPLOYERS IN THE FLORIDA LEAGUE OF**  
17 **CITIES SURVEY AND THEIR GEOGRAPHICAL LOCATIONS.**

18 A. The Florida League of Cities Survey actually is  
19 broken into two separate volumes. One volume covers  
20 municipalities with populations in excess of 50,000  
21 people, and the other volume covers municipalities  
22 with populations between 10,000 and 50,000 people.  
23 The municipalities include both city and county  
24 government. Some examples of the municipalities  
25 included are as follows:

1	<b>City or County Name</b>	<b>Population</b>
2	Lake City	10,087
3	Niceville	10,915
4	Holly Hill	11,198
5	St. Augustine	11,679
6	Stuart	12,195
7	Vero Beach	17,443
8	Plant City	24,033
9	Ormond Beach	30,570
10	Bradenton	46,342
11	North Miami	50,090
12	Martin County	105,031
13	St. Lucie County	158,937
14	Collier County	168,514
15	Leon County	202,570
16	Manatee County	219,313
17	Jacksonville	653,206
18	Broward County	1,294,0900
19	This listing is simply a brief sample of the	

1 municipalities covered by the surveys. There are  
2 120 municipalities covered by these two volumes.

3 **Q. DO YOU THINK THE FLORIDA LEAGUE OF CITIES SURVEY**  
4 **ABOVE IS A VALID COMPARISON FOR SSU TO USE IN**  
5 **EVALUATING THE LABOR MARKET POSITION OF ITS LICENSED**  
6 **OPERATORS AND OTHER WATER AND WASTEWATER PLANT**  
7 **PERSONNEL?**

8 A. Yes. Plant operators are highly trained, but in a  
9 very narrow specialty. Therefore, their most likely  
10 path of movement is to another water or wastewater  
11 plant treatment operator. We determined, and SSU's  
12 experience confirmed, the most likely competition  
13 for plant operators is found in city and county  
14 government water and wastewater operations.

15 **Q. PLEASE DESCRIBE THE OTHER SURVEYS THAT WERE IN THE**  
16 **SSU MARKET COMPARISONS AND INDICATE WHY THEY WERE**  
17 **SELECTED FOR COMPARISON AGAINST THE SSU BENCHMARK**  
18 **JOB IN THE HEWITT ASSOCIATES ANALYSIS.**

19 A. Descriptions of the actual surveys used are  
20 contained in Exhibit \_\_\_\_\_ (DGL-3), pages 22 through  
21 25 of 81.

22 As discussed in an answer to a previous  
23 question, we selected these surveys because they  
24 provided information on the appropriate jobs, from  
25 the appropriate labor markets, with data that is

1           timely.

2       **Q.   WHY DO YOU THINK THE OTHER SURVEYS USED FOR MARKET**  
3       **COMPARISONS WERE VALID AND RELEVANT TO SSU'S LABOR**  
4       **MARKET?**

5       A.   As described previously, there are two primary  
6       reasons for using multiple survey sources:

7       •    **Multiple market places.**   Different surveys  
8       examine different job categories and labor  
9       markets.  Therefore, it is important to use  
10      surveys that most directly reflect the pay  
11      practices of the **relevant** external market  
12      places.

13      •    **Data bias.**   To the extent possible, we  
14      encourage the use of multiple survey sources  
15      when examining any particular job.  This helps  
16      to mitigate the potential for a single survey  
17      containing data error.

18      **Q.   PLEASE SUMMARIZE YOUR CONCLUSIONS AND GENERAL**  
19      **OBSERVATIONS REGARDING SSU'S CURRENT ACTUAL**  
20      **COMPENSATION AND SALARY STRUCTURE AS COMPARED TO THE**  
21      **RELEVANT COMPETITIVE LABOR MARKETS.**

22      A.   In general, SSU's actual pay levels and midpoint  
23      values (salary structure) are below competitive  
24      market levels.

25      **Q.   ON PAGE 11 OF THE STUDY, HEWITT ASSOCIATES SHOWS AN**

1           **AVERAGE OF 17.3% AS THE "COSTS TO BRING (SSU'S)**  
2           **ACTUAL PAY TO MARKET." PLEASE DESCRIBE HOW THE 17.3%**  
3           **WAS CALCULATED.**

4           A.    A calculation was made to determine the size of  
5           increase that would be needed to raise the average  
6           pay level for each job to the Estimated Market  
7           Value.    In the example mentioned previously, it  
8           would require a 9.4% increase to raise the Data  
9           Entry Operator I from \$16,000 to \$17,500.  The 17.3%  
10          was calculated in the same manner using the  
11          aggregated actual base salary levels and Estimated  
12          Market Values.

13          **Q.    IN VIEW OF THE AVERAGE COST OF 17.3% NECESSARY TO**  
14          **BRING SSU'S PAY UP TO MARKET LEVELS, DO YOU THINK**  
15          **THAT IT WAS JUSTIFIED AND REASONABLE FOR SSU TO**  
16          **BUDGET 4.765% OF ITS 1996 LABOR BUDGET TO IMPLEMENT**  
17          **COMPETITIVE MARKET ADJUSTMENTS IN 1996?**

18          A.    Our analysis clearly indicates that SSU's pay levels  
19          are below competitive pay levels.  We found in our  
20          initial benchmark comparison that it would take  
21          17.3% on average to raise SSU's pay to competitive  
22          market levels.

23                        We now have conducted a more in depth analysis  
24                        of each individual employee's rate of pay in SSU's  
25                        Operations and Maintenance and Customer Service

1 areas. This analysis looked at current individual  
2 incumbent rates of pay and compared them to the  
3 external market. We found overall for Operations  
4 and Maintenance that it would require an increase of  
5 11.3% of that department's payroll to raise actual  
6 pay level to market and 15.1% to raise Customer  
7 Service employees pay to market levels. These two  
8 departments represent 60% of all SSU jobs.

9 Typically when pay is this far below market  
10 our clients will allocate some percentage of payroll  
11 and adjust pay levels. The percentage would not be  
12 enough to bring pay levels up to market levels  
13 immediately, but it should be enough to begin to  
14 close the gap.

15 Based on this detailed analysis of each  
16 incumbent's actual pay, it seems to us that 4.765%  
17 is a reasonable starting point to begin to address  
18 these below market labor rates. Many organizations  
19 in these circumstances will develop separate budgets  
20 to be used for granting market adjustments, and it  
21 is important to have the money available to make  
22 adjustments to employees in jobs viewed as being  
23 critical to an organization's success. So, in  
24 summary, I believe it is reasonable for SSU to have  
25 requested funds needed to make market related pay

1 adjustments.

2 **Q. DO YOU BELIEVE BASED ON THE RESULTS OF YOUR 1995**  
3 **STUDY OF SSU'S ACTUAL BASE PAY AND PAY GRADE**  
4 **STRUCTURE THAT SSU'S PAY IS REASONABLY COMPETITIVE**  
5 **IN THE LABOR MARKETS WHEREIN SSU RECRUITS ITS**  
6 **EMPLOYEES?**

7 A. No. SSU's pay levels, on average, are below  
8 competitive pay levels.

9 **Q. WHAT TYPICALLY ARE THE EFFECTS ON RECRUITMENT,**  
10 **RETENTION AND QUALITY OF SERVICE FOR ORGANIZATIONS**  
11 **THAT DO NOT PAY COMPETITIVE LABOR RATES?**

12 A. This question can be more complex than simply  
13 looking at competitive pay levels. However, most  
14 organizations believe, and experience supports, that  
15 if actual pay levels or the ability to pay, fall  
16 below competitive rates, it will be much harder to  
17 recruit individuals into the organization and the  
18 organization will be much more likely to lose  
19 individuals to other organizations who are willing  
20 to pay more.

21 The extent of the difficulties in recruiting  
22 and retention will be influenced by how far below  
23 competitive pay levels the organization's pay  
24 practice is. Obviously, an organization that offers  
25 pay levels 20% below the competition is likely to

1 have a much harder time recruiting and retaining  
2 employees than an organization that has pay levels  
3 only 5% below the competition. Further, if an  
4 organization's pay level causes it to have  
5 difficulty hiring qualified employees, the long-term  
6 effect is that the quality of service will no doubt  
7 suffer. In this case, since SSU's pay levels are  
8 below competitive market levels, I consider it  
9 likely that its pay levels will have a negative  
10 effect.

11 Q. DO YOU AGREE WITH OPC WITNESS MR. KATZ THAT "THE  
12 SALARY STRUCTURE IS IRRELEVANT TO A COMPANY'S  
13 ABILITY TO COMPETE IN THE MARKET" AND THAT "THE FACT  
14 THAT SSU DID NOT RAISE ITS SALARY STRUCTURE HAS NO  
15 BEARING WHATSOEVER ON (A) ITS ACTUAL RATES, OR (B)  
16 ITS ABILITY TO FAIRLY COMPETE IN THE LABOR MARKET."?

17 A. I believe there is a theoretical answer and a  
18 realistic answer to this question. Briefly, the  
19 **theoretical** answer is that what Mr. Katz says is  
20 true. In **theory**, a company **could** completely ignore  
21 its salary structure and pay employees any amount  
22 they want to. However, this raises the question of  
23 why they would even spend the time to develop the  
24 structures in the first place.

25 The **realistic** answer is that virtually all



1 companies develop salary structures to help them  
2 manage and control their salary levels. Mr. Katz is  
3 correct in stating that most salary ranges are  
4 typically set to be 50% from minimum to maximum.  
5 However, most organizations establish a rate within  
6 the range (typically the midpoint) that they  
7 consider to be the target or the control rate of pay  
8 for jobs in that salary range. By policy and  
9 practice, most organizations want the pay levels of  
10 employees in that range to "cluster" around this  
11 control point, and pay administrative guidelines are  
12 designed to ensure that this occurs. Most programs  
13 provide larger increases or more frequent increases  
14 for employees whose pay falls below the control  
15 point and smaller increases or less frequent  
16 increases to employees whose pay is above the  
17 control point.

18 It is easy to see that using this approach  
19 tends to force pay levels for most employees toward  
20 the control point. The extremes of the range  
21 typically are reserved for new hires and for  
22 employees who perform at the extremes. For example,  
23 a consistently high performing employee may well be  
24 paid above the control point; however, the number of  
25 these employees should be relatively limited.

1 Likewise, a consistently low performing employee  
2 should be paid below the control point, and again,  
3 there should be relatively few of these.

4 This concept has been an accepted compensation  
5 principle for years. The intent is to establish the  
6 control point at a level where the organization is  
7 reasonably confident it can attract and retain  
8 qualified employees. Therefore, if the control  
9 point is being used to manage pay, and most  
10 companies use it this way, and it is allowed to fall  
11 well below or move well above competitive pay  
12 levels, it will have a direct and adverse impact on  
13 an individual organization's pay levels.

14 Mr. Katz states, "So, salary structure  
15 increases and salary increases **can be** two completely  
16 different things." The important point here is that  
17 while it is true that these "can be" two different  
18 things, in reality, they are closely integrated in  
19 virtually all organizations, and the salary  
20 structure has a direct impact on pay practices and  
21 pay levels.

22 **Q. ACCORDING TO MR. KATZ TESTIMONY, IT IS HIS OPINION**  
23 **THAT NONE OR VIRTUALLY NONE OF SSU WITNESS LOCK'S**  
24 **CONCLUSIONS WHICH ALSO INCLUDE THE ENTIRE**  
25 **HEWITT ASSOCIATES STUDY BE GIVEN ANY WEIGHT BECAUSE:**

1           **(A) THE FOUNDATION SALARY SURVEYS USED ARE**  
2           **NON-COMPARABLE TO SSU'S INDIVIDUAL ESTABLISHMENTS**  
3           **AND (B) THE SURVEY DATA ITSELF HAS BEEN MISUSED. DO**  
4           **YOU AGREE WITH MR. KATZ'S STATED OPINION?**

5           A. No. As I have already testified, the methodology  
6           employed in this study is rigorously applied to  
7           ensure comparability of job matches, comparability  
8           of labor market definitions (including geographic  
9           consideration), and validity of the data analysis  
10          itself. Therefore, I believe the survey information  
11          is comparable to SSU's situation and the data has  
12          been applied to provide an accurate representation  
13          of SSU's actual pay levels compared to the external  
14          market place.

15          **Q. DO YOU BELIEVE THAT MR. KATZ DEMONSTRATED ANY**  
16          **UNDERSTANDING OF THE HEWITT ASSOCIATES STUDY**  
17          **CONDUCTED FOR SSU?**

18          A. No. Since I had no direct contact with Mr. Katz, I  
19          cannot unequivocally provide an opinion on his  
20          qualifications. However, based on Mr. Katz's  
21          experience and testimony, I do not believe he has  
22          the requisite level of knowledge or expertise  
23          necessary to properly evaluate the Hewitt Study.

24                    Mr. Katz spent 25 years in a variety of  
25                    compensation positions for the federal government.

1 It has been a given in the private sector that the  
2 compensation program in the federal government is  
3 probably the most ineffective compensation program  
4 in the country. Therefore, that experience does  
5 little to expand the overall knowledge of best  
6 practices in compensation.

7 During the past seven years, much of Mr.  
8 Katz's experience has been as an expert witness  
9 and/or working with public sector clients. Again,  
10 public sector compensation programs are viewed as  
11 not being reflective of best practices.

12 It is obvious from his resume that Mr. Katz  
13 has significant educational and theoretical  
14 background. However, I question whether or not that  
15 background has been used to apply sound compensation  
16 principals in a practical manner in a corporate  
17 setting.

18 Also, most of Mr. Katz's education and  
19 hands-on experience occurred in the 1980's or  
20 before. It is important to point out that most of  
21 the true innovations in compensation management have  
22 occurred in the last ten years, with some of the  
23 most significant changes being made in the last five  
24 years. For example, when Mr. Katz retired from the  
25 government, the most prevalent way to establish job

1 values was to use a quantitative job evaluation  
2 process. These processes tended to focus more on  
3 internal value than external value. As a result,  
4 many practitioners of that time were unaware of some  
5 of the refined approaches used to analyze and apply  
6 market data to manage pay levels. Today, the most  
7 prevalent job evaluation approach is to use the  
8 external market as the primary method for  
9 establishing job values.

10 Finally, based on Mr. Katz's testimony, it  
11 does not appear that he read the entire Hewitt Study  
12 at issue in this case. In that document, we clearly  
13 described the activities taken to ensure  
14 comparability of job matches, labor market, etc.,  
15 but he seems to ignore that. Also, he seems to have  
16 pulled data selectively from some of the exhibits  
17 without indicating a balanced view of all the  
18 exhibits. Therefore, I must conclude that he read  
19 at least at some of the data, but chose to ignore or  
20 did not review other parts of the report.

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

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

1 (Transcript continues in sequence in  
2 Volume 37.)  
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**DOCKET** 950495-WS  
**EXHIBIT NO.** 209  
**CASE NO.** 96-04227

- Ex. KOWALSKY-5R -

Southern States Utilities, Inc.  
Docket Number 950495-WS

OPC Exhibit No. 209

Response to Marco Island Civic Association Document Request 11

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET  
NO. 950495-WS EXHIBIT NO. 209  
COMPANY:  
WITNESS:  
DATE: 4/29/96

- Ex. KOWALSKY-5R -

SOUTHERN STATES UTILITIES, INC.  
RESPONSE TO REQUEST FOR PRODUCTION OF DOCUMENTS  
DOCKET NO.: 950495-WS

REQUESTED BY: Marco Island Civ Assoc  
SET NO: 1  
DOCUMENT REQUEST NO: 11  
ISSUE DATE: 01/05/96  
WITNESS: Undetermined  
RESPONDENT: Tony Isaacs

DOCUMENT REQUEST: 11

Please provide actual water usage billed by meter size, by month, and by facility for the Marco Island R/O and conventional treatment facilities for 1992, 1993, 1994, and thru October 1995.

RESPONSE: 11

The data requested cannot be provided by facility. The reverse osmosis and lime softening plants' water is blended before being sent out to the distribution system. However, the water usage billed by meter size, by month (for 1992, 1993, 1994, and 1995) for the Marco Island customers is attached as Appendix DR11-A.



MARCO ISLAND WATER  
 Docket No. : 850485-WS  
 Marco Island Civic Association's 1st Request for Production of Documents - No. 11  
 Bills and Gallons Sold 1992 thru 1995

	January		February		March		April		May		June		July		August		September		October		November		December		Annual Total					
	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold				
<b>1992</b>																														
<b>Residential</b>																														
5/8 x 3/4"	1,486	14,504,000	1,512	14,113,987	1,527	14,881,999	1,524	12,910,000	1,524	12,781,999	1,515	14,094,999	1,519	9,386,375	1,532	8,035,478	1,527	9,477,846	1,540	7,881,513	1,823	13,003,382	1,591	15,930,562	1,591	15,930,562	18,430	147,812,161		
1"	3,177	88,980,998	3,184	90,895,989	3,193	86,189,000	3,207	83,364,000	3,216	84,988,001	3,221	101,841,000	3,235	87,070,726	3,247	86,808,399	3,251	72,878,833	3,265	52,504,406	3,308	91,070,371	3,303	109,388,903	3,307	109,388,903	3,307	109,388,903	34,807	1,005,441,834
1 1/2"	53	6,738,000	53	6,750,000	54	6,827,000	53	6,318,000	53	6,025,000	53	7,719,000	52	5,082,530	52	4,303,420	53	4,914,880	54	2,733,220	57	7,871,570	57	8,645,270	57	8,645,270	544	72,624,890		
2"	78	20,454,000	78	18,857,000	79	16,123,000	79	17,858,000	80	16,819,000	80	25,171,000	80	18,243,610	80	17,311,820	80	19,386,780	80	10,622,230	78	20,748,510	81	25,461,370	81	25,461,370	954	228,634,120		
3"	4	7,813,000	4	8,881,000	4	6,040,000	4	6,475,000	4	8,458,000	4	8,513,000	4	3,338,900	4	3,367,000	4	2,538,300	4	2,811,100	4	11,989,564	4	3,628,600	4	3,628,600	48	69,876,464		
4"	0	0	0	0	0	0	0	0	0	0	0	0	0	10,000	0	-8,700	0	0	0	0	0	0	0	0	0	0	19	300		
<b>Total</b>	<b>4,816</b>	<b>148,378,996</b>	<b>4,832</b>	<b>137,887,996</b>	<b>4,858</b>	<b>129,868,999</b>	<b>4,868</b>	<b>128,821,000</b>	<b>4,878</b>	<b>128,873,000</b>	<b>4,874</b>	<b>165,138,999</b>	<b>4,891</b>	<b>163,133,141</b>	<b>4,916</b>	<b>168,617,218</b>	<b>4,916</b>	<b>169,177,838</b>	<b>4,944</b>	<b>76,462,469</b>	<b>6,872</b>	<b>144,483,407</b>	<b>6,837</b>	<b>163,054,708</b>	<b>6,837</b>	<b>163,054,708</b>	<b>88,902</b>	<b>1,522,111,869</b>		
<b>Multi-Family</b>																														
5/8 x 3/4"	4	88,000	4	82,000	5	81,000	4	80,000	4	83,000	3	88,000	3	40,000	3	45,040	3	78,000	4	86,270	4	98,440	4	114,960	4	114,960	48	883,790		
1"	6	156,000	6	129,000	6	182,000	6	183,000	6	148,000	6	185,000	6	202,440	6	395,590	6	155,110	6	106,570	6	130,570	5	189,140	5	189,140	71	2,106,410		
1 1/2"	24	4,888,000	22	1,717,000	22	1,752,000	22	1,514,000	23	1,445,000	22	1,398,000	22	1,303,310	22	1,115,130	21	997,800	21	792,820	21	1,131,080	21	1,410,180	263	16,043,120				
2"	64	7,319,000	64	7,875,000	64	8,254,000	65	8,707,000	65	8,858,000	65	8,831,000	65	3,881,770	65	4,784,720	65	4,905,290	64	4,808,380	64	8,043,870	64	6,966,450	774	77,124,840				
3"	25	4,443,000	25	6,240,000	25	7,552,000	25	10,486,999	25	5,501,000	25	4,150,000	25	3,281,090	25	4,733,700	25	3,434,280	25	3,251,450	27	3,033,880	25	5,128,650	302	61,244,649				
4"	32	16,980,000	32	15,888,000	33	17,980,000	32	18,876,000	32	12,278,000	32	8,367,000	32	8,475,840	32	8,214,580	32	7,549,910	32	7,825,450	32	10,715,710	38	133,626,290						
6"	3	1,800,000	3	2,827,000	3	2,158,000	4	2,847,000	4	1,343,000	4	1,548,000	4	1,213,000	4	1,808,730	4	1,378,880	5	1,213,150	5	1,234,540	4	1,432,280	47	19,801,640				
<b>Total</b>	<b>168</b>	<b>26,268,800</b>	<b>166</b>	<b>23,778,800</b>	<b>168</b>	<b>27,829,000</b>	<b>168</b>	<b>42,583,999</b>	<b>169</b>	<b>27,828,000</b>	<b>160</b>	<b>22,583,908</b>	<b>167</b>	<b>17,229,410</b>	<b>167</b>	<b>21,336,740</b>	<b>168</b>	<b>19,161,800</b>	<b>168</b>	<b>17,790,660</b>	<b>168</b>	<b>18,797,830</b>	<b>155</b>	<b>25,955,370</b>	<b>1,887</b>	<b>310,839,899</b>				
<b>Commercial</b>																														
5/8 x 3/4"	151	1,028,000	152	951,800	153	1,172,000	155	1,028,000	155	986,000	154	1,022,000	154	802,868	157	618,000	156	757,430	162	807,730	169	1,129,140	159	1,502,390	1,877	11,901,554				
1"	134	3,837,000	133	3,228,000	133	3,328,000	137	3,327,000	135	3,172,000	135	3,100,000	134	2,488,088	134	2,804,720	134	2,810,840	134	2,242,630	138	3,417,430	136	3,970,390	1,817	36,736,194				
1 1/2"	51	4,646,000	52	4,586,000	51	4,988,000	52	4,721,000	51	4,384,000	52	4,867,000	51	3,903,300	51	3,733,401	52	3,963,529	53	2,960,050	54	4,419,970	52	5,605,240	622	62,745,490				
2"	46	7,541,000	40	7,444,000	40	8,241,000	40	8,159,000	40	8,800,000	40	8,180,000	40	7,014,800	40	8,891,440	40	7,318,820	40	6,203,860	42	6,814,170	41	7,538,480	483	89,346,870				
3"	1	116,000	1	186,000	1	237,000	1	221,000	1	243,000	1	149,000	1	123,000	1	150,400	1	156,700	1	124,900	1	166,000	12	1,984,900						
4"	2	3,784,000	2	3,811,000	2	2,284,000	2	3,017,000	2	2,532,000	2	2,234,000	2	3,825,000	2	2,987,000	2	2,290,800	2	3,377,000	2	3,067,000	2	2,282,000	24	30,970,800				
6"	4	7,965,000	4	7,115,000	5	7,266,000	4	8,837,000	4	8,823,000	4	7,313,000	4	7,939,600	4	7,266,800	4	7,691,300	4	6,548,700	5	6,574,300	2	5,861,000	48	87,101,700				
10"																														
<b>Total</b>	<b>383</b>	<b>28,115,800</b>	<b>384</b>	<b>23,871,800</b>	<b>385</b>	<b>28,494,000</b>	<b>391</b>	<b>29,408,000</b>	<b>388</b>	<b>24,860,000</b>	<b>388</b>	<b>26,866,000</b>	<b>386</b>	<b>26,906,656</b>	<b>389</b>	<b>23,362,761</b>	<b>389</b>	<b>24,989,819</b>	<b>396</b>	<b>22,352,870</b>	<b>411</b>	<b>25,846,910</b>	<b>354</b>	<b>28,473,500</b>	<b>4,684</b>	<b>312,335,316</b>				
<b>Raw Water</b>																														
6"	1	4,264,000	1	4,141,000	1	688,000	1	4,738,000	1	7,501,000	1	4,687,000	1	1,929,000	1	3,266,000	1	3,379,000	1	2,764,000	1	4,424,000	1	4,342,000	12	44,110,000				
<b>Fire Protection</b>																														
3"	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	12	0		
4"	11	0	11	0	11	0	11	0	11	0	12	0	12	0	12	0	12	0	12	0	12	0	13	0	140	0				
6"	31	0	32	0	32	0	32	0	32	0	37	0	37	0	37	0	37	0	37	0	37	0	40	0	446	0				
8"	37	0	37	0	37	0	37	0	37	0	37	0	37	0	37	0	37	0	37	0	37	0	6	0	6	0				
10"	3	0	3	0	3	0	3	0	3	0	5	0	5	0	5	0	5	0	5	0	5	0	8	0	8	0				
<b>Total</b>	<b>83</b>	<b>0</b>	<b>84</b>	<b>0</b>	<b>84</b>	<b>0</b>	<b>86</b>	<b>0</b>	<b>86</b>	<b>0</b>	<b>92</b>	<b>0</b>	<b>92</b>	<b>0</b>	<b>92</b>	<b>0</b>	<b>92</b>	<b>0</b>	<b>92</b>	<b>0</b>	<b>93</b>	<b>0</b>	<b>97</b>	<b>0</b>	<b>1,073</b>	<b>0</b>				
<b>All Classes</b>	<b>6,441</b>	<b>207,827,996</b>	<b>6,457</b>	<b>188,997,996</b>	<b>6,484</b>	<b>196,668,999</b>	<b>6,504</b>	<b>202,820,999</b>	<b>6,512</b>	<b>188,848,000</b>	<b>6,516</b>	<b>209,273,999</b>	<b>6,527</b>	<b>148,198,207</b>	<b>6,555</b>	<b>148,684,719</b>	<b>6,563</b>	<b>154,708,058</b>	<b>6,589</b>	<b>119,369,889</b>	<b>6,735</b>	<b>193,271,347</b>	<b>6,684</b>	<b>221,825,575</b>	<b>66,558</b>	<b>2,191,394,784</b>				

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APPENDIX D-BIL-A  
 1 of 4

MARCO ISLAND WATER  
 Docket No. : 950495-WS  
 Marco Island Civic Association's 1st Request for Production of Documents - No. 11  
 Bills and Gallons Sold 1992 thru 1995

	January		February		March		April		May		June		July		August		September		October		November		December		Annual Total			
	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold	Bills	Gallons Sold		
<b>1993</b>																												
<b>Residential</b>																												
5/8 x 3/4"	1,596	16,999,885	1,658	13,260,072	1,639	15,729,510	1,874	15,111,340	1,714	16,525,250	1,724	17,415,241	1,757	12,085,360	1,801	11,429,403	1,794	11,327,110	1,848	11,427,040	1,875	12,405,074	1,848	19,442,290	21,124	173,167,716		
1"	3,234	106,834,996	3,248	81,684,740	3,215	81,651,760	3,170	81,357,131	3,137	89,348,930	3,137	83,043,791	3,127	86,742,198	3,149	81,915,112	3,094	80,038,873	3,050	55,558,022	3,125	54,903,790	3,008	75,831,224	37,692	909,880,848		
1 1/2"	56	7,781,290	56	5,221,870	56	5,725,790	38	2,964,835	11	700,390	11	816,540	11	844,060	14	408,330	11	449,840	11	359,240	11	414,930	11	722,880	298	26,209,895		
2"	79	21,384,650	81	16,784,530	79	17,185,230	63	12,817,850	4	1,125,510	4	1,010,770	4	1,135,370	3	775,460	3	846,850	3	503,890	3	551,070	3	578,420	329	74,489,000		
3"	4	2,798,300	4	12,016,400	4	13,000,200	4	7,068,900	1	5,852,200	1	4,870,300	1	3,582,700	1	3,060,500	1	2,825,900	1	3,353,800								
<b>Total</b>	<b>4,969</b>	<b>168,807,221</b>	<b>4,847</b>	<b>128,967,412</b>	<b>4,993</b>	<b>133,272,498</b>	<b>4,980</b>	<b>119,117,996</b>	<b>4,867</b>	<b>113,392,280</b>	<b>4,877</b>	<b>118,986,642</b>	<b>4,900</b>	<b>84,189,886</b>	<b>4,968</b>	<b>77,668,808</b>	<b>4,903</b>	<b>76,468,173</b>	<b>4,911</b>	<b>71,201,892</b>	<b>6,114</b>	<b>68,274,864</b>	<b>4,968</b>	<b>96,874,814</b>	<b>89,468</b>	<b>1,240,331,976</b>		
<b>Multi-Family</b>																												
5/8 x 3/4"	4	122,060	4	86,430	4	80,830	4	53,750	4	86,800	4	76,400	4	77,120	4	72,810	4	83,080	4	74,170	4	107,770	4	138,210	48	579,530		
1"	5	198,790	5	161,640	5	186,340	5	209,150	5	177,310	5	158,230	5	170,430	5	182,980	5	179,110	5	125,410	5	114,350	5	138,430	60	2,062,170		
1 1/2"	21	1,507,190	21	1,696,730	21	1,853,420	21	1,649,330	20	1,347,170	21	1,151,890	21	1,247,850	21	1,175,290	21	1,134,880	21	1,268,360	21	1,402,710	21	1,284,860	261	16,813,870		
2"	64	7,418,590	70	7,774,780	64	8,460,830	67	8,171,980	58	6,221,810	57	4,474,110	57	4,474,110	57	3,752,710	58	4,137,890	59	4,121,500	59	4,578,210	59	5,723,230	731	64,496,326		
3"	25	5,302,950	25	6,772,990	25	8,343,840	25	8,044,290	25	8,868,310	25	3,605,830	25	3,297,900	25	3,708,090	25	3,435,860	25	2,381,290	26	4,128,170	26	4,145,510	302	89,823,826		
4"	32	11,857,147	32	15,394,808	33	16,480,740	32	18,517,340	32	14,323,950	32	9,367,050	32	8,558,450	33	8,552,044	33	15,019,400	33	8,605,522	32	9,712,710	32	12,206,110	388	148,878,063		
6"	4	2,037,220	4	1,989,090	4	2,407,870	4	2,237,780	3	1,381,320	3	813,980	3	598,750	3	868,730	3	809,070	3	737,659	3	805,871	3	1,087,650	40	16,848,790		
<b>Total</b>	<b>166</b>	<b>28,441,937</b>	<b>161</b>	<b>23,846,246</b>	<b>166</b>	<b>37,673,278</b>	<b>168</b>	<b>38,843,618</b>	<b>147</b>	<b>29,394,778</b>	<b>147</b>	<b>19,647,290</b>	<b>147</b>	<b>17,703,118</b>	<b>149</b>	<b>18,639,834</b>	<b>150</b>	<b>24,867,100</b>	<b>150</b>	<b>16,859,311</b>	<b>160</b>	<b>20,847,791</b>	<b>150</b>	<b>24,728,000</b>	<b>1,820</b>	<b>311,486,269</b>		
<b>Commercial</b>																												
5/8 x 3/4"	157	1,185,589	158	1,350,881	155	1,337,000	151	1,255,770	151	1,159,630	150	1,169,070	152	892,723	157	991,710	154	1,075,949	155	991,480	160	1,039,870	157	1,140,010	1,857	13,889,782		
1"	134	4,063,140	134	3,544,800	137	3,711,480	120	3,330,370	111	2,941,440	111	2,582,480	109	2,851,410	110	2,598,950	109	2,491,700	110	2,027,420	117	2,450,070	104	2,811,820	1,406	35,204,960		
1 1/2"	52	8,246,530	52	4,567,850	52	5,480,870	43	3,405,080	40	3,417,780	41	3,494,050	40	3,653,190	41	3,638,870	41	3,607,870	41	2,768,860	42	2,913,820	41	3,036,860	626	46,223,760		
2"	40	7,329,410	41	7,010,130	40	7,275,360	35	8,299,250	31	7,059,890	31	8,361,560	31	6,787,730	32	6,244,140	31	6,874,930	31	4,957,340	31	5,187,980	32	6,519,790	406	79,847,490		
3"	1	195,300	1	224,500	1	329,300	1	266,900	1	234,800	1	158,300	1	151,400	1	168,800	1	177,500	1	155,800	1	196,900	1	259,200	12	2,818,800		
4"	2	2,343,000	2	3,184,000	2	3,404,000	2	3,108,000	3	4,187,000	3	2,281,780	3	3,855,703	3	3,981,000	2	3,981,000	2	4,331,000	2	2,530,000	2	2,278,000	27	37,790,483		
6"	2	5,106,000	2	5,991,000	2	6,297,000	2	6,854,000	2	6,823,000	2	4,448,000	2	5,367,000	2	6,257,000	2	6,822,000	2	3,995,000	2	5,225,000	2	5,073,000	24	64,258,000		
10"	1	2,015,000	1	2,418,000	1	2,896,000	1	2,307,000	1	2,573,000	1	2,454,000	1	2,829,000	1	2,021,000	1	1,375,000	1	2,838,000	1	4,035,000	1	3,328,000	12	30,878,000		
<b>Total</b>	<b>389</b>	<b>28,483,969</b>	<b>391</b>	<b>28,268,961</b>	<b>390</b>	<b>30,821,818</b>	<b>368</b>	<b>28,824,378</b>	<b>340</b>	<b>28,396,640</b>	<b>340</b>	<b>22,861,228</b>	<b>339</b>	<b>25,968,166</b>	<b>346</b>	<b>28,901,270</b>	<b>341</b>	<b>26,866,949</b>	<b>343</b>	<b>20,263,900</b>	<b>356</b>	<b>23,307,720</b>	<b>340</b>	<b>24,484,900</b>	<b>4,278</b>	<b>313,877,965</b>		
<b>Irrigation</b>																												
5/8 x 3/4"																												
1"							3	19,740	5	83,540	5	62,220	5	55,280	6	60,120	6	49,900	6	50,950	6	54,020	8	79,800	80	618,370		
1 1/2"							44	1,794,380	60	2,847,570	60	4,031,370	58	2,337,330	58	2,236,820	57	1,754,150	55	1,388,580	56	1,718,850	57	2,846,190	606	20,764,840		
2"							26	3,368,380	57	8,610,810	57	9,221,910	58	7,563,480	59	5,812,225	59	7,174,460	59	4,908,190	59	5,449,250	59	8,779,380	493	84,847,888		
3"							24	4,224,880	87	20,713,300	87	22,731,840	87	17,781,120	88	19,888,770	88	21,059,760	88	14,662,520	89	17,025,400	89	19,717,200	727	167,884,890		
4"							1	0	3	2,236,300	3	2,142,000	3	2,822,300	3	2,520,700	3	1,537,500	3	1,438,436	4	3,638,880	4	5,757,100	26	22,893,216		
6"							1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	8	2,600		
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>98</b>	<b>9,407,380</b>	<b>213</b>	<b>34,491,320</b>	<b>213</b>	<b>38,189,148</b>	<b>212</b>	<b>30,639,618</b>	<b>216</b>	<b>30,418,436</b>	<b>214</b>	<b>31,676,770</b>	<b>212</b>	<b>22,446,676</b>	<b>216</b>	<b>27,887,400</b>	<b>218</b>	<b>34,982,878</b>	<b>1,818</b>	<b>289,937,781</b>		
<b>Raw Water</b>																												
6"	1	4,312,000	1	3,261,000	1	4,438,000	1	4,787,000	1	3,847,000	1	2,811,000	1	1,826,000	1	1,409,000	1	2,889,000	1	1,950,000	1	2,219,000	1	2,478,000	12	35,406,000		
<b>Fire Protection</b>																												
3"	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	12	0		
4"	13	0	13	0	13	0	13	0	13	0	13	0	13	0	13	0	13	0	13	0	13	0	13	0	156	0		
6"	37	0	37	0	37	0	37	0	37	0	37	0	37	0	37	0	37	0	37	0	37	0	37	0	444	0		
8"	38	0	40	0	37	0	37	0	37	0	37	0	37	0	37	0	37	0	37	0	37	0	37	0	449	0		
10"	5	0	5	0	5	0	5	0	5	0	5	0	5	0	5	0	5	0	5	0	5	0	5	0	62	0		
<b>Total</b>	<b>94</b>	<b>0</b>	<b>98</b>	<b>0</b>	<b>93</b>	<b>0</b>	<b>93</b>	<b>0</b>	<b>93</b>	<b>0</b>	<b>93</b>	<b>0</b>	<b>93</b>	<b>0</b>	<b>96</b>	<b>0</b>	<b>93</b>	<b>0</b>	<b>93</b>	<b>0</b>	<b>93</b>	<b>0</b>	<b>93</b>	<b>0</b>	<b>1,123</b>	<b>0</b>		
<b>All Classes</b>	<																											







DOCKET 950495-WLS  
EXHIBIT NO. 210  
CASE NO. 96-04227



Lawton Chiles  
Governor

# Florida Department of Environmental Protection

Southwest District  
3804 Coconut Palm Drive  
Tampa, Florida 33619  
813-744-6100

Virginia B. Wetherell  
Secretary

September 14, 1993

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Marion County

Mr. Raphael A. Terrero,  
Manager Environmental Services  
Southern States Utilities  
1000 Color Place  
Apopka, FL 32703

WARNING LETTER #WL93-0033DW42SWD

Subject: Marion Oaks Utilities Sewage Treatment Plant

Dear Mr. Terrero:

A review of the file for Marion Oaks Utilities sewage treatment plant indicates violations of Chapter 403, Florida Statutes, and the rules promulgated thereunder may exist at the above described facility. Department personnel observed the following:

Nitrate concentrations have exceeded permit limitation in February, June and July 1993.

Nitrate results were not reported as required in the permit for May 1992 and March 1992.

The facility has failed to plan and construct plant expansion based upon flow data from November 1991 to February 1992.

Numerous spills or discharges to the ground of inadequately treated effluent have occurred: seven incidents reported for 1992, eight incidents reported through August 1993.

It is a violation of Section 403.161(1)(b), Florida Statutes, for any facility, as a pollution source, to fail to operate in a manner consistent with the permit issued by the Department or in compliance with the Department rules and regulations. It is a violation of Rule 17-610.510, Florida Administrative Code (F.A.C.) for effluent nitrate concentration to exceed 12 mg/l. It is a violation of Rule 17-600.740(2)(a), F.A.C., to release wastewater effluent or residuals without proper treatment. It is a violation of Rule 17-600.405(4)(b)2., F.A.C., for a facility with three-month average daily flows in excess of 75% of permitted capacity to fail to submit an initial capacity analysis report no later than July 1, 1992.

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 950495 EXHIBIT NO. 210  
COMPANY/ WITNESS: FPSC/Schobert  
DATE: \_\_\_\_\_

DOCUMENT NUMBER-DATE

02346 FEB 26 88

FPSC-RECORDS/REPORTING

Also, a facility that causes or allows the disposal of pollutant materials onto the ground may be in violation of Sections 376.302, and 403.088, Florida Statutes, and Rule 17-3.404, Florida Administrative Code, if the disposal results in a discharge to groundwater.

You are advised that any activity at your facility that may be contributing to violations of the above described statutes and rules should be ceased immediately. Operation of a facility in violation of state statutes or rules may result in liability for damages and restoration, and the judicial imposition of civil penalties up to \$10,000 per violation per day pursuant to Sections 403.141 and 403.161, Florida Statutes. It is the Department's policy to seek civil penalties for the above described violations.

YOU ARE REQUESTED TO CONTACT MR. NEAL SCHOBERT of this office at (813) 744-6100, Extension 313 within 15 days of receipt of this Warning Letter to arrange a meeting with Department personnel to discuss the issues raised in this Warning Letter. You may wish to consult an attorney and to have the attorney attend the meeting with the Department.

PLEASE BE ADVISED that this Warning Letter is part of an agency investigation preliminary to agency action in accordance with Section 120.57(4), Florida Statutes. The purpose of this letter is to advise you of potential violations and to set up a meeting to discuss possible resolutions to any potential violations that may have occurred for which you may be responsible. If the Department determines that an enforcement proceeding should be initiated in this case, it may be initiated by issuing a Notice of Violation or by filing a judicial action in accordance with Section 403.121, Florida Statutes. If the Department issues a Notice of Violation, and you are named as a party, you will be informed of your rights to contest any determination made by the Department in the Notice of Violation. The Department can also resolve any violation through entry into a Consent Order.

Sincerely,



Richard D. Garrity, Ph.D.  
Director of District Management  
Southwest District

cc: Marion County PHU  
Al McLaurin, FDEP

FROM

06.17.1994 17:15

P. 2



Lawton Chiles  
Governor

## Florida Department of Environmental Protection

Southwest District  
3804 Coconut Palm Drive  
Tampa, Florida 33619  
813-744-6100

**RECEIVED**  
JUN 21 1994  
Department of Environmental Protection  
BY Virginia B. Woodruff  
SOUTHWEST DISTRICT Secretary

June 17, 1994

Mr. Bert Phillips, President  
Southern States Utilities, Inc.  
1000 Color Place  
Apopka, FL 32703

Re: Proposed Settlement by Short Form Consent Order in Case  
of Southern States Utilities, Inc.  
(Marion Oaks Subdivision WWTP),  
OGC File No. 93-4503

Dear Mr. Phillips:

The purpose of this letter is to complete the settlement of the alleged violation(s) previously identified by the Department of Environmental Protection ("DEP") in Warning Letter No. WL93-0033DW42SWD dated September 14, 1993, which is attached, as well as any other domestic wastewater violations alleged to have occurred up to the date of June 14, 1994, excluding any alleged violations unknown by DEP. No corrective actions are required to bring your facility into compliance. However, you must pay to the Department the amount of \$14,500.00 in civil penalties to complete settlement of the violations described in the attached Warning Letter, along with \$500.00 to reimburse DEP's costs, for a total of \$15,000.00. This payment must be made to "The Department of Environmental Protection" by certified check or money order and shall include thereon the OGC number assigned above and the notation "Pollution Recovery Fund". The payment shall be sent to the Department of Environmental Protection, Southwest District Office, 3804 Coconut Palm Drive, Tampa, Florida 33619-8318 within ten days of your signing this letter.

Your signing of this letter where indicated at the end of page two of this letter constitutes your acceptance of DEP's offer to settle this case on these terms. If you sign this letter, please return it to DEP at the address above. DEP will then countersign the letter and file it with the Clerk of the DEP. When the signed letter is filed with the Clerk, the letter shall constitute a Consent Order, which is final agency action of the DEP, the terms and conditions of which may be enforced in a court of competent jurisdiction pursuant to Sections 120.69 and 403.121, Florida Statutes. Failure to comply with the terms of this letter once signed by you and entered by the DEP Clerk shall constitute a violation of Section 403.161(1)(b), Florida Statutes.

FRAM

06.17.199 17:15

P. 3

Marion Oaks Subdivision WWTP  
OGC File No. 93-4503  
Page 2

By countersigning this settlement offer, DEP waives its right to seek judicial imposition of damages, costs and expenses, or civil penalties for the violations described above.

By accepting this settlement offer, you waive your right to an administrative hearing to contest this settlement pursuant to Section 120.57, Florida Statutes, and your right to appeal this settlement pursuant to Section 120.69, Florida Statutes. This offer to settle is open until June 21, 1994 or until DEP otherwise withdraws the offer. If you do not sign and return this letter to the Department at the Southwest District address given above by this date, the case will be referred to the DEP's Office of General Counsel with a recommendation that formal enforcement action be taken against you. None of your rights or substantial interests are determined by this letter unless you sign it and it is filed with the DEP Clerk.

Sincerely,

Richard D. Garrity, Ph.D.  
Director of District Management  
Southwest District

I ACCEPT THE TERMS OF THIS SETTLEMENT OFFER.

For Southern States  
Utilities, Inc.:

By: *Karla Chen-Tessley*  
*for* Bert Phillips, Vice President  
President,  
Southern States  
Utilities, Inc.

For the DEP:

  
Richard D. Garrity, Ph.D.  
Director of District Management  
State of Florida Department  
of Environmental Protection

ENTERED this 21 day of June 1994 in Tampa, Florida.

Attachments

FILING AND ACKNOWLEDGEMENT

FILED, on this date, pursuant to S120.52 Florida Statutes, with the designated Department Clerk, receipt of which is hereby acknowledged.

*Barbara M. ...*  
Clerk Date 06-21-94





# Department of Environmental Protection

Lawton Chiles  
Governor

Southwest District  
3804 Coconut Palm Drive  
Tampa, Florida 33619

Virginia B. Wetherell  
Secretary

June 21, 1994

Mr. David Townsend  
Marion County Public Health Unit  
P. O. Box 2408  
Ocala, FL 34478

Re: Marion Oaks Subdivision Wastewater Treatment Plant  
Marion County

Dear Mr. Townsend:

This is to advise you that the Department has resolved its enforcement case against the referenced facility. A consent order (OGC File No. 93-4503 enclosed) was executed between Southern States Utilities and the Department on this date. As the consent order states, no further corrective actions are required of the facility at this time. It is our recommendation that additional flows to the facility may again be approved.

Should you have any questions, please contact Mr. Neal Schobert at 813/744-6100, extension 313.

Sincerely,

Thomas Gucciardo  
Environmental Manager  
Compliance/Enforcement  
Domestic Wastewater Section

Enclosure

cc: Carlyn Kowalsky, Southern States Utilities

**DOCKET** 950495-WS  
**EXHIBIT NO.** 211  
**CASE NO.** 96-04227

**EXHIBIT** (DGL-5)  
**PAGE** 1 **OF** 1

SOUTHERN STATES UTILITIES, INC.  
 1993 COMPARISON OF REVENUE TO PAYROLL AND PAYROLL TO CUSTOMERS  
 DOCKET NO. 950495-WS

Line No.	Description	1993 ACTUAL \$ OF REVENUE PER \$ OF PAYROLL		
		water	sewer	total
1	REVENUES	31,277,321	19,409,594	50,686,915
2	PAYROLL	7,222,849	4,835,658	12,058,507 (1)
3	\$ OF REVENUE PER \$ OF PAYROLL	4.33	4.01	4.20

Line No.	Description	1993 ACTUAL PAYROLL \$ PER # OF CUSTOMER		
		water	sewer	total
1	PAYROLL	7,222,849	4,835,658	12,058,507 (1)
2	NUMBER OF CUSTOMERS	108,501	48,683	157,184
3	PAYROLL \$ PER # OF CUSTOMER	66.57	99.33	76.72

Note: (1) Gas allocated payroll has been excluded from this analysis.

FLORIDA PUBLIC SERVICE COMMISSION  
 DOCKET NO. 950495 EXHIBIT NO. 211  
 COMPANY/  
 WITNESS: SSU/LOCK  
 DATE: \_\_\_\_\_

DOCUMENT NUMBER-DATE  
03400 MAR 21 88  
 FPSC-RECORDS/REPORTING

SOUTHERN STATES UTILITIES, INC.  
 1993 COMPARISON BY COMPANY - AVERAGE PAYROLL PER EMPLOYEE  
 DOCKET NO. 950495-WS

Rank	Company Name	Payroll	# of Employees	Avg. Payroll Per Employee	% of Companies Surveyed With Lower Avg. Pay Per Employee
1	Rotunda West	221,339	13	17,026	0.00%
2	Adelphia	141,743	7	20,249	1.02%
3	Avon Water Co., Inc.	314,999	15	21,000	2.04%
4	Maine Water Com.	191,672	9	21,297	3.06%
5	Hampton Water Works Com.	462,771	20	23,139	4.08%
6	Wanakah Water	511,610	21	24,362	5.10%
7	Florida Cities Water Com.	3,180,563	128	24,848	6.12%
8	Southern States Utilities, Inc.	12,153,925	482	25,216	7.14%
9	Tidewater	465,874	18	25,882	8.16%
10	General Water - PA	264,840	10	26,484	9.18%
11	West Lafayette Water Com.	446,031	16	27,877	10.20%
12	General Water - Pine Bluff	1,301,503	46	28,294	11.22%
13	Pennsylvania Gas & Water Com.	28,506,000	975	29,237	12.24%
14	Bloomsburg Water Com.	498,559	17	29,327	13.27%
15	Paradise Valley Water Com.	360,367	12	30,031	14.29%
16	Consolidated Water Service	480,974	16	30,061	15.31%
17	Hydraulics	395,163	13	30,397	16.33%
18	Inter-State Water Com.	1,169,504	38	30,776	17.35%
19	Capital City Water Com.	831,927	27	30,812	18.37%
20	Indiana-American Water Com.	6,642,384	215	30,895	19.39%
21	Palm Coast Utility Corp.	2,357,510	76	31,020	20.41%
22	Wakefield Water Com.	311,176	10	31,118	21.43%
23	Beckley Water Com.	1,405,477	45	31,233	22.45%
24	Camden & Rockland Water Com.	977,597	31	31,535	23.47%
25	Hoosier Water Co., Inc.	632,044	20	31,602	24.49%
26	New Mexico-American Water Com.	887,297	28	31,689	25.51%
27	Del Este Water Com.	922,235	29	31,801	26.53%
28	Baton Rouge Water Works Com.	6,618,937	204	32,446	27.55%
29	South Gate Water and Sewer Com.	129,927	4	32,482	28.57%
30	Plainville	325,541	10	32,554	29.59%
31	Connecticut-American Water Com.	3,430,375	105	32,670	30.61%
32	Missouri-American Water Com.	3,307,186	100	33,072	31.63%
33	York Water Com. (Note 3)	2,982,008	90	33,133	32.65%
34	Northern Illinois Water Corp.	4,663,180	140	33,308	33.67%
35	Pennsylvania Water Com.	400,510	12	33,376	34.69%
36	Ohio-American Water Com.	3,542,410	106	33,419	35.71%
37	General Water - CT	368,134	11	33,467	36.73%
38	Shorelands Water, Inc.	977,145	29	33,695	37.76%
39	Citizens Utilities - Cal.	2,264,957	67	33,805	38.78%
40	Maryland-American Water Com.	478,614	14	34,187	39.80%
41	Artesian Water Co., Inc.	4,454,254	130	34,263	40.82%
42	Gary-Hobart Water Corp.	5,839,495	170	34,350	41.84%
43	Newtown Artesian Water Com.	619,560	18	34,420	42.86%
44	Iowa-American Water Com.	2,983,684	86	34,694	43.88%
45	San Gabriel Valley Water Com.	6,750,516	191	35,343	44.90%
46	Jacksonville Suburban Utilities	3,336,073	94	35,490	45.92%
47	Roaring Creek Water Com.	1,420,777	40	35,519	46.94%
48	Toms River Water Com.	1,741,985	49	35,551	47.96%
49	Illinois-American Water Com.	13,940,592	390	35,745	48.98%
50	Consumers Illinois Water Com.	2,762,703	77	35,879	50.00%
51	Dauphin Consolidated Water Supply	2,119,111	59	35,917	51.02%
52	Wilmington Suburban Water Com.	2,310,004	64	36,094	52.04%
53	Indiana Cities Water Corp.	2,964,002	82	36,146	53.06%
54	Boise Water Corp.	2,857,256	79	36,168	54.08%
55	West Virginia-American Water Com.	12,767,922	353	36,170	55.10%
56	Virginia-American Water Com.	3,331,451	92	36,211	56.12%
57	Mountain Water Com.	1,378,047	38	36,264	57.14%

SOUTHERN STATES UTILITIES, INC.  
 1993 COMPARISON BY COMPANY - AVERAGE PAYROLL PER EMPLOYEE  
 DOCKET NO. 950495-WS

Rank	Company Name	Payroll	# of Employees	Avg. Payroll Per Employee	% of Companies Surveyed With Lower Avg. Pay Per Employee
58	Tennessee-American Water Com.	5,995,479	165	36,336	58.16%
59	Ohio Suburban Water Com.	624,133	17	36,714	59.18%
60	Mechanicsburg Water Com.	625,327	17	36,784	60.20%
61	Pennichuck Water Works	2,177,652	59	36,909	61.22%
62	Lincoln Water Corp.	444,930	12	37,078	62.24%
63	Louisville Water Com.	15,450,987	411	37,594	63.27%
64	Mass American	1,505,381	40	37,635	64.29%
65	Pennsylvania-American Water Com.	33,705,623	888	37,957	65.31%
66	Birmingham	722,000	19	38,000	66.33%
67	Connecticut Water Service	6,534,793	168	38,898	67.35%
68	St. Louis County Water Com.	21,673,089	557	38,910	68.37%
69	California-American Water Com.	7,487,829	191	39,203	69.39%
70	Shenango Valley Water Com.	1,911,243	48	39,818	70.41%
71	Garden state Water Com.	2,135,064	53	40,284	71.43%
72	Mount Holly Water Com.	564,322	14	40,309	72.45%
73	Stamford Water Com.	1,601,669	39	41,068	73.47%
74	Southern California Water Com.	20,036,152	486	41,227	74.49%
75	Suburban Water Systems	4,085,363	99	41,266	75.51%
76	Middlesex Water Com.	5,575,134	135	41,297	76.53%
77	Southern New Hampshire Water Co., Inc.	1,074,976	26	41,345	77.55%
78	Bridgeport Hydraulic Corp.	10,391,742	251	41,401	78.57%
79	Ohio Water Service Com.	6,086,224	147	41,403	79.59%
80	Elizabethtown Water Com.	15,950,204	381	41,864	80.61%
81	Torrington	505,245	12	42,104	81.63%
82	Philadelphia Suburban Water Com.	21,590,000	511	42,250	82.65%
83	Indianapolis Water Com.	15,747,610	370	42,561	83.67%
84	Dominguez Water Corp.	3,213,483	75	42,846	84.69%
85	New Mexico Utilities	430,190	10	43,019	85.71%
86	New Jersey-American Water Com.	27,622,092	642	43,025	86.73%
87	New Rochelle Water Com.	2,997,765	69	43,446	87.76%
88	Long Island Water Corp.	6,521,169	149	43,766	88.78%
89	California Water Service Com.	26,976,222	614	43,935	89.80%
90	Rio Rancho	1,281,871	29	44,202	90.82%
91	San Jose Water Com.	12,283,000	277	44,343	91.84%
92	Jamaica Water Supply Com.	12,732,303	287	44,363	92.86%
93	Park Water Com.	3,781,603	84	45,019	93.88%
94	Spring Valley Water Com.	4,099,466	87	47,120	94.90%
95	New York Water Service Com.	3,525,185	74	47,638	95.92%
96	College Utilities Corp.	490,097	10	49,010	96.94%
97	Citizens Utilities - Home	453,305	9	50,367	97.96%
98	Hackensack Water Com.	24,067,718	475	50,669	98.98%
	Total	501,779,080	13,248	37,876	
	Southern States Utilities, Inc.			25,216	
	DIFFERENCE			(12,660)	
	DEVIATION FROM AVERAGE			-33.43%	

SOURCE: 1993 NAWC ECONOMIC RESEARCH PROGRAM SURVEY

SOUTHERN STATES UTILITIES, INC.  
 1994 COMPARISON BY COMPANY - AVERAGE PAYROLL PER EMPLOYEE  
 DOCKET NO. 950495-WS

Rank	Company Name	Payroll	# of Employees	Avg. Payroll Per Employee	% of Companies Surveyed With Lower Avg. Pay Per Employee
1	Gulf Utility	420,022	26	16,155	0.00%
2	Ranier View	444,289	20	22,214	1.10%
3	Adelphia	156,180	7	22,311	2.20%
4	Hampton Water Works Com.	428,184	19	22,536	3.30%
5	Avon Water Co., Inc.	339,860	14	24,276	4.40%
6	Heater Utilities	2,148,293	85	25,274	5.49%
7	Columbia Water Com.	424,037	16	26,502	6.59%
8	United W. Lafayette	537,457	20	26,873	7.69%
9	Southern States Utilities, Inc.	13,688,882	502	27,269	8.79%
10	Florida Cities Water Com.	3,596,284	130	27,664	9.89%
11	Consumers - Maine	1,770,630	64	27,666	10.99%
12	United New Mexico	765,576	27	28,355	12.09%
13	Tidewater	490,066	17	28,827	13.19%
14	Paradise Valley Water Com.	378,413	13	29,109	14.29%
15	Ohio Suburban Water Com.	496,774	17	29,222	15.38%
16	Northern Michigan	205,408	7	29,344	16.48%
17	United Arkansas	1,373,831	46	29,866	17.58%
18	Vallencia Water Com.	819,000	27	30,333	18.68%
19	United Missouri	821,828	27	30,438	19.78%
20	Pennsylvania Gas & Water Com.	29,773,000	965	30,853	20.88%
21	Inter-State Water Com.	1,112,893	36	30,914	21.98%
22	Consolidated Water Service	501,788	16	31,362	23.08%
23	United South Gate	129,193	4	32,298	24.18%
24	New Mexico-American Water Com.	917,549	28	32,770	25.27%
25	Missouri-American Water Com.	3,279,570	100	32,796	26.37%
26	Palm Coast Utility Corp.	2,400,543	73	32,884	27.47%
27	York Water Com. (Note 3)	3,021,117	91	33,199	28.57%
28	Baton Rouge Water Works Com.	6,806,138	204	33,363	29.67%
29	United Connecticut	402,894	12	33,575	30.77%
30	Consumers - Pa-Roar. Ck	1,433,420	42	34,129	31.87%
31	Hydraulics	450,038	13	34,618	32.97%
32	Ohio-American Water Com.	3,707,503	107	34,650	34.07%
33	Northwest Indiana	6,163,081	177	34,820	35.16%
34	Missouri Cities Water Com.	1,463,256	42	34,839	36.26%
35	Shorelands Water, Inc.	1,048,345	30	34,945	37.36%
36	Iowa-American Water Com.	3,019,195	86	35,107	38.46%
37	Northern Illinois Water Corp.	4,888,386	139	35,168	39.56%
38	Consumers - Pa-Susque.	422,952	12	35,246	40.66%
39	United Rhode Island	354,812	10	35,461	41.76%
40	United Pennsylvania	3,797,487	106	35,825	42.86%
41	Indiana-American Water Com.	10,074,903	281	35,854	43.96%
42	Illinois-American Water Com.	13,974,627	388	36,017	45.05%
43	Artesian Water Co., Inc.	4,692,587	130	36,097	46.15%
44	Newtown Artesian Water Com.	652,999	18	36,278	47.25%
45	Kentucky-American Water Com.	5,152,326	141	36,541	48.35%
46	New Mexico Utilities	477,511	13	36,732	49.45%
47	Consumers Illinois Water Com.	2,833,639	77	36,801	50.55%
48	United Toms River	1,822,225	49	37,188	51.65%
49	United Idaho	3,467,387	93	37,284	52.75%
50	United Florida	3,547,347	94	37,738	53.85%
51	Pennichuck Water Works	2,241,499	59	37,992	54.95%
52	Maryland-American Water Com.	494,132	13	38,010	56.04%
53	Tennessee-American Water Com.	6,222,850	163	38,177	57.14%
54	Mass American	1,567,086	41	38,222	58.24%
55	Citizens Utilities - Cal.	2,599,631	68	38,230	59.34%
56	Connecticut-American Water Com.	3,670,602	96	38,235	60.44%
57	Virginia-American Water Com.	3,413,306	89	38,352	61.54%

SOUTHERN STATES UTILITIES, INC.  
 1994 COMPARISON BY COMPANY - AVERAGE PAYROLL PER EMPLOYEE  
 DOCKET NO. 950495-WS

Rank	Company Name	Payroll	# of Employees	Avg. Payroll Per Employee	% of Companies Surveyed With Lower Avg. Pay Per Employee
58	West Virginia-American Water Com.	13,949,699	363	38,429	62.64%
59	Torrington	501,329	13	38,564	63.74%
60	California-American Water Com.	7,648,641	196	39,024	64.84%
61	United Delaware	2,504,086	64	39,126	65.93%
62	United Illinois	481,227	12	40,102	67.03%
63	St. Louis County Water Com.	22,224,362	553	40,189	68.13%
64	Connecticut Water Service	6,654,538	164	40,576	69.23%
65	Suburban Water Systems	4,016,900	98	40,989	70.33%
66	Pennsylvania-American Water Com.	35,114,385	853	41,166	71.43%
67	Stamford Water Com.	1,615,800	39	41,431	72.53%
68	Consumers - New Jersey	2,256,411	54	41,785	73.63%
69	Consumers - Ohio	6,035,203	143	42,204	74.73%
70	Louisville Water Com.	18,560,182	431	43,063	75.82%
71	Middlesex Water Com.	5,815,596	135	43,078	76.92%
72	Dominguez Water Corp.	3,316,219	76	43,634	78.02%
73	New Jersey-American Water Com.	27,768,023	628	44,217	79.12%
74	Long Island Water Corp.	6,724,587	152	44,241	80.22%
75	Consumers - Pa-Shenango	1,975,045	44	44,887	81.32%
76	United New Roch.	3,101,894	69	44,955	82.42%
77	Philadelphia Suburban Water Com.	23,071,000	513	44,973	83.52%
78	California Water Service Com.	28,146,615	624	45,107	84.62%
79	Southern California Water Com.	21,129,436	467	45,245	85.71%
80	Indianapolis Water Com.	16,643,675	367	45,351	86.81%
81	Mount Holly Water Com.	647,010	14	46,215	87.91%
82	Elizabethtown Water Com.	17,714,127	383	46,251	89.01%
83	Bridgeport Hydraulic Corp.	10,823,904	234	46,256	90.11%
84	San Jose Water Com.	13,015,129	281	46,317	91.21%
85	United New York	4,358,622	92	47,376	92.31%
86	Jamaica Water Supply Com.	12,081,381	254	47,564	93.41%
87	New York Water Service Com.	3,603,962	74	48,702	94.51%
88	Citizens Utilities - Home	489,276	10	48,928	95.60%
89	College Utilities Corp.	490,883	10	49,088	96.70%
90	Southern New Hampshire Water Co., Inc.	992,107	19	52,216	97.80%
91	United New Jersey	24,939,450	474	52,615	98.90%
	Total	519,713,335	13,093	39,694	
	Southern States Utilities, Inc.			27,269	
	DIFFERENCE			(12,425)	
	DEVIATION FROM AVERAGE			-31.30%	

SOURCE: 1994 NAWC ECONOMIC RESEARCH PROGRAM SURVEY

Southern States Payroll was not included in 1994 NAWC Survey but was from SSU payroll department for this exhibit.

SOUTHERN STATES UTILITIES, INC					
1995 Employee Turnover Analysis					
Active: 506.00	Status Group Sel:				
Terminated: 81.00	Turnover % . . .	16.01			
Employee No.	Hire Date	Job Title	Status	Terminated	Reason*
71	12/28/89	AREA MANAGER	FULL	7/11/95	DIS
10269	3/30/95	MAINTENANCE TECH. I	FULL	6/28/95	VOL
9975	3/16/89	MAINTENANCE TECH. II	FULL	6/23/95	RET
5015	12/8/71	LEAD MAINTENANCE TECH	FULL	7/17/95	LTD
5028	8/14/67	DISABLED	FULL	6/28/95	DEATH
333	9/25/91	OPERATOR III	FULL	8/17/95	LTD
5056	3/7/83	LEAD MAINTENANCE TECH	FULL	9/14/95	VOL
305	1/8/79	NORTH REGION MANAGER	FULL	12/1/95	DIS
10273	4/19/95	MAINTENANCE TECH. I	FULL	4/20/95	VOL
10042	6/1/92	MAINTENANCE TECH. I	FULL	1/17/95	DIS
9944	12/7/88	SENIOR MAINTENANCE TECH.	FULL	8/17/95	VOL
10192	3/28/94	SECRETARY II	PART	9/8/95	LAY
10226	8/23/94	OPERATOR II	FULL	9/22/95	VOL
88	3/12/90	SENIOR MAINTENANCE TECH.	FULL	7/18/95	LTD
5245	8/18/86	LEAD OPERATOR III - MARCO	FULL	7/25/95	VOL
10236	10/18/94	OPERATOR II - MARCO	FULL	5/25/95	VOL
844	12/12/91	OPERATOR I	FULL	1/25/95	DEATH
10091	1/28/93	OPERATOR III	FULL	3/2/95	VOL
826	11/2/76	MAINTENANCE TECH. I	FULL	7/5/95	RET
10300	9/1/95	MAINTENANCE TECH. I	FULL	10/15/95	VOL
9815	6/21/88	OPERATOR III	FULL	6/9/95	RET
10258	1/31/95	MAINTENANCE TECH. I	FULL	3/15/95	DIS
10261	2/13/95	LEAD OPERATOR I	FULL	6/19/95	VOL
5177	11/3/86	CHIEF OPERATOR	FULL	3/21/95	VOL
5409	7/15/85	AREA SUPERVISOR I	FULL	10/20/95	VOL
5093	1/17/72	SECRETARY II	FULL	6/30/95	RET
10225	8/18/94	MAINTENANCE HELPER	FULL	10/30/95	VOL
5033	1/19/87	DEVELOPMENT ASSISTANT	FULL	1/11/95	VOL
10138	8/23/93	PARALEGAL	FULL	6/8/95	VOL

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74	1/4/90	TRAINING & DEVELOP. ADMINISTRATOR	FULL	6/30/95	LAY
9990	5/1/89	HUMAN RESOURCES ADMINISTRATOR	FULL	6/30/95	LAY
10228	9/8/94	TEMP. COMMUNICATIONS ADMINISTRATOR	TEMP	6/29/95	VOL
10049	7/9/92	ASSISTANT ENGINEER II	FULL	7/24/95	VOL
10159	10/27/93	DRAFTER I	TEMP	10/20/95	VOL
10295	8/21/95	DRAFTER II	TEMP	9/6/95	VOL
70	12/26/89	DRAFTER II	FULL	4/7/95	VOL
10286	6/9/95	ASSISTANT ENGINEER I	TEMP	12/29/95	LAY
216	7/13/89	CONSTRUCTION INSPECTOR	FULL	1/27/95	VOL
10308	10/16/95	SECRETARY II	FULL	11/8/95	LAY
10280	5/18/95	LAB TECHNICIAN	TEMP	8/2/95	VOL
10242	11/10/94	LAB ANALYST II	FULL	10/2/95	DIS
10284	6/1/95	LAB ANALYST II	FULL	12/15/95	VOL
10243	11/10/94	LAB ANALYST II	FULL	4/7/95	VOL
9949	12/31/88	MGR., FINANCIAL PLANNING	FULL	6/30/95	LAY
10175	1/27/94	ACCOUNTING CLERK I	FULL	6/21/95	VOL
10014	3/2/92	ACCOUNTING CLERK I	FULL	7/14/95	VOL
10293	8/1/95	ACCOUNTING CLERK I	FULL	12/15/95	DIS
10005	1/13/92	ACCOUNTING CLERK I	FULL	8/10/95	VOL
9982	4/6/89	MGR. ADMIN. SERVICES	FULL	6/30/95	LAY
10264	2/28/95	RECORDS TECHNICIAN	FULL	3/1/95	VOL
10149	9/30/93	RECORDS TECHNICIAN	FULL	1/24/95	VOL
10256	1/9/95	SECRETARY II	TEMP	8/31/95	LAY
10247	11/28/94	RATE ANALYST I	FULL	6/30/95	VOL
10223	8/15/94	SENIOR RATE ANALYST	FULL	6/23/95	VOL
64	12/11/89	SENIOR ACCOUNTING CLERK	FULL	11/2/95	VOL
26	8/24/89	SENIOR ACCOUNTING CLERK	FULL	4/10/95	DIS
10172	12/15/93	METER READER I	FULL	9/15/95	VOL
10312	10/26/95	METER READER II	FULL	11/2/95	VOL
10140	8/30/93	METER READER I	FULL	12/21/95	LTD
10232	9/20/94	CUSTOMER SERVICE FIELD TECH. I	FULL	6/28/95	VOL
10294	8/7/95	CUSTOMER SERVICE FIELD TECH. I	FULL	8/15/95	VOL
10108	4/28/93	CUSTOMER SERVICE REP. I	FULL	2/10/95	DOWN
5029	1/19/87	METER READER II	FULL	11/10/95	LTD

EXHIBIT \_\_\_\_\_ (DGL-7)  
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10292	7/24/95	METER READER I	FULL	8/4/95	VOL
10214	7/21/94	METER READER I	FULL	5/31/95	VOL
5136	2/11/81	SENIOR CUSTOMER SERVICE REP.	FULL	3/29/95	VOL
821	4/19/90	CUSTOMER SERVICE REP. III	FULL	9/8/95	VOL
10254	1/12/95	METER READER I	FULL	9/13/95	VOL
10257	1/23/95	METER READER I	FULL	2/15/95	DIS
10255	1/12/95	METER READER I	FULL	1/13/95	VOL
10311	10/19/95	METER READER II	FULL	10/20/95	VOL
10297	8/29/95	TEMP. DEVELOPER RELATIONS SPECIALIST	TEMP	8/29/95	VOL
10281	5/25/95	TEMP. COMMUNICATIONS ADMINISTRATOR	TEMP	10/13/95	LAY
10251	12/28/94	SECRETARY I	FULL	1/30/95	VOL
10291	7/13/95	SENIOR CUSTOMER SERVICE REP.	FULL	8/21/95	VOL
10248	12/1/94	CUSTOMER SERVICE REP. I	FULL	6/2/95	VOL
10262	2/16/95	CUSTOMER SERVICE REP. I	FULL	5/24/95	VOL
10260	2/6/95	CUSTOMER SERVICE REP. I	FULL	6/9/95	VOL
10252	1/4/95	CUSTOMER SERVICE REP. I	FULL	1/17/95	VOL
10253	1/4/95	CUSTOMER SERVICE REP. I	FULL	1/6/95	VOL
49	10/30/89	DISPATCHER	FULL	11/3/95	VOL
	<b>*REASON CODE</b>	<b>DESCRIPTION</b>			
	DEATH	EMPLOYEE DEATH			
	DIS	DISCHARGE			
	DOWNS	DOWNSIZING OF CUSTOMER SERVICE			
	LAY	LAYOFF			
	LTD	LONG TERM DISABILITY			
	RET	RETIRED			
	VOL	VOLUNTARY RESIGNATION			

EXHIBIT \_\_\_\_\_ (DGL-7)  
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SOUTHERN STATES UTILITIES, INC.  
DOCKET NO.: 950495-WS  
RESPONSE TO INTERROGATORIES

REQUESTED BY: OPC  
SET NO: 1  
INTERROGATORY NO: 44  
ISSUE DATE: 07/18/95  
WITNESS: DALE G. LOCK  
RESPONDENT: Dale Lock

INTERROGATORY NO: 44

State the amount, percent increases, and effective dates for general wage increases and, separately, for merit increases granted by the Company during the last five years and as budgeted for the years 1995 and 1996.

RESPONSE: 44

SSU does not grant general pay increases per se. The effective date of the annual Merit increases was the first pay period in January for the years 1992 and 1993. Beginning with 1994 the Merit increases were deferred until the first pay period in March. This deferral allows the Company to account for earnings in the prior year and ascertain the availability of funding for merit increases in the new year. Appendix 44-A is a breakdown of all pay increases granted and budgeted by year.

ATTACHMENT 44  
SOUTHERN STATES UTILITIES, INC.  
DOCKET NO.: 950495-W5

Southern States Utilities, Inc. Analysis of Pay Increases

1992 through 1996 As a % of 1/1 Payroll	Actual 1992	Actual 1993	Actual 1994	Budget 1995	Projected 1996
Merit - Amount	\$ 516,098	\$ 372,799	\$ 401,788	\$ 410,666	\$ 419,118
Merit - Percent	4.94%	3.06%	3.12%	3.00%	3.00%
License - Amount	\$ 56,655	\$ 16,565	\$ 31,442	\$ 34,222	\$ 34,927
License - Percent	0.54%	0.14%	0.24%	0.25%	0.25%
Promotions - Amount	\$ 145,769	\$ 192,093	\$ 139,797	\$ 136,889	\$ 139,706
Promotions - Percent	1.40%	1.58%	1.08%	1.00%	1.00%
Union Contract -Percent	0.01%	0.02%	0.00%	0.00%	0.00%
Corrections- Amount	\$ 909	\$ -	\$ -	\$ -	\$ -
Corrections- Percent	0.01%	0.00%	0.00%	0.00%	0.00%
Demotion - Amount	\$ (2,045)	\$ (1,215)	\$ (481)	\$ -	\$ -
Demotion -Percent	-0.02%	-0.01%	0.00%	0.00%	0.00%
Equity/Market -Amount	\$ 7,305	\$ 8,396	\$ 27,859	\$ 204,375	\$ 223,750
Equity/Market -Percent	0.07%	0.07%	0.22%	1.49%	1.50%
Disability- Amount	\$ (2,764)	\$ -	\$ -	\$ -	\$ -
Disability-Percent	-0.03%	0.00%	0.00%	0.00%	0.00%
Step- Amount	\$ 67,770	\$ 50,611	\$ 18,503	\$ 9,582	\$ -
Step-Percent	0.65%	0.42%	0.14%	0.07%	0.00%
Total Increases -Amount	\$ 793,241	\$ 644,158	\$ 620,902	\$ 797,730	\$ 819,497
Total Increases -Percent	7.60%	5.29%	4.81%	5.83%	5.87%



