

ST. GEORGE ISLAND UTILITY COMPANY, LTD.

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

IN FRANKLIN COUNTY

DOCKET NO.

REBUTTAL TESTIMONY OF MARVIN H. GARRETT

06777 JUL-7 & FROM TO THE TOTAL TO THE TOTAL

1		REBUTTAL TESTIMONY OF MARVIN H. GARRETT
2		BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
3		REGARDING THE APPLICATION FOR INCREASED RATES FOR
4		ST. GEORGE ISLAND UTILITY COMPANY, LTD.
5		IN FRANKLIN COUNTY
6		DOCKET NO. 940109-WU
7		
8		
9	Q.	Please state your name and address.
10	A.	Marvin H. Garrett. My address is Eastpoint, FL 32328.
11		
12	Q.	Have you previously filed direct testimony in this
13		proceeding?
14	A.	No.
15		
16	Q.	What is the purpose of your rebuttal testimony?
17	A.	To rebut some of the direct testimony presented by OPC
18		and PSC witnesses.
19		
20	Q.	Where do you work?
21	A.	St. George Island Utility Company.
22		
23	Q.	What is your position?
24	A.	I am the operations manager on St. George Island.
25		

- Do you hold any special licenses? 1 Q. Yes, I have a Class "C" water operator's license. 2 3 How long have you worked for St. George Island Utility Q. 4 Company? 5 I started in 1984 and left in 1988. I then came back 6 Α. to work in December of 1990 and have worked 7 continuously full time for the company since that time. 8 9 Why did you leave in 1988? 10 Q. I was looking for a career in utility operations and 11 Α. wanted security and benefits which St. George Island 12 Utility could not offer. 13 14 What were your duties when you first worked for the 15 company between 1984 and 1988? 16 I was a field assistant. My duties included repairing Α.
- 17 A. I was a field assistant. My duties included repairing
 18 leaks, running lines, installing services, reading
 19 meters, disconnecting service, and all of the normal
 20 duties that are required of water utility employees on
 21 St. George Island.

23 Q. Did you work alone?

22

A. No, there were always two workmen or field assistants, myself and one other man.

1 Q. Who was the operator of the system at that time? 2 Α. Harry Braswell, who lives in Apalachicola, was the Class "C" operator for the utility company on St. 3 George Island. However, he only worked part time. 5 was also the operator for the Apalachicola water and 6 sewer system. 7 What did you do when you left the utility company in 8 Q. 9 1988? 10 Α. I went to work for the City of Apalachicola in a 11 similar capacity, as a field assistant or workman for 12 the Apalachicola water and sewer division. 13 Who did you work for? 14 Q. I reported directly to Harry Braswell, who was also 15 Α. still serving as the Class "C" operator for the St. 16 George Island Utility Co. 17 18 Did you have a operator's license when you worked for 19 Q. the City of Apalachicola? 20 21 Α. During the time I worked for the City, I obtained my 22 Class "C" sewer operator's license. However, I did not

have a Class "C" water operator's license.

23

24

- Q. Did you have any employee benefits while you worked for the City of Apalachicola.
- A. Yes, we had a pension plan, vacation, sick leave and regular salary increases.

- 6 Q. Why did you leave the City?
- I had no plans to leave the City, but Gene Brown called 7 Α. me in December of 1990 and asked if we could meet and 8 talk about coming back to work for the water company. 9 When we met, Gene explained that the utility company as 10 11 having problems and that it needed a full time Class "C" operator on the island to begin solving the 12 problems and to bring the level of service up to where 13 he thought it should be. Gene told me that he had 14 terminated the operating agreement with Harry Braswell, 15 16 and that he had hired Wayne Conrad and his company, Southern Water Services, as his qualified Class "C" 17 operator to oversee the water company operations. 18
 - Q. What promises, if any, did Mr. Brown make to you.
- 20 A. Gene basically pleaded with me to leave the City and
 21 come back to work for the water company as a full time
 22 operation's manager. He promised that he would give me
 23 full authority to immediately hire one full time field
 24 assistant, and that another full time assistant would
 25 be added as soon as possible.

Q. What about transportation?

- 2 Gene and I both understood that the job would require Α. 3 the full time, seven day per week, use of a good 4-4 wheel drive truck. Gene promised that if I would go and buy a new 4-wheel drive truck in my name, that he 5 would pay me an adequate transportation allowance of 6 7 \$200 per week to cover the wear and tear on the truck, insurance, maintenance and other expenses of using my 8 9 new truck on water company business.
- 10 Q. What commitments were made by you and Gene Brown at 11 that time?
- I committed to leave my secure job with the City and to 12 Α. come to work immediately for the utility company. 13 also committed to spend whatever time and energy that 14 was required to solve all of the water company's 15 operational problems on the island, which Gene and I 16 knew would take a full time, seven day per week effort. 17 I committed to immediately obtain my Class "C" water 18 19 operator's license, which only took a short time, since I had already taken the necessary course and was 20 21 qualified to take the test. This was a promise by me which would enable Gene to terminate his operating 22 contract with Wayne Conrad and Southern Water Service, 23 which was costing the water company a great deal of 24 money. I also committed to buy a new 4-wheel drive 25

truck which I knew I would have to have to do the job.

Gene committed to provide the necessary money to get

the job done, and to allow me to hire one person at

first, with a promise that an additional person could

be hired as soon as possible. He also committed to

other benefits in the future.

7 Q. Have these commitments been met?

A. Yes. I got my Class "C" operator's license, which
allowed Gene Brown to terminate his other operator. I

also purchased a new 4-wheel drive truck and I hired a

good man to help me. Gene has met his commitments by

providing the necessary money to do the job, and by

paying me everything that I was promised. He has also

continued to provide direct management.

15 Q. Can you describe Gene Brown's ability as a manager?

16 Α. I think he is an outstanding manager. When I was 17 hired, Gene set one basic overall goal, to solve all of 18 the existing operational problems, to make the 19 necessary improvements to the system, and to bring the 20 level of service into full compliance with all DEP and 21 PSC requirements while providing a safe and adequate 22 supply of water to all of our customers. This goal has 23 been met by Gene and me working as a team. I talk with 24 him daily, either at his office, at his house, on his 25 mobile phone, or personally when he comes to the island

1 or I go to Tallahassee. He is always available to 2 advise and assist me in whatever I am doing and in whatever problem I may be having. I can remember 3 calling him on his mobile phone during weekends when we 4 have had pump failures or other operational problems. 5 He has always responded immediately by doing whatever 6 7 is necessary to get the job done. This has included his calling contractors at home on the weekend to 8 insist that they immediately go to the island and 9 10 install a new pump to avoid any possibility of an 11 outage, and it has included things like picking up a 12 new 400 pound transformer in his truck and meeting me on the road in my truck so that the part could be 13 14 immediately installed without any break in service. 15 often talk from our home telephones or on our mobile phones. In my opinion, both of our mobile phones are an absolute necessity if the company is to be managed 17 efficiently, and if we are to continue operating with very little possibility of an outage, which were frequent before I took this job.

21 Q. How many outages have you had since you took over as operation's manager? 22

16

18

19

20

23 Α. We had one overall outage for approximately 15 or 20 minutes when the chlorination system blew up, requiring 24 25 the system to be temporarily shut down. We have made

- arrangements to assure that this does not happen again.
- We have had a few partial interruptions in service when
- I had to cut off a portion of the lines to work on the
- 4 system. However, these are advertised in advance and
- 5 they are only temporary.
- 6 Q. Has the company ever failed a water quality test since
- you took over as operation's manager in December of
- 8 **1990?**
- 9 A. No. We have consistently taken all of the required
- samples in a timely manner, and all of these have
- 11 received passing grades.
- 12 Q. A question has been raised regarding the need for a
- second field assistant. Would you speak to this issue?
- 14 A. Yes. When Gene hired me in 1990, he committed that if
- I would work basically seven days per week with one
- assistant until the major problems were solved, he
- would provide for a second full time assistant as soon
- as possible. The utility company has always had two
- full time field assistants and a qualified Class "C"
- operator, at least since I started in 1984. At that
- 21 time, the field assistants were myself and one other
- 22 man, and the Class "C" operator was Harry Braswell.
- Now, we still have a Class "C" operator and two full
- 24 time assistants. The only difference is that the
- 25 company has me as a full time operator rather than

Harry Braswell as a part time operator. The job was not being done with only a part time operator, but the job is being done now. However, my first assistant and I could not continue working and being on call 24 hours per day seven days per week as we had done since 1990. Last year I insisted to Gene Brown that we hire a new full time assistant, and he agreed.

Q. When did the need for another man come up?

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Α. We have always needed an operator and two field assistants, since I started in 1990 as well as when I worked for the company between 1984 and 1988. of the company's cash flow problems, my first assistant and I agreed to work overtime and to be on call practically all the time because we knew the company could not afford a second man. The DEP testing requirements take up more and more of my time. the work order, purchase order and other technical bookkeeping requirements take a great deal more of my time than before. The cross connection control program, the ongoing system audit, the leak detection program, updating the maps, the meter testing program, and all of the other special operational and managerial duties take all of my time. Because of this, it is impossible for me to work in the field repairing leaks, doing maintenance work, putting in connections, reading

- 1 meters, cutting off meters, and the other work that is 2 required by the field assistants. Because of the 3 nature of the work, there is a need for two field assistants who work in coordination as a team. 4 5 we do a great many of our own repairs and maintenance work, which saves the company money, but it requires 6 the two full time assistants, one of whom has 7 substantial electrical knowledge and the other has substantial carpentry knowledge. Both of them have knowledge and experience in plumbing.
- 11 Q. It has been suggested that the second field assistant 12 is only needed during the summer months, when the 13 island is so busy. Would you respond?

9

10

14 Α. Our engineering aerator analysis calls for extensive 15 flushing throughout the system on a daily basis. 16 takes several hours per day, in addition to the growing work required in connection with the cross connection 17 18 control program and other duties. This daily flushing 19 is even more important in the fall and winter months, 20 when the lines are not used as much, allowing a build 21 up of hydrogen sulfide. The winter months are when we 22 emphasize the repairs and maintenance to the system, 23 the meter testing program, updating the system maps, 24 and similar items in addition to the ongoing day to day work. If we are to continue meeting the needs of our 25

customers, we must have two full time assistants in addition to myself. The first assistant and I have sacrificed since I was hired in 1990, but it is not fair or reasonable to expect us to continue doing that on an ongoing basis with no help. We deserve some time off and this is not a 40 hour per week job. Somebody has to oversee and maintain the system 24 hours per day 7 days per week, 365 days per year. When Mr. Brown hired me, he promised me that I could have a two week vacation every year and that I could take an additional two weeks to for comp time. It is impossible for me to take vacation time during the summer because of the workload. Since I was hired in December 1990, I have only been able to take a few days off. Hopefully, with two full time field assistants I will be able to enjoy the benefits that I have earned.

17

18

19

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

- Q. I understand you have a fax and copy machine on the island. Is that necessary?
- 20 A. Yes, it definitely is. We have always needed a fax and 21 copy machine. They are used daily, and I could not do 22 without them.

23

24

- Q. A question has been raised about the travel allowance provided to you and one of your field assistants.

 Please tell us what you think about this.
- Α. I would not have bought a new 4-wheel drive truck, and 4 my first assistant would not have bought a 4-wheel 5 drive truck, if we had thought that there was any 6 7 question about the company's commitment to provide us with a transportation allowance. We both constantly 8 use our 4-wheel drive trucks on an ongoing daily basis, 9 10 7 days per week, in order to properly operate and maintain the water system on St. George Island. As 11 requested, I kept a log for a thirty day period from 12 5/18/94 through 6/18/94. A copy of the log is attached 13 14 as Exhibit "A." This log accurately reflects the miles I put on my truck on a month-to-month basis. I 15 required my first assistant to also have a 4-wheel 16 drive truck as a condition of his employment, because 17 he has to use it throughout the day for water company 18 matters. I have always kept a daily log showing what 19 we all do, and this daily operating log shows that we 20 both use our trucks extensively 7 days per week for the 21 22 use and benefit of the water company. I pay for all of 23 my own gas, oil, insurance all maintenance expenses, licenses, taxes, and all other expenses connected with 24 owning a motor vehicle. A 4-wheel drive truck is 25

required on St. George Island to maintain and operate the water system which is also more expensive. Neither my first assistant nor I could do out jobs without the full time use of our 4-wheel drive trucks, and neither of us can afford to contribute these trucks and all the required expenses to the utility company unless we continue to receive a transportation allowance.

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

3

4

5

6

7

Q. Is the standard IRS or state mileage adequate on St. George Island?

Α. There are a great many differences in the utility company miles and the standard miles allowed on state vehicles or for IRS purposes. The salt air on St. George Island is very corrosive as well as the sand and other adverse conditions on the island. This requires higher maintenance, such as constantly repacking the wheel bearings on the necessary 4-wheel drive vehicles. Also, we have to stop and start at least 1,200 times per month just in reading meters, as well as all of the other frequent stops and starts in checking services, doing repairs and all of our other work running around the island. These trucks constantly have to carry heavy objects including pipes, fittings, tools, the backhoe, and other items which result in the trucks being constantly banged up. Highway miles are much

easier on a vehicle than St. George Island miles on a

4-wheel drive truck. I believe the overall cost

allowance should be around \$.40 per mile considering

all of the direct and indirect cost in operating a 4
wheel drive truck on St. George Island.

6

7

Q. What about the pension plan, is this necessary?

8 Α. It was promised to me and the other employees as a part 9 of my employment, and I believe it is fair and 10 reasonable. I left a fully paid plan with extensive 11 retirement benefits at the City of Apalachicola, and it 12 is very difficult for this company to hire and keep good employees unless we have pension and retirement 13 14 benefits like I and other employees could get working 15 for most other utility systems.

16

17

Q. What about health and medical benefits?

Earlier in my employment as operation's manager, the 18 Α. company was paying my insurance directly at a cost of 19 20 approximately \$450 per month. The \$300 per month allowance that I now receive is actually a reduction. 21 22 This insurance is very important to me and the other 23 employees on St. George Island. I do not believe the 24 company can maintain good employees without such 25 benefits.

- Q. What about your recent pay raise, is it "excessive"?
- 2 When I started with the company in 1990, my base Α. 3 salary was \$22,400 with health benefits of \$4,680 and with a transportation allowance of \$10,400 for a total 4 compensation package of \$37,480. I did not think it 5 was realistic to press for any big raises or additional 6 7 compensation until the operational and service problems of the water system on St. George Island were solved, 8 9 as Gene Brown and I agreed when I was hired. Although 10 my salary has been raised since 1990 to \$32,500, my 11 health benefits have been cut by \$1,080 back to \$3,600 12 per year, and my transportation benefits have been cut 13 by \$5,200 per year, back to a total of \$5,200 per year, for a total compensation package of \$41,300 per year. 14 15 This is approximately a 10% increase between 1990 and 1994, which is only about 2-3% per year. 16 This is not "excessive." 17

- Q. What will you do if your benefits are cut further, and if your salary is not maintained?
- A. Although I would hate to do so, I would have to look
 for another job, which I would not have any trouble
 finding based on my experience and the fact that I have
 both a Class "C" operator's license in water and a
 Class "C" operator's license in sewer. These services

are in demand, and I have a responsibility to myself
and to my family to be adequately paid for my services.

I feel that I have done everything that was asked of me
under difficult times and circumstances, and I deserve
to be fairly compensated.

- Q. In your opinion, is it necessary at this time for the company to enter into a maintenance agreement regarding both its ground storage tank and its elevated tank?
- 10 A. Yes. Definitely. The elevated tank is beginning to
 11 corrode and rust. The ground storage tank is beginning
 12 to show signs of leakage, and the almost 20 year old
 13 roof needs repair and maintenance. In my opinion, it
 14 would be foolish not to maintain both of these
 15 facilities on an annual basis.

- 17 Q. Has this been done in the past?
- 18 A. Yes, we contracted for the drainage, cleaning and
 19 maintenance of both tanks last year. The elevated tank
 20 was under warranty until 1992. Since I started working
 21 for the company in 1984, we periodically drained and
 22 cleaned the ground storage tank as recommended by our
 23 engineers and DEP.

- Q. Was the company negligent in not properly maintaining the ground storage tank?
- No, not in my opinion. We drained, inspected and 3 Α. cleaned the tank on a periodic basis. The roof is 4 almost 20 years old, and I do not know what we could 5 have done to prevent its need for repair at this time. 6 I do not know what else we could or should have done to 7 properly maintain this facility. It is just and old 8 tank that needs to be properly sealed and maintained at 9 this time because of normal wear and tear. 10

- 12 Q. Would you compare the St. George Island water system
 13 now with the way it was when you came back to work for
 14 the company in December of 1990?
- 15 A. Yes, we now have a first class, safe and reliable

 16 system, as compared to a fairly unreliable system when

 17 I came back to work in 1990.

- 19 Q. How was this achieved?
- 20 A. When I came back to work for the company, Gene Brown
 21 and I discussed the pressing need to make sure that the
 22 system would have no more unplanned outages, which were
 23 so common prior to my employment as a full time
 24 operation's manager. Gene Brown told me that he wanted
 25 to work toward complete redundancy throughout the

He often made the analogy with a twin engine airplane, which can continue to fly even with one engine out. With this goal in mind, we installed a complete new dual chlorination system, which includes a complete and equal backup system to allow the system to continue operating automatically with full chlorine residual even if there is a problem with one of the system. We also installed complete backup alarm systems to provide visual and audio advance notice whenever any problem arises with the chlorination system, the pumps, the water level in the tank or other operational facilities. This is designed to give us advanced notice and plenty of lead time to solve problems before there is an outage. When I came to work, there were plans on the drawing board for a new 250 gpm third well on the mainland. This new 250 gpm well was planned by the company's engineers, and had been approved by DEP and the PSC, which had mandated its construction. However, when Gene Brown and I started looking at the plans, we decided that this size well would not meet our goal of complete redundancy throughout the system. Wells 1 and 2 operating together produce 500 gpm, and we wanted a third well that could provide complete redundance and a complete backup to meet or exceed this 500 gpm flow demand.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

therefore mandated a change in the well before it was actually constructed to assure that it would produce at least 500 gpm. This caused a slight delay in bringing the well on line, but it was worth it. For example, over the recent Memorial Day weekend, wells 1 and 2 operating together could not keep up with the demand. I then manually switched over to well no. 3 until the Memorial Day weekend demand went down, and well no. 3 was able to consistently keep up with the demand without calling on our reserve storage on the island. During this time, well no. 3 was pumping almost 600 gpm on a consistent basis. This would not have been possible with the original 250 gpm well permitted by DEP and mandated by the PSC. We recently completed the installation of a brand new 50 hp high efficiency pump and motor together with another brand new replacement 50 hp high efficiency motor. To avoid the "water hammer" problem, we also are installing variable speed drives for both pumps. In addition to these two brand new side-by-side high efficiency 50 hp pumps, we have in reserve the old 50 hp pump and the old 20 hp pump, both of which can be used in a dire emergency. now allows us complete redundancy in the pumping system. In addition to these improvements, we have installed a new butterfly valve and a new altitude

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

1	valve, together with the necessary piping
2	reconfiguration. These improvements will now allow us
3	to operate the system at substantially higher
4	pressures, and the variable speed drive systems will
5	allow these pressures to be maintained on a consistent
6	basis within 1 psi despite tremendous fluctuations in
7	demand, which we consistently have on St. George
8	Island. Our current intent is to operate the system at
9	a consistent 65 psi. None of these current
10	improvements, the butterfly valve, the altitude valve,
11	the two new pumps or the variable speed drive, were
12	mandated or required by PSC, DEP or anyone else. These
13	improvements are the result of numerous conversations
14	and a management decision by Gene Brown and me to "get
15	ahead of the curve" and to steadily upgrade and improve
16	the system for the benefit of customers on St. George
17	Island. We now have a safe and reliable system, but we
18	need adequate rates to maintain and operate the system.

- Q. Does that conclude your testimony?
- 21 A. Yes, it does.

SUNDAY 19

ar in the contract with the contract of the property of the property of the contract of the co

JUNE '94	JUNE \$ M V F 5 5 6 7 8 9 10 11 12 10 14 15 10 17 16 19 20 21 22 20 24 25 26 27 26 29 00	JULY 5 M 7 W 7 F 5 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 16 19 20 21 22 23 % 25 26 27 26 20 30	"Thanks to the interstate Highway System, it is now possible to travel across the country from coast to coast without seeing anything." — CHARLES KURALT
6 MONDAY Steve 13.63 43371 //:00		43470 43559 8 9	THURSDAY 9
7 TUESDAY 43376 434/8		43569 43671 102	FRIDAY 10
8 WEDNESDAY 43427 43458 31		43701 43753 52	SATURDAY 11
		43769 43790 21	SUNDAY 12

MAY '94	JUNE S M 1 W 7 F 5 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 20 27 26 29 30	S M T W T F S S
30 MONDAY Memorial Day	· · · · · · · · · · · · · · · · · · ·	THURSDAY 2
Start 42734 End 42801 Driven 67	, '	Start 12945 End 43020 Driven 75
31 TUESDAY Start 42801 End 42897 Driven 86	· • • • • • • • • • • • • • • • • • • •	43078 43078 58
Start 42903 End 42940 Driven 37	JUNE	SATURDAY 4 43080 43123 43 43 5 SUNDAY 5 43129 43161 32

228 PØ2 JUL Ø6 '94 15:58
"Good education is the essential foundation of a strong democracy." - BARBARA BUSH 9 10 11 12 13 14 16 17 18 17 20 21 23 24 25 26 27 28 30 31 MAY '94 42000 THURSDAY 26 23 MONDAY Victoria Day (Canada) 927-3395 1955. gned Drive 122 168 FRIDAY 27 24 TUESDAY 42 230 Driven. 25 WEDNESDAY 42341 42319 78 SATURDAY 28 SILIA 42580 END 42668 88 DINER SUNDAY 29 42480 Dr. ven 45