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August 22, 2024

BY E-FILING

Mr. Adam Teitzman, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 20240099-EI - Petition for rate increase by Florida Public Utilities Company

Dear Mr. Teitzman:

Attached, for electronic filing, on behalf of Florida Public Utilities Company, please find the Testimony and Exhibit of Devon Rudloff-Daffinson.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

(Document 9 of 18)

Sincerely,

A handwritten signature in black ink that reads 'Beth Keating'. The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Beth Keating
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Docket No. 20240099-EI: Petition for rate increase by Florida Public Utilities Company
Electric Division

Prepared Direct Testimony of Devon Rudloff-Daffinson

Date of Filing: August 22, 2024

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1 **I. Introduction**

2 **Q. Please state your name and business address.**

3 **A.** My name is Devon Rudloff-Daffinson. My business address is 208 Wildlight
4 Avenue, Yulee,
5 Florida, 32097.

6 **Q. By whom are you employed, and what is your position?**

7 **A.** I am employed by Chesapeake Utilities Corporation (“CUC” or the “Corporation”)
8 as the Assistant Vice President of Human Resources, which is Florida Public
9 Utilities Company’s corporate parent.

10 **Q. Please describe your educational background and professional experience.**

11 **A.** I received a Bachelor of Arts degree in Psychology from Florida State University and
12 have been in the energy industry for 34 years. I have 30 years of experience in
13 Human Resources (“HR”), as well as my Senior Professional Human Resources
14 (“SPHR”) certification and SHRM-SCP certification (Society of Human Resources
15 Management - Senior Certified Professional). I have been in HR leadership roles for
16 over 25 years and was promoted to Assistant Vice President in 2015.

17 **Q. Have you ever testified before the Florida Public Service Commission (“FPSC”
18 or “the Commission”)?**

19 **A.** Yes. I provided testimony for Florida Public Utilities Company (“FPUC”) in Docket
20 No. 20220067-GU.

21 **II. Purpose of Testimony**

22 **Q. What is the purpose of your testimony?**

23 **A.** My testimony will discuss the following topics:

- 1 • Company values and culture
- 2 • Organizational structure
- 3 • Total Compensation/Total Rewards
- 4 • Team Incentive Plan (“TIP”)
- 5 • Employee Engagement
- 6 • Training and Development
- 7 • Talent acquisition market and challenges

8 **Q. Are you sponsoring any exhibits with your testimony?**

9 **A.** No.

10 **III. Company Values and Culture**

11 **Q. Please describe the Corporation’s Values and Culture.**

12 **A.** Consistent with the enterprise-wide organizational construct of the Corporation, our
13 compensation philosophy recognizes that our employees perform the most critical
14 role in ensuring that all our business units provide safe, reliable and efficient service
15 to all of our customers. Our compensation philosophy is an important part of our
16 corporate culture and mirrors our corporate values:

17 **CARE:** We put people first, both our customers and our employees. As
18 such, safety is at the core of everything we do. We focus on building
19 trusting relationships, as well as fostering a culture of equity, diversity and
20 inclusion with a sense of belonging for all employees. We strive to make a
21 meaningful difference everywhere we live and work.

1 **INTEGRITY:** We tell the truth. Moral and ethical principles drive our
2 decision-making every day, and we do the right thing every day, even
3 when no one is watching.

4 **EXCELLENCE:** We know we can achieve great things together. As
5 such, we hold each other accountable to do the work that makes us better
6 every day. Our mindset is to never give up and to strive to achieve
7 excellence in everything we do.

8 Consistent with this philosophy, the Corporation's compensation philosophy is to
9 reward employees by providing pay and benefits that are competitive in comparison
10 to the rest of the utility industry, as well as general industry (non-utility) employers,
11 in order to attract, retain and motivate talented employees who are qualified to
12 perform the functions needed by the Corporation for the ultimate benefit and safety
13 of our customers. This philosophy enables the Corporation to meet and exceed its
14 obligations to provide safe, reliable and affordable service to its customers. Our
15 corporate culture ensures our employees know we care and recognize their value.
16 Our commitment to cultivating an environment of innovation, embracing varied and
17 diverse perspectives and nurturing our personnel with a spirit of collaboration has
18 earned us the honor of being recognized as a Top Workplace for twelve consecutive
19 years and Top Workplace USA in 2021, 2022 and 2023.

20 Another way we show our care and gratitude to our employees is through our
21 Chesapeake Cares Program that focuses on employee morale and providing a
22 satisfying work environment. We regularly conduct events focused on employee fun
23 and fellowship. We recognize our employees' contributions with a reward and have a

1 recognition program geared toward continuous growth and career development
2 within the Company.

3

4 **IV. Organizational Structure**

5 **Q. What is the organizational construct of CUC?**

6 **A.** In 2019, there was a change in the President and Chief Executive Officer (“CEO”)
7 role for Chesapeake Utilities Corporation. Jeffrey Householder was appointed to this
8 position. Under his leadership, the Corporation has instituted an enterprise-wide
9 approach to gain efficiencies, implement best practices, maintain consistency and
10 compliance, reduce costs and be the best in class with a safety mindset in everything
11 we do. A key to this approach has been the implementation of structural changes
12 designed to better enable our businesses that operate on similar platforms to view
13 and leverage best practices implemented by sister entities within the Corporation. To
14 accomplish this, Mr. Householder appointed a Chief Operating Officer to oversee all
15 businesses. Within that structure, there are Directors and General Managers to
16 oversee the regulated and unregulated entities. This enterprise-wide concept has
17 allowed CUC to gain standardization and efficiencies throughout the organization.
18 This new structure better facilitates our ability to accomplish our corporate mission:
19 “We deliver energy that makes life better for the people and communities we serve.”
20 Consistent with these organizational changes to effect enterprise-wide efficiencies
21 and the implementation of best practices, we have implemented a holistic approach
22 in compensation to ensure we attract and retain the best employees through a
23 competitive compensation and benefits package. Our employees are our most critical

1 resource when it comes to providing safe and reliable service to our customers. We
2 like to say that our employees are the creative and powerful heart of our Corporation.

3

4 **V. Total Compensation/Total Rewards**

5 **Q. What are the components of the Corporation's total compensation/Total**
6 **Rewards package?**

7 **A.** CUC offers the following components as part of our total compensation and Total
8 Rewards package: competitive salaries, annual incentive performance plans called
9 TIP (Team Incentive Plan), sign-on bonuses, driver incentives, relocation assistance,
10 health, dental and vision plans, 401(k) plans, flexible spending accounts, paid time
11 off and sick leave. Our medical plan options include a health savings account
12 option, a prescription plan, and a health advocate offering for our employees. In
13 addition, our 401(k) retirement plan, includes a Roth 401(k) savings plan option. We
14 also have a stock purchase plan. Additionally, we provide life insurance, with
15 optional supplemental life insurance, as well as Short Term and Long-Term
16 Disability Insurance. We provide an employee assistance program (EAP), tuition
17 reimbursement, volunteer opportunities, our "Aspiring Scholars" scholarship
18 program, as well as special rewards and recognition programs. We also offer
19 flexible and hybrid work schedules.

20 We also provide nine paid holidays annually, paid bereavement leave, and paid jury
21 duty leave. We have health and wellness initiatives and related programs. We also
22 provide candidate referral incentives, a mentorship program, and talent development
23 offerings, along with employee resource groups. Given the growing risks of cyber

1 scams and identify theft, we also offer free identity theft protection for our
2 employees.

3 **Q. Have you seen a change in expected base pay?**

4 **A.** Yes. Traditionally, CUC has budgeted for a 3%, merit-based increase for annual
5 base pay adjustments in order to be competitive and aligned with the market. This
6 has occurred during the last decade. However, in 2024, in order to remain
7 competitive, CUC increased the merit increase budget to 3.5% base pay adjustments.
8 In some positions, there were additional increases applied due to job market
9 challenges in filling select roles.

10 **Q. Does CUC provide a pension plan for its employees?**

11 **A.** The Corporation does not have a corporate pension plan. However, CUC does offer
12 a retirement savings plan through a traditional 401(k) provider and a Roth 401(k).
13 There is also an “automatic deferral feature” in the plan. If the employee does not
14 specifically elect an alternate deferral amount (including zero), the Corporation will
15 automatically withhold 6% from the paycheck each pay period and deposit that
16 amount into the selected plan as a salary deferral. CUC also provides a match to the
17 employee contribution up to 6% of salary. To be fully vested in the matching
18 contribution, the employee will have to complete two years of service.

19 **Q. Has CUC conducted a compensation study since FPUC’s last rate case?**

20 **A.** Yes. The market for both technical and professional employees in the energy
21 industry has, understandably, changed in the years since Florida Public Utilities filed
22 a rate case. Recognizing this, the Corporation engaged a third-party vendor, Willis,
23 Towers & Watson, to help us evaluate the labor market and benchmark our

1 compensation and benefit programs against the external market. There were a few
2 job titles and salaries that needed adjustments. Overall, however, the results
3 indicated that our total employee compensation was comparable to the market at the
4 time of the study.

5 **Q. How does CUC review the level of compensation for its executive officers?**

6 A. Compensation of the Corporation's named executive officers, including the CEO,
7 Executive Vice Presidents, Senior Vice Presidents, and Vice Presidents reporting to
8 the CEO, is reviewed by the Compensation Committee of CUC's Board of Directors.
9 The Compensation Committee engages an outside consulting firm, F.W. Cook, to
10 review executive compensation in the market and recommend potential adjustments
11 to the Board of Directors. Annually, each February, the Compensation Committee
12 reviews the base salaries of the named executive officers based on a market analysis
13 prepared by the third-party compensation consultant. If approved by the Board of
14 Directors, any changes recommended in February would be effective in April. This
15 review includes both base salary and incentive compensation. Both are generally
16 considered part of normal compensation and required for us to be competitive in the
17 market. It is usual and customary in our industry to have a base salary and a bonus
18 that is tied to meeting corporate, operational and financial targets. Our customers
19 benefit from having good leadership that focuses on the safety of our operations,
20 reliability of service, maintaining financial stability, and reaching stakeholder goals.
21 Having fair and competitive total compensation is a critical part of attracting top
22 talent to lead our organization.

1 **Q. Has the Corporation reviewed its executive officer compensation compared to**
2 **the market?**

3 A. Yes, Institutional Shareholder Services Inc. (“ISS”) provided the Corporation with
4 an analysis evaluating the CEO’s pay. ISS determined that our CEO’s total pay is
5 within a reasonable range when compared to peer companies, as it is slightly below
6 the total median pay given to CEOs at the other peer companies over the past three
7 years.

8 **Q. Have you seen an increase in Human Resources jobs and salaries?**

9 A. Yes. In the last test year, the HR department was smaller in size. We have grown in
10 recent years due to expanding roles and responsibilities. During COVID-19, the
11 importance of the HR function was recognized globally. With increasing demands
12 and challenging job markets, HR has had to restructure and add new positions to best
13 serve our customers. In the last test year, the HR department consisted of
14 geographical representatives that handled all HR functions. With the restructuring of
15 the organization in 2019, mentioned above, and having an “enterprise wide
16 approach” HR restructured to have this same approach. We added specialized
17 functions, such as talent acquisition, talent development, benefit management,
18 Compensation, Employee Engagement, Employee Relations, Labor Relations to
19 name a few. We introduced an LMS (Learning Management System). We structured
20 our Human Resources Business Partners (HRBP) to cover a larger scope of the
21 business, instead of a territory based on geography. For example, we have an HRBP
22 that handles all of Electric, another one that handles all of Customer Care, all of

1 Natural Gas, etc. We have found that this structure helps to serve our employees
2 better.

3 As a Company, we have always focused on the safety of our employees. Covid-19,
4 however, highlighted that safety concerns can look different depending upon the
5 threat and has reinforced our focus on ongoing employee safety on a day-to-day
6 basis, whether our employees work in the field or in an office. In spite of the Covid-
7 19 decline in cases, employee safety has always been, and will continue to be an
8 ongoing priority for the HR department.

9 **VI. Team Incentive Plan**

10 **Q. Please describe the Team Incentive Plan (TIP).**

11 A. CUC's TIP is our established bonus program based on overall team performance of
12 achieving safety and operational goals. It's a multi-tiered program that is paid out in
13 March if certain operational objectives are met in the previous year. These objectives
14 include safety observations and the recording of any safety-related "near misses."
15 Employees are encouraged to take pictures of "near misses" and submit them so that
16 we all can learn from them and prevent accidents and injuries. The program also
17 encourages participation in an employee engagement survey, acknowledges the
18 number of recognitions given out through our Gratitude platform, which I describe
19 below, as well as the total volunteer hours served companywide. In addition, credit
20 is given for the identification of cyber security phishing campaigns, training hours
21 completed in The Grove, and participation in our Learning Management System.
22 We have found that when our incentive plans tie to safety, the awareness of safety
23 increases while our incidents decrease. Our commitment to safety is an enterprise-

1 wide goal. All employees are required to attend monthly safety meetings as part of
2 the TIP goals.

3

4 **VII. Employee Engagement**

5 **Q. What has CUC's approach been to employee engagement and creating a sense**
6 **of belonging for employees?**

7 A. We believe our people are our greatest asset and strength. Our approach to attracting,
8 developing, and retaining a diverse workforce of exceptional talent is anchored in a
9 philosophy that prioritizes personal growth and engagement. Our Corporation fosters
10 an environment where people are valued, respected and empowered to succeed. We
11 are committed to having a Sense of Belonging for all employees with an empowering
12 culture, which is key to achieving our mission. We want every team member to feel
13 like they belong and can succeed here. This allows everyone to bring their creative
14 ideas and authentic self to work which inspires innovation, creativity and Company
15 growth.

16 Our Company fosters an environment where people are valued, respected, and
17 empowered to succeed.

18 One way that CUC creates the Sense of belonging is through our Employee Resource
19 Groups.

20 Employee Resource Groups (ERGs) involve employees who voluntarily organize
21 around a particular identity, shared background or other interest aligning with the
22 mission, vision, and values of Chesapeake Utilities. ERGs enable team members to
23 share perspectives and experiences, advocate for common interests and provide

1 recommendations that support key business objectives. They are a great place to
2 build experiences and skills through mentorship, leadership opportunities and
3 training. They also offer opportunities to participate in community outreach and
4 advocacy. CUC has 10 ERG's and employees are invited to participate in any of
5 them that are of interest. The 10 ERG's include: Veterans, Women in Energy; Black
6 Employee Network. SPARC, Wisdom Seeker's & Sharers; DiverseAbilities; EPIC;
7 Pride; Hope; Green.

8 In addition to the above engagement offerings, CUC also introduced a recognition
9 platform, call Gratitude, where employees can recognize each other on an internal
10 enterprise-wide platform. Employees can earn and give "points" and can redeem
11 them for items they can purchase on the platform. This has been well received and is
12 a great way to recognize efforts, and special recognitions such as birthdays and job
13 anniversaries and other milestones.

14 We also offer Health and Wellness Initiatives, as part of our Engagement offerings.
15 We have Elevate Your Wellness offerings, which are held monthly and open to all
16 employees. They cover various topics such as "Navigating and Establishing
17 Workplace Friendships," and "Boundaries" and "Stress Management." We offer
18 weekly Quick Fit sessions, which are 15 minutes in duration every Tuesday at noon
19 for a brief exercise. This is available to all employees and is well received.

20 Employee Engagement is vital to retention and happy and productive employees.
21 We want to foster an environment where employees want to stay with Chesapeake
22 and grow with us. We call it the "secret sauce" of our culture where we are like
23 "family." Another engagement offering is called GrassRoots. This is a monthly

1 webinar where employees share their story and show pictures of their life. It's a
2 wonderful way to get to know our Chesapeake family members better and find out
3 how much we have in common. This is well received by employees. If an employee
4 cannot attend the live event, it is recorded and housed in The Grove LMS for future
5 viewing.

6 **VIII. Training and Development**

7 **Q. Please describe the training and development opportunities at CUC.**

8 A. As part of our engagement survey, employees mentioned that they would like more
9 training and leadership development and personal growth opportunities. In response,
10 we have rolled out an enterprise-wide Learning Management System ("LMS") that
11 we call The Grove, which I mentioned previously. This new LMS has also been an
12 effective response to the current job turnover rate for the industry, as well as a means
13 to address an aging utility workforce. There are many leadership development and
14 training opportunities in The Grove. For instance, we have weekly "Wednesday
15 Webinars" that include various elective or required training offerings. CUC also
16 offers virtual live events, onsite and in-person training events, and recorded on-
17 demand training sessions to accommodate various learning styles and preferences.
18 In addition to mandatory curriculum, such as leadership curriculum, compliance
19 training, harassment awareness, and others, there are many elective training
20 opportunities such as the "We Speak" public speaking academy, leadership
21 development courses, emotional intelligence coaching courses, and effective
22 communication courses.

1 We have partnered with vendors, like McLean to put some of their training curricula
2 in our LMS platform so that employees have a single source for their training needs
3 and do not have to log into various websites. We continue to add to our learning
4 library in The Grove. In addition to training and development opportunities, every
5 employee utilizes The Grove to attend their monthly safety meetings. All our
6 monthly ERG meetings, mentioned above, are also listed in The Grove. We offer
7 Wednesday Webinars every week covering various training topics such as
8 Situational Leadership, Emotional Intelligence, and 'Communicating More
9 Effectively by understanding the DiSC Behavior styles. We also include topics such
10 as Harassment Awareness, and Mastering Difficult Conversations, to name a few.

11

12 **IX. Talent Acquisition Market and Challenges**

13 **Q. What is the current job market like for the Corporation?**

14 A. As the Commission is aware, the Covid pandemic resulted in a significant shift in
15 employment trends. For CUC, we are now challenged to find qualified applicants,
16 particularly in areas such as lineman, senior lineman and apprentice roles. Prior to
17 Covid, finding qualified applicants was somewhat less challenging and our biggest
18 issue was the loss of existing employees for higher paying jobs in other states, like
19 California and New York. Today, we still experience employee attrition and
20 challenges in talent acquisition for FPUC.

21 **Q. Are there still challenges associated with talent acquisition?**

22 A. Yes. In this competitive job environment, the Corporation has found that potential
23 new hires expect a higher base salary, along with incentives, in excess of what we

1 have historically offered. Many also require “signing” bonuses and compensation
2 for relocation. Applicants for many office roles also expect to work remotely or use a
3 hybrid work schedule model. As such, we have had to adjust to these new
4 expectations to remain competitive. In addition, positions that were once easy to fill
5 are now more difficult and costlier to fill. There are some roles for which we have
6 difficulty finding qualified applicants. To address these challenges, we have
7 structured a Talent Acquisition department and hired recruiters to specialize in
8 recruiting efforts. We partner with many local agencies, and online vendors so that
9 our job postings reach applicants that may not be searching on a utility website to
10 apply for a role. As a result, we have adjusted to the market challenges and are
11 receiving more applications. Our recruiters quickly respond to qualified applicants
12 to start the process, and we currently have a historic low average time-to-fill of only
13 36 days. The industry standard is about 60 days to fill. Our recruiting team must
14 respond quickly to qualified applicants in order to secure top talent. They also are
15 creative in their approach and use professional platforms, such as Linked In, to see if
16 there is interest in one of our job openings that match their background. We realize
17 that many talented individuals, with unique skill sets and experience, may not be
18 looking for a job right now. We have found success in these creative outreaches.

19 **Q. Does this conclude your testimony?**

20 A. Yes, it does.

21

22

23

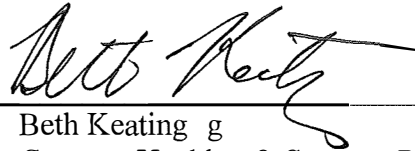
Docket No. 20240099-EI
Florida Public Utilities

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing filing has been served by Electronic Mail this 22nd day of August, 2024, upon the following:

Walter Trierweiler, Public Counsel
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c/o The Florida Legislature
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By: _____



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