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STATE OF FLORIDA
DIVISION OF ADMINISTRATIVE HEARINGS

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PEOPLES GAS SYSTEM,
Petitioner,

vs. Case No. 18-4422

SOUTH SUMTER GAS COMPANY, LLC.
AND CITY OF LEESBURG.

RESPONDENTS.

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PAGES 133 - 275

PROCEEDINGS: FINAL HEARING
BEFORE: E. GARY EARLY
Administrative Law Judge
DATE: June 24, 2019
TIME: Commenced at 1:10 p.m.
LOCATION: DIVISION OF ADMINISTRATIVE
HEARINGS
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Tallahassee, Florida
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P R O C E E D I N G S

THE COURT: All right. Let's go back on.
You want to call your next witness?

MR. BROWN: We call Rick Wall.

THE COURT: Mr. Wall, let me have you raise
your right hand, please.

Whereupon,

RICHARD FRANCIS WALL

was called as a witness, having been first duly sworn to
speak the truth, the whole truth, and nothing but the
truth, was examined and testified as follows:

THE COURT: Your full name.

THE WITNESS: Richard Francis Wall.

THE COURT: Please be seated.

DIRECT EXAMINATION

BY MR. BROWN:

Q Could you state your name for the record,
please?

A Richard Francis Wall.

Q And could you tell the Court a little bit
about your educational background, training and up until
you joined Peoples Gas?

A I graduated from Hialeah High School in 1977.
I have been involved with the natural gas industry since
that time. I have attended a number of educational

1 programs, both technical and administrative. I have
2 been involved with Gas Institute of Technology, GTI, Gas
3 Training Institute. I have also been involved with the
4 University of Pennsylvania Wharton School of Business
5 and as well University of Tampa, and as well University
6 of Oklahoma hydrocarbon courses to name some of the
7 majors.

8 Q And when did you join Peoples Gas?

9 A I joined Peoples Gas in July of 2005.

10 Q And before that, what -- can you give the
11 Court just a general overview of the types of gas jobs
12 you have held before?

13 A Sure. I started in the natural gas industry
14 in 1978. I actually started as a meter reader for a
15 company in the state called City Gas Company of Florida,
16 which was down in Miami and Brevard County. City Gas
17 was later acquired by Elizabethtown Gas.

18 In my capacity with City Gas, I worked my way
19 in the meter reading area over to service and
20 distribution, ultimately into regulation. Spent time in
21 the engineering areas and in the construction areas. By
22 the time that City Gas was acquired by Elizabethtown
23 Gas, I was Vice-President of Operations with City Gas in
24 Florida.

25 When NUI acquired City Gas, my

1 responsibilities changed, and not only was I responsible
2 for Florida, but I was also responsible for their North
3 Carolina and portion of their Virginia operations. I
4 started as a Director of Operations with Elizabethtown
5 Gas. At some period of time, it became NUI Corporation,
6 at the time, and I was Vice-President with Elizabeth --
7 I mean, excuse me, NUI Corporation. It was later
8 acquired by Atlanta Gas Light, and for about a period of
9 six to eight months, I worked for Atlanta Gas Light as a
10 Director of Operations.

11 Q And when you came to Peoples in 2005, what was
12 your initial role?

13 A I was originally hired in as the General
14 Manager of South Florida Operations.

15 Q And then what positions have you held since
16 that time?

17 A That position changed several times as the
18 territories were divided up. I moved from general
19 manager to regional ops manager, which I oversaw
20 Florida's east coast, and in 2013, I was brought to
21 Tampa to take on a Director of Operations role for the
22 entire state.

23 Q And what are -- generally, what are your
24 overall duties as Director of Operations for Peoples
25 Gas?

1 A My current title today is Vice-President of
2 Engineering and Operations. I am responsible for all
3 engineering and permitting activities of not only new
4 facilities, but also repair and replace facilities as
5 well as highway and municipal relocations.

6 I am also responsible operationally for the
7 day-to-day maintenance, emergency response and service
8 of the company, as well as the distribution operations
9 related to the construction activities of new facilities
10 and customer additions.

11 Q All right. I have got a book up there, and
12 unfortunately, out of all the maps I blew up, I didn't
13 blow up this one, but let me direct you to Exhibit 4 in
14 the notebook that is the Peoples Gas exhibits.

15 A I have it.

16 Q All right. And can you generally explain to
17 the Court what this is?

18 A This is essentially an overview of our Ocala
19 Division, which covers the two-county area, or
20 three-county area. It captures all of the distribution
21 mains and laterals within that area, servicing the
22 45,000 plus customers that exist within that divisional
23 area.

24 Q All right. And just to try to orient the
25 judge, if we go to the bottom of that map, or to the

1 south, is that the area that we've been talking about
2 earlier, the State Road 44, 468, 301 lines?

3 A Yes, that represents our south expansion.

4 Q All right. And at the time this was done, it
5 was does reflect the line that's along 470, does it?

6 A It does not.

7 Q All right. Other than that line on 470, is
8 this basically a depiction of what Peoples'
9 infrastructure is in the Ocala Division?

10 A Yes, it is.

11 Q All right. Why don't you explain generally
12 the growth patterns for Peoples Natural Gas service
13 throughout this division and how it has grown over time.

14 A Gladly. The natural gas system is typically
15 built around original point of introduction of natural
16 gas in the area off of a transmission segment of pipe.
17 Transmission is the assets brought into the state to
18 bring service to all the natural gas utilities within
19 the state area.

20 Q And so in layman's terms, that's an interstate
21 pipeline?

22 A That is correct.

23 Q All right. Continue.

24 A So the gate stations are established, and
25 typically the natural gas pipelines are built.

1 Q Let me interrupt you there. A gate station is
2 what?

3 A A natural gas gate station is a point of
4 introduction that natural gas from the transmission line
5 into the distribution system.

6 Q So in other words in layman's terms, the gate
7 station is where the Peoples gas line connects to the
8 interstate pipeline?

9 A That's correct. It is a receipt point from
10 that gas.

11 Q All right. Go ahead and continue then with
12 generally how the system in Ocala has developed.

13 A So typically, behind the gate station and in
14 with the standard local distribution system piping, the
15 piping is then expanded outward from those gate stations
16 to service the customers that are in the immediate area
17 or growth that's associated with those customers, either
18 to the south, to the east, or to the west or to the
19 north.

20 Q And is that typically done with mainlines
21 being laid first?

22 A That's correct.

23 Q And when we talk about a mainline, what are
24 you referring to?

25 A It would typically be a line that's anywhere

1 from two-inch, you know, up to 12-inch in diameter, and
2 operating at distribution pressures that have been
3 established, not transmission pressures.

4 Q In other words, a lower pressure than a
5 transmission pressure?

6 A That's correct.

7 Q And once the mains branch out, then are there
8 other lines known as distribution mains that come off of
9 that?

10 A No, it's all the same. The mains that are run
11 out are really like arterial feeds into geographic
12 areas, and then there are smaller diameter mains that
13 are expanded as just part of the system network;
14 typically designed to pick up residential, commercial
15 and any service sector related growth, as well as the
16 potential future opportunity of industrial customers.

17 Q And when you say generally designed to pick up
18 growth, what does that mean in layman's terms?

19 A There is an overall process to kind of take a
20 look at the geographic area and understand the available
21 land, and the type of customers and the growth that may
22 materialize there. The lines are typically built and
23 designed around those opportunities for growth.

24 So you, as an example, would you -- you know,
25 coming out of those gate stations, you would not run a

1 small diameter pipe. You would run a larger diameter
2 pipe to facilitate the expansion of the system over a
3 longer period of time.

4 Q And if you run a small diameter pipe, does
5 that limit your ability to pick up growth as growth
6 develops in the area?

7 A Yes.

8 Q And does it -- well -- and so what does
9 Peoples do as a result of trying to avoid the problem of
10 having two small a pipe which would inhibit growth?

11 A We take a lot of time in our sales and in our
12 engineering areas to try and look at that growth and
13 understand exactly what land is available, what
14 opportunities may present themselves from a development
15 standpoint, and the service sectors that follow it, and
16 as well the industrial loads.

17 Q All right. So in other words, is Peoples
18 trying to make some rough prediction about what growth
19 may be available off a given arterial line, as you
20 described it?

21 A Yes.

22 Q And do they -- well, okay.

23 And can you -- if we look at Exhibit 4, can
24 you generally describe how that has taken place
25 historically in the Ocala Division?

1 A Yes, I can.

2 If you look at Exhibit 4, you will see a lot
3 of blue lines in there, and then you will see a lot of
4 very dense blue lines. The very dense blue lines really
5 establish, or define the neighborhood piping that's run
6 within the local communities that serves either the
7 residential customers, the commercial customers or other
8 types of customers that may be there.

9 Q Let me interrupt you for a second. When we
10 are talking about the map, and in layman's terms, where
11 there is areas where it's all just all blue, is that a
12 representation of a whole bunch of small lines that are
13 running through the area?

14 A It is.

15 Q Continue.

16 A The longer lines, or the lines that kind of
17 stand on their own that look like spaghetti lines on
18 this drawing, are some of the arterial mains that I
19 talked about, and those are positioned to bring service
20 into those areas as they are growing and expanding.

21 As you can see, the density of those
22 neighborhood areas is really more towards the north, and
23 the growth and expansion here is more towards the south,
24 and it's starting to fill in. Similar to what you see
25 in the Fenney subdivision.

1 Q All right. So in other words, once those
2 areas have filled in, are there many opportunities for
3 growth in those areas?

4 A Yes, there are significant opportunities for
5 growth.

6 Q And what would those be?

7 A They would be additional developers, or
8 residential developments. It would be the service
9 sectors. It could be anything from restaurants to dry
10 cleaners, you know, anything that natural gas would be
11 required for for commercial or residential growth.

12 Q And does that map, Exhibit 4, does that
13 reflect various areas that are part of The Villages
14 development?

15 A It does.

16 Q And can you just describe generally where
17 those areas are?

18 A In the center area of the map, there are a
19 number of those areas that are more dense, or more
20 heavily blue colored. Those are some of the original
21 Village homes that were created. And here to the
22 southern area, the more dense area that's represented
23 off of what's been described earlier as Highway 468, is
24 the Fenney development that was assigned by Peoples Gas
25 to serve those developments.

1 Q And are there certain parts of The Villages
2 areas that are north of Fenney where there aren't as
3 dense of concentration of lines, are some of those The
4 Villages as well?

5 A Some of those were run for The Villages. They
6 don't necessarily serve residential customers. Some of
7 them serve the commercial sectors in and around those
8 Village properties, such as the restaurant areas, the
9 shopping centers and other businesses alike.

10 Q So is it fair to say that there are certain
11 Village developments where they arrange for the
12 installation of gas for the residential customers and
13 other ones where they did not arrange for the
14 introduction of gas for residential customers?

15 A That's correct.

16 MR. MOYLE: Leading.

17 THE COURT: Sustained.

18 BY MR. BROWN:

19 Q Now, in those areas where there is no
20 residential customers in The Villages, are there still
21 opportunities for growth and for customer growth in
22 those areas even if it's not in the residential areas?

23 A Yes. I mean, those areas may appear that
24 there are not residential customers on them, but this
25 map and scale that it's drawn at are not able to depict.

1 There are scattered residential customers in those areas
2 that requested natural gas service after the original
3 projects were constructed.

4 Q And are those Villages customers -- are those
5 customers living in Villages developments that have had
6 gas installed after the houses were built?

7 A There are some in there, yes.

8 Q All right. So do customers have that ability
9 even in an area where The Villages did not install gas
10 initially, to add gas in and bring it in after-the-fact?

11 A Absolutely. There is mains in those areas.
12 The main is in front of the home or adjacent to the
13 home. The customer has the opportunity to request gas
14 service from us at any time, and we will take advantage
15 of the opportunity to run a service on directly onto the
16 property and connect the associated appliances and set a
17 meter.

18 THE COURT: Mr. Wall, can I make sure you
19 speak into the microphone because for people in the
20 back? You tend to be a little soft-spoken
21 sometimes.

22 THE WITNESS: Sorry.

23 THE COURT: I want to make sure everybody in
24 here can hear.

25 THE WITNESS: Yes, sir.

1 BY MR. BROWN:

2 Q And if we go to Exhibit 5, which is up here,
3 is the installation of the lines that is shown here
4 consistent with the overall growth pattern for Peoples
5 Gas in the Ocala Division?

6 A Absolutely.

7 Q And there has been some discussion -- there
8 was some discussion in Mr. Szelistowski's deposition
9 about line extensions that were sequenced depending upon
10 the customers that were at the end of the line.

11 When those lines are extended, is the goal
12 only to provide enough gas capacity to serve those
13 customers at the end?

14 MR. WHARTON: Objection, leading. Not one
15 more leading. This is all leading.

16 MR. BROWN: That's a yes or no question.

17 THE COURT: I don't think that one was.

18 MR. WHARTON: One more --

19 THE COURT: Hang on.

20 That one, to me, wasn't suggestive of an
21 answer. A yes or no question isn't necessarily
22 leading. That one, in my view, didn't suggest an
23 answer, so I will overrule.

24 There have been a few, so I say this probably
25 in about 80 percent of my hearings, I am always

1 more impressed when I hear a witness say something
2 than when I hear a lawyer say something, so if you
3 could try and have Mr. Wall testify. But that last
4 question was not objectionable and you can answer
5 it, Mr. Wall.

6 THE WITNESS: The lines represented on both --
7 if I could point.

8 BY MR. BROWN:

9 Q Sure.

10 A Here, here and here. And I will come back and
11 describe with the microphone.

12 Those lines were part of our overall growth
13 views of the distribution system looking at the area in
14 the expansion, recognizing that the Sabal Trail line was
15 being installed, and it was also going to be an
16 alternative opportunity to connect to an additional
17 supply.

18 But each of those lines, including the line on
19 468 and the line on 301, as T.J. described earlier, were
20 all part of a growth planning discussion and positioning
21 our facilities to meet the residential development
22 growth, the commercial growth and the potential
23 industrial customers in these areas.

24 Q And what effect did all of that information
25 have on the way that these lines were sized, or the

1 capacity that was put on those lines?

2 A We look at the entire area and how that growth
3 might materialize. And the lines were built based on
4 not only what we knew as the current need, but on the
5 future opportunity to serve the other growth that would
6 come over time.

7 Q And would that include residential
8 developments that might develop along those lines?

9 A Absolutely.

10 Q Now, let's talk a little bit about what was --
11 the lines that Leesburg and The Villages put in.

12 First of all, just kind of describe generally
13 what happened with Fenney in terms of -- we are going to
14 get into the construction issues, I don't want to talk
15 about that, but in terms of what was Peoples' role in
16 terms of the Fenney project?

17 A Our sales and marketing team apparently
18 received an interest from The Villages as it related to
19 the Fenney. A contract was ultimately executed for us
20 to serve approximately 2,500 homes in that area. That
21 all was post the installation of the line on 468.

22 We had to -- we actually had to come back and
23 bring service into Fenney and catch up with their
24 development to meet their, you know, early schedules as
25 far as their development.

1 Q All right. So -- and I think the testimony
2 from Mr. Szelistowski was the 468 line and then the 301
3 line were designed to get gas to particular customers
4 that were along the line; is that your recollection?

5 A A combination of customers and available
6 growth.

7 Q Did Peoples Gas have to do anything to this
8 468 line and the 301 line to accommodate the additional
9 growth and customers that were going to be in Fenney?

10 A No, it did not. As I mentioned earlier, the
11 lines were sized on the potential of the area.

12 Q All right. Now, let's talk a little bit about
13 how these three, and I think they have been -- well, do
14 you have a name for these three Villages developments
15 that are on this map?

16 A I believe the pink area is Brigham North (ph).

17 Q Bigham maybe?

18 A Bigham, excuse me. I believe the red area is
19 Bigham West, and I believe the yellow area is called
20 Bigham East.

21 Q Now, what was the sequence of the building of
22 the infrastructure in those developments -- well, let me
23 back up.

24 When we talk about the infrastructure, what
25 are we talking about within the developments themselves,

1 either in Fenney or in those other three developments
2 that were The Villages developments?

3 A In Fenney, the infrastructure predominantly
4 consisted of two-inch mains and then three-quarter-inch
5 services and meter sets to each of the residential
6 customers that were being built by the developer in that
7 area.

8 Q And when did the construction start on Bigham
9 West, East and North?

10 A I believe the construction started sometime in
11 either late December or early January 2017 or '18.

12 Q Okay. And at the time these were being done,
13 had the green lines on this map, the 501 line and the
14 line on 44 and then 468, had those lines been built?

15 A No. There was no natural gas service
16 available in that immediate area. And when I say
17 service, no supply in a pipe to any of those three
18 areas. The construction activity of those lines within
19 the neighborhoods was started prior to natural gas being
20 able to be delivered through a pipe to the area.

21 Q What would Peoples have had to do to tie into
22 those three developments?

23 A Well, to start with, the Bigham West section,
24 and that was literally within five or 10 feet of the end
25 of our distribution system.

1 MR. WHARTON: Your Honor -- I am sorry, I
2 thought the witness was finished.

3 THE COURT: Yes, sir.

4 MR. WHARTON: I move to strike. It takes a
5 while to find these things in the deposition
6 somehow. This witness testified --

7 THE COURT: Hang on. I think this sounds like
8 a ripe area for cross-examination.

9 MR. WHARTON: Okay. He said in deposition --

10 THE COURT: I --

11 MR. WHARTON: -- got you.

12 THE COURT: I don't need to know that at this
13 time.

14 MR. WHARTON: Okay.

15 THE COURT: I sure you have marked the page.

16 MR. WHARTON: All right.

17 THE COURT: Go ahead, Mr. Brown.

18 BY MR. BROWN:

19 Q All right. And in terms of -- I think you
20 were talking about Bigham West, I believe, the red one.

21 A Yes.

22 Q And in terms of Bigham North, would Peoples be
23 able to serve that off of the 468 line?

24 A Yes.

25 Q And what would they have to do in terms of

1 building infrastructure to do that?

2 A It would have been very much like they did --
3 we did within the Fenney development. We would have
4 just extended along those streets that were being
5 developed, and the neighborhoods that followed, our
6 two-inch mains would have just been extended lot by lot,
7 lot by lot, you know, as the subdivision was built up.

8 Q Right. But in terms of if subdivisions had
9 been built before the gas was there, what would Peoples
10 have to do to serve these subdivisions, understanding
11 that not within the -- not building the actual lines to
12 each house, but in terms of serving each development,
13 putting the gas in?

14 A We would have just continued to extend our
15 distribution system as those areas were under
16 construction.

17 Q And what was the distance from the Peoples
18 lines into these various developments?

19 A A very short distance, literally within
20 anywhere from 10 feet to maybe 100 feet when you look at
21 the connections off of 468.

22 Q All right. And if we look at this -- the
23 green line here, and that is the Leesburg line -- first
24 of all, do you recognize this line on the map?

25 A I do.

1 Q And what is that?

2 A That is Leesburg's line to the Coleman federal
3 prison.

4 Q And what was the purpose of this line, the
5 green line, heading north from the Coleman line?

6 A Leesburg did not have natural gas supply up on
7 468, so the line that was run on 501 was designed to
8 deliver gas to that area that was under construction.

9 Q And if we look at the line here on 44 and then
10 468, you see the green line there?

11 A Yes, I do.

12 Q And do you understand the purpose of that
13 line?

14 A That line was what I believed to be a backfeed
15 to the area from Leesburg paralleling our existing line
16 on that roadway.

17 Q And again, would Peoples have had to build
18 this line -- this additional line on 44 and then on 468
19 to serve these developments?

20 A That was the original -- Peoples Gas
21 originally ran that line to bring service into that
22 area.

23 Q Right, I understand. Once it had a line
24 already here, would it have to build a second line to be
25 able to serve those areas?

1 A Absolutely not.

2 Q Would Peoples have had to build a two-mile
3 line along here on 501?

4 A Absolutely not.

5 Q Now, do you know roughly what the cost would
6 be to connect Fenney, for example, with Bigham West?

7 A It was very low dollars. I would say \$100,
8 \$200, just a small amount of labor involved and a couple
9 feet of pipe.

10 THE COURT: Is it Bigham or Bingham?

11 MR. BROWN: I think it's Bigham.

12 BY MR. BROWN:

13 Q I am going to put this map up because it's a
14 little better. This is exhibit, I think it's 6. Yes.

15 Do you -- what do you understand these areas,
16 these shaded areas on this map?

17 A I understand those to be additional Village
18 areas of growth, or Leesburg intent to serve areas.

19 Q And do you have an understanding if those
20 are -- well, strike that.

21 THE COURT: You are talking about the hatched
22 area?

23 MR. BROWN: The hatched areas right here.

24 BY MR. BROWN:

25 Q And do you know what they are based on on this

1 map, what those hatched areas are based on?

2 A I believe there is a greenhouse area in there,
3 but I am not positive.

4 Q All right. Now, let's keep this map up.

5 Are you aware of any areas where Peoples lines
6 have been crossed by Leesburg lines?

7 A Yes.

8 Q And are you aware of any areas where the
9 Leesburg line is very close to and paralleling the
10 Peoples lines?

11 A Yes.

12 Q All right. Now, just to set the stage, are
13 there any specific Florida regulations that prohibit
14 crossing lines, or having lines in close proximity?

15 A There are not.

16 Q All right. Are the -- nonetheless, do the
17 crossing of lines, or having lines that parallel one
18 another, increase the potential hazards of natural gas
19 service?

20 A I believe they do.

21 Q And what are those hazards?

22 A There is a number of hazards associated with
23 that.

24 MR. MOYLE: Judge, I -- this is getting, I
25 think, into opinion testimony with respect to --

1 MR. WHARTON: I object on the same basis,
2 calls for a legal opinion.

3 MR. MOYLE: He wasn't ever designated as an
4 opinion.

5 MR. WHARTON: He is a fact witness.

6 THE COURT: I don't know that this is opinion.
7 I will keep in mind the limitations, but I think
8 he -- as a factual matter as the operations
9 manager, probably not you are exact title, but
10 close enough, I think he is entitled to go into it,
11 so overruled.

12 BY MR. BROWN:

13 Q Go ahead. Can you explain the potential
14 hazards?

15 A Yes, the challenges that exist are really
16 related to the close proximity and the risk with the
17 facilities being tapped into by either two parties, they
18 can be operating at different pressures. There can also
19 be emergency response issues where local fire department
20 or police department think that they are calling on one
21 utility's emergency when it's really another utility's
22 emergency. You could have a leaking gas pipe. You
23 could have a situation with migrating gas. You could
24 have issues specifically with the 811 system and, you
25 know, excavator calling in --

1 Q What's the 811 system?

2 A 811 system is the Florida Sunshine System.
3 It's set up by legislation, and all utilities are
4 required, and excavators, are required to call the
5 underground utilities and identify the facilities that
6 are in the area so that they are not damaged during
7 excavation.

8 Having two separate -- two distinctly
9 different gas companies in the same area intersecting or
10 paralleling each other brings another set of
11 complexities or challenges to effectively the companies
12 being able to get the right information and then mark
13 out the area. There is a potential that the contractor
14 could see a positive response from one saying, hey, we
15 are not specifically here and we are on the other side
16 of the right-of-way, and then believe that that's an all
17 clear to go ahead and dig without getting a clear from
18 the other excavator -- or the other operating utility.

19 Q Okay. Have you ever personally been involved
20 with issues that arise from either crossing lines or
21 paralleling lines?

22 A I have.

23 Q And what are those experiences?

24 A Those experiences are directly related to
25 confusion within the call centers, confusion with the

1 emergency responders that are out in the field, and
2 sometimes even confusion with the gas utility
3 individuals.

4 There have been instances as well as with one
5 utility tapping into the other utility's lines, not
6 knowing that the line three feet away is theirs rather
7 than the one that they exposed in the direct proximity.

8 Q All right. Let's talk about the capability of
9 Peoples Gas if you could -- in terms of their overall
10 resources.

11 Can you describe Peoples' conservation
12 program?

13 A Yeah. Peoples has an energy conservation
14 program that incentivize customers to use natural gas
15 and provides rebates for water heaters, ranges,
16 furnaces, gas dryers and other related appliances.

17 Q What capabilities does Peoples have in terms
18 of leak detection?

19 A Peoples Gas has got a very aggressive program
20 as it relates to leak detection. We use technology that
21 is pretty common in the industry called flame ionization
22 units. And those are really combustion units that
23 actually vacuum up the potential odor or residue odors
24 of natural gas to give a positive indication that there
25 could be a leak in the area.

1 We are also using a device what they call an
2 RMLD, remote methane leak detector. That's an infrared
3 that allows us to see the methane gas in the atmosphere.
4 And then we have got several very aggressive programs as
5 it relates to our leak survey activities. There is
6 regulations that require residential surveys done in a
7 five-year time period. We do them in four. Bare steel
8 or cast iron areas are required to be done in three. We
9 typically do them in two.

10 And then the business districts is another
11 leak survey requirement that's out there by federal
12 regulation, as with the others. It's required to be
13 done annually. We try and do that every eight months so
14 that we are ahead of the regulations and properly
15 positioned for safety.

16 Q Let's talk about Peoples' emergency response.
17 What can you tell the Court about that?

18 A We are very proud of our emergency response.
19 We have over, as T.J. mentioned earlier, 390,000
20 customers, somewhere around 19,000 miles of mains and
21 services in the state of Florida. We operate in 14
22 divisions. Some of them are very dense, like our Miami
23 division; and some of them are very rural, like our
24 divisions in Panama City or in Ocala -- or not Ocala,
25 but Eustis or Daytona, they don't have the density yet.

1 Why that's important is we have set a target
2 to be able to respond to 98 percent of our leaks within
3 60 minutes. And we are actually running an average
4 across the system, and have now for several years, of
5 having an emergency response that gets us to the
6 customer any time they call a suspected leak, an odor
7 call or carbon monoxide suspicion, we are typically
8 there within an average of 28 minutes based on the
9 standards we've set, which is -- we are very proud of
10 that, and we found it to be very much appreciated and
11 accepted by our customers.

12 Q Can you tell the Court about Peoples' disaster
13 response ability?

14 A With a little over 600 employees, about 480 of
15 those in field operations, be it engineering,
16 distribution or field servicing and regulation, we have
17 a large workforce contingent that enables us to respond
18 to emergencies around the state.

19 We have equipped ourselves with a mobile
20 command vehicle, portable radio systems, and a number of
21 other portable tools and equipment that would be
22 necessary in setting up command posts and positioning
23 our workforce in those areas of disaster so that we can
24 provide the emergency response needed for the local gas
25 distribution system's needs in the event of an

1 emergency.

2 Q Was Peoples, and you in particular, involved
3 in the Hurricane Michael response?

4 A Yes, we were.

5 Q And what was the general role for Peoples in
6 that?

7 A In that, our primary role was responding to
8 our own system; and secondarily, helping respond to the
9 Mexico Beach system that existed in the area with a
10 neighboring utility.

11 As I think everyone knows, Hurricane Michael
12 was a very devastating hurricane for the Panama City
13 area. We were able to develop an emergency response
14 team contingent, have them immediately placed outside
15 the area, a little over 100 employees. And immediately
16 after the storm cleared, we were able to roll them into
17 the local neighborhoods of Panama City and begin an
18 assessment and emergency repair of all damaged gas
19 lines.

20 Q Does Peoples have a training center for its
21 employees?

22 A It does. We have a very comprehensive
23 facility.

24 Q Are they specifically trained for being gas
25 employees and working with gas?

1 A Yes, they are.

2 Q Can you describe a little bit about what goes
3 on there?

4 A Recently, within the last three years, we
5 built a facility that gave us both a classroom
6 environment and also a virtual gas field in the back.
7 And when I say a gas field, it sounds a little bit like
8 maybe an understatement. It's about seven acres, and we
9 built a mock community within that area, setting up a
10 portable gate station, setting up district regulators,
11 having underground in that area, well over two miles of
12 underground piping, both steel, plastic, cast iron, so
13 that we could actually train and practice in that area
14 on everything and anything a gas technician would do,
15 from, you know, changing the meter, relighting
16 appliances, doing a leak investigation, to doing
17 maintenance on the pipe, or replacing district
18 regulators or odorization equipment, or even performing
19 NACE related functions on the pipeline system.

20 Q Mr. Szelistowski testified about some various
21 awards, and I just can't remember if you mentioned
22 American Gas Association award?

23 A He did, we just received for 2019.

24 Q All right. I won't go back over that.

25 Let's talk about the issue of the construction

1 issues regarding Fenney.

2 First of all, were you generally aware of
3 those issues at the time that they were occurring?

4 A I was not.

5 Q All right. Did you eventually get involved in
6 meetings trying to resolve -- well, let me back up.

7 At some point, did you become involved in some
8 of the issues, or at least become knowledgeable about
9 some of the issues?

10 A I did.

11 Q And at what point in time was that, roughly?

12 A I believe that was right around December of
13 2017 and January of 2018.

14 Q And what is your understanding as to what was
15 going on in terms of those with the construction issues?

16 A In 2017, we began construction, I think in the
17 August time period, ahead of getting a agreement
18 established with The Villages for service in that area.
19 There was an agreement and an understanding that we
20 would serve that area, and the lawyers were working out
21 that agreement.

22 We began construction in that that August time
23 period off of the 468 to bring service into the area.
24 We were a bit behind, you know, their construction
25 activities. We were being brought into the process a

1 little bit late.

2 My understanding of the issues that were
3 brought to my attention towards the end of December, or
4 the beginning of January the following year, were that
5 they were very typical and very routine construction
6 related issues for new residential development issues,
7 such as the developer was calling for services to be run
8 within the development, and that we were behind on
9 getting those services installed within, you know,
10 within the timeframe of it being expected. I think
11 there was some communication issues as it related to
12 that timeframe. We quickly, once we became aware, put
13 additional crews on that to catch that up.

14 But the other type issues are probably more
15 significant, by way of at least the way they were
16 characterized to us, were damages to the facilities in
17 the immediate development.

18 The Villages has a very aggressive and very
19 solid plan as it relates to building residential homes.
20 They turn a home around just about every 45 days from
21 construction -- from beginning of construction to
22 completion. And I may be off on that. But typically
23 there would be a lot of trades people working on that
24 residential lot. There could be 10 or 15 homes in
25 construction on that area. Very, very congested. So

1 for us to come in a little bit late, it was very
2 difficult in getting in there with all the trucks and
3 crews and equipment to be able to excavate in that
4 easement area, or the right-of-way area where the gas
5 lines were being installed or running the services.

6 Additionally, the facilities that were in
7 place what were already pre-installed, such as water
8 lines and sewer lines, weren't being located, and they
9 were potentially being exposed, or even possibly being
10 damaged by our contractor.

11 Q Let me interrupt you. You say they weren't
12 being located. Who was responsible for the locating?

13 A Because they are not permanent facilities and
14 they have not been as-built in there is, really nobody
15 that can locate them. They are all downstream type
16 activities. Potentially power lines and things of that
17 nature could be located, a communications line, but a
18 water line or a sewer line hadn't been conveyed over to
19 either the City or County or other properties yet.

20 Q Did there come a time when The Villages wanted
21 to substitute contractors?

22 A It did.

23 Q And did Peoples eventually agree to that?

24 A Peoples Gas definitely agreed to that, and was
25 in the process of working through the contractor's

1 qualifications that The Villages wanted to use.

2 Q Let me interrupt you, you are jumping ahead.

3 Let me just go back a little bit.

4 When we talk about the names of the
5 contractors, who was Peoples' contractor that was out on
6 the site?

7 A Peoples Gas contractor was a company called
8 R.A.W. Construction.

9 Q And who was the contractor that took over for
10 R.A.W. Construction?

11 A Hamlet Construction.

12 Q And who asked for Hamlet Construction to be on
13 the site?

14 A The Villages.

15 Q And did Peoples do anything to assist Hamlet
16 in getting -- well, strike that.

17 Do contractors working on natural gas lines
18 have to be qualified?

19 A Yes. There is a very rigorous process where
20 they have to have a drug and alcohol plan. They also
21 have to have an LQ plan, and have to have qualifiers
22 that are authorized to qualify for those type of
23 activities.

24 Q And did Peoples assist Hamlet in getting
25 qualified?

1 A They did.

2 Q And in what way did they assist Hamlet?

3 A We shared with them our most current drug and
4 alcohol plans and the requirement of the plans, helped
5 go through their records to make sure that the folks
6 that were going to be directly engaged in this
7 construction were all in the program properly sampled.

8 Q And after Hamlet took over from R.A.W., did
9 the construction issues resolve as far as you are aware?

10 A Yes, they did. I never heard another
11 complaint.

12 Q Now, during this time, did you have any
13 meetings with people at either Leesburg or The Villages
14 to discuss construction issues?

15 A Yes, kind of at the same time, you know, we
16 were being made aware of the construction issues, we
17 were also learning that Hamlet was constructing in what
18 would be as we described the Bigham West area. That's
19 the red area directly adjacent to Fenney.

20 We know that we weren't authorizing those
21 installations, so we reached out to the City of Leesburg
22 and asked for a meeting to try and understand what we
23 were hearing from Hamlet. Hamlet had shared with us
24 that --

25 Q Let me stop you.

1 Did you have a meeting?

2 A Yes, we did.

3 Q Okay. And who was at the meeting?

4 A Mr. Rogers and their executive, I think, is
5 his -- I am not sure of his title or name. I believe he
6 is here in the room.

7 Q And I think you started to say that Hamlet had
8 informed you of what?

9 A Hamlet had let us know that the pipe we were
10 detecting being installed was not being installed on our
11 behalf, that it was being installed on behalf of The
12 Villages and Leesburg.

13 Q All right. And so let's talk about the first
14 meeting. Mr. Rogers was there, somebody else was there.
15 Who was there for Peoples?

16 A Joann Wehle and Jimmy Adcock and myself.

17 Q And what transpired at that meeting?

18 A We went to the meeting, asked to meet with
19 Mr. Rogers, it was previously scheduled, and wanted to
20 raise his attention to the fact that we were perceiving
21 that Leesburg was engaging in our territory and we
22 wanted to understand, and asked him, you know, could we
23 speak about those issues and try and understand exactly
24 why the City of Leesburg was there, and what was their
25 intention.

1 MR. WHARTON: I move to strike, Your Honor.
2 What's the relevance of a conversations that went
3 on if these meetings?

4 THE COURT: I don't know what the relevance is
5 at this point. I am going to overrule, and I will
6 give the testimony the weight it all shakes out.

7 BY MR. BROWN:

8 Q And what were you told -- what was the
9 response?

10 A Mr. Rogers told me that he could not discuss
11 it with me, and any conversation had to be had with The
12 Villages.

13 Q And was there a subsequent discussion with The
14 Villages?

15 A There was.

16 Q And what transpired -- first of all, who was
17 present at that meeting?

18 A Myself and Joann Wehle. I believe Gary Moyer,
19 Brian Hudson and Tommy McDonough.

20 Q And what took place at that meeting?

21 A We entered into the meeting at the The
22 Villages' headquarters there in the Ocala area. Very
23 quickly into the conversation, Mr. Moyer -- I actually
24 came into the room a couple minutes late, Ms. Wehle was
25 in there with them.

1 I came in, it was a very quite meeting. There
2 wasn't really a lot of dialogue. We were just looking
3 at each other. The intent of our visit was to speak
4 specifically about the construction issues and the
5 complaints that they had, but immediately, Mr. Moyer
6 stated to me that they were tired of building these
7 communities and having Peoples Gas get the revenues and
8 service the customers for 30 or 40 years, and that they
9 did not -- that they were unappreciative of that model.

10 Q And how long did that meeting last?

11 A Less than 15 minutes.

12 Q Let's talk a little bit about --

13 MR. MOYLE: Judge, that would be hearsay. I
14 would just note per your earlier direction where
15 you wanted us to throw a flag up on hearsay, just
16 throwing the flag up.

17 THE COURT: All right. Thank you.

18 MR. WHARTON: And I renew my objection the
19 basis of relevance.

20 THE COURT: I will overrule the relevance
21 objection. Again, I am not sure where this is
22 going to go, but that this early stage in this
23 proceeding, it's a little early for me to tell.

24 MR. WHARTON: I understand.

25 BY MR. BROWN:

1 Q Are you generally aware -- well, let me --

2 MR. BROWN: Let me have a moment, Your Honor,

3 I may be --

4 THE COURT: Okay.

5 MR. BROWN: That's all I have, Your Honor.

6 Thank you.

7 THE COURT: Okay.

8 CROSS EXAMINATION

9 BY MR. WHARTON:

10 Q Good afternoon.

11 First of all, let's talk about the meeting you
12 were just talking about. That meeting occurred
13 approximately a year after construction problems started
14 in Fenney, didn't it?

15 A I am not sure exactly the duration. I believe
16 we started in August of '16 and then that meeting
17 happened. I am not sure on the dates.

18 Q You don't know one way or another as you sit
19 here today?

20 A I do not recall.

21 Q All right. We are going to have our own folks
22 address the issues with Fenney, but let me ask you a
23 couple of questions.

24 PGS had a developer agreement with The
25 Villages for Fenney, correct? It was called the Joint

1 Trench Agreement?

2 A There was an agreement with The Villages. I
3 am not sure it was called the Joint Trench Agreement.

4 Q But it was a developer agreement, as we
5 normally use that phrase?

6 A Typically, that's what I believe it to be.

7 Q All right. And it was only for the Village of
8 Fenney, correct?

9 A That's correct.

10 Q And they let PGS finish the work in the
11 Village of Fenney?

12 A That's correct.

13 Q And then they chose to use the City of
14 Leesburg on the next development?

15 A That's correct.

16 Q All right. Do you -- you were talking about
17 the costs to serve Bigham, and we will talk more about
18 that in a second, but are you aware of the fact that in
19 the Village of Fenney, PGS had to pay a joint trench fee
20 to The Villages?

21 A When Hamlet was performing the work, yes.

22 Q Have you included the joint trench fee, if you
23 were doing the work in Bigham, in your cost
24 calculations?

25 A When I described the cost, I think the

1 question was related to what would it cost to extend or
2 connect the two systems. That wouldn't be a joint
3 trench effort, that would be a -- typically a time and
4 material effort to open up and connect. There wouldn't
5 be any other utilities extended in that.

6 Q There wouldn't be any other utilities in the
7 construction of Bigham?

8 A If we were just physically connecting of pipe,
9 there wouldn't be any other utilities associated.

10 Q But you would have to pay a joint trench fee
11 as you went in and laid facilities in the development
12 like you did in Fenney?

13 A Beyond the interconnection, yes, there would
14 have been. If we were extending on to those areas of
15 Bigham West or East, there would have been -- the same
16 agreement would have been continued.

17 Q So you guys also paid, what, a conservation
18 allowance in Fenney?

19 A We paid a conservation allowance to the
20 builder, yes.

21 Q But your testimony was just limited to the
22 connection?

23 A A few moments ago, that's correct.

24 Q All right. Now, do you recall that we took
25 your deposition on February 8th, 2019?

1 A That sounds correct.

2 Q Have you had a chance to read that?

3 A I have not read it in its entirety.

4 Q All right. Do you recall testifying in that
5 deposition that you did not --

6 MR. BROWN: Your Honor, this is improper
7 impeachment. If he wants to ask him a question and
8 then say that the answer is different. We don't
9 just get to start asking these -- reading the
10 deposition and then ask him if he agreed with it or
11 not.

12 MR. WHARTON: I must say, Judge, I always read
13 Mr. Cantor's articles before I do every trial, and
14 I think this is exactly the way that he suggested
15 it should be done. Do you recall? No. Lay it in
16 front of him. Do you stand by that testimony?

17 THE COURT: Well, I think -- is there
18 something that you are -- does this tie into his
19 cost testimony that he just gave?

20 MR. WHARTON: Well, it ties into my motion to
21 strike saying in deposition he didn't know anything
22 about Leesburg and their operations or facilities,
23 and now he does.

24 THE COURT: All right.

25 MR. WHARTON: I will get there any way you

1 want me to, Judge.

2 THE COURT: Why don't you start asking -- ask
3 him kind of the predicate question, and then move
4 along gently to what you want.

5 MR. WHARTON: All right.

6 THE COURT: And I think the question you just
7 gave me was probably appropriate.

8 MR. WHARTON: Okay.

9 BY MR. WHARTON:

10 Q Do you recall in your deposition that you were
11 asked --

12 MR. BROWN: We are doing the same thing --

13 THE COURT: Hang on. I think he just said --
14 there is some merit to Mr. Brown's objection here,
15 and I think the question that you just gave me was,
16 did you know anything about -- I forget what the
17 topic was.

18 MR. WHARTON: Okay, let me ask it that way.

19 THE COURT: Yeah.

20 BY MR. WHARTON:

21 Q You told me you recalled your deposition. On
22 the date of your deposition, did you have any
23 information about Leesburg's line capacities, or its
24 systems or its operation?

25 A No.

1 Q But today you seem to, you brushed up on that?

2 A Well, I am not sure what you are -- when you
3 say, today I seem to, specifically what you are
4 referencing.

5 Q Well, you were talking about where the lines
6 were, and what the connections were, and where they had
7 operations, or where they had to extend facilities, you
8 must have learned that since your deposition?

9 MR. BROWN: Your Honor, I need a page and line
10 if we are going to do it this way.

11 THE COURT: Well, I think he is just asking
12 him a question now as to whether he has changed his
13 testimony from that that he gave in February. I am
14 going to overrule it.

15 Go ahead, Mr. Wharton.

16 THE WITNESS: I believe the question that was
17 asked of me was what would it take to connect
18 the two systems. And what I was trying to describe
19 was that it was a very small distance and it would
20 take very little to do that. I wasn't speaking
21 about the line capacities, or anything along that
22 line.

23 BY MR. WHARTON:

24 Q Do you mean the question that was asked of you
25 in your direct testimony --

1 A I believe --

2 Q -- or in deposition?

3 A -- I am speaking to the question that was just
4 asked of me a moment ago.

5 Q By Mr. Brown?

6 A Yes, sir.

7 Q Okay. But you testified about other Leesburg
8 facilities just a few minutes ago, do you recall that?
9 Look at the map and refresh your recollection.

10 A About the placements of the facilities, yes.

11 Q That's something you have learned since your
12 deposition?

13 A No.

14 Q All right.

15 MR. SELF: May I, Your Honor?

16 THE COURT: Yes, sir.

17 MR. WHARTON: And there are two, Floyd. This
18 is February 8th, 2019.

19 BY MR. WHARTON:

20 Q Sir, take a look at page 30 of that
21 February 8th, 2019, deposition, if you will. And I
22 don't mean to beat you up about this, I just want the
23 record to be clear.

24 So on page 30, you see where Mr. Moyle says
25 to, you on line 19: And you don't have any information

1 about my client's line capacity, do you?

2 Do not.

3 And information about my client's system, its
4 operation, that's not something?

5 I do not.

6 You don't have information about that?

7 Shakes head.

8 And then Mr. Moyle asks you: Tell me
9 everything you are going to testify about.

10 And on page 31, you don't mention anything
11 about Leesburg's facilities or operations.

12 MR. BROWN: Your Honor, he hadn't testified
13 about their facilities or operations, or their line
14 capacity.

15 THE COURT: Well, I didn't hear anything about
16 capacity, but he did talk about the green line on
17 501 and the purpose of that, and the 468 line and
18 the purpose of that. I didn't hear anything about
19 capacity. I agree with that.

20 MR. WHARTON: And that's my only point.

21 BY MR. WHARTON:

22 Q You have now read that. Do you stand by that
23 testimony?

24 MR. BROWN: Where's the -- I don't know, where
25 is the second part where he said --

1 THE COURT: Go ahead. I mean, you can ask the
2 question.

3 BY MR. WHARTON:

4 Q You have now reviewed that testimony on page
5 30. Do you standby that testimony?

6 A I do stand by that.

7 Q Okay.

8 A But I would like to offer that the capacity --

9 Q Well, perhaps Mr. Brown will talk to you about
10 that. Thank you.

11 All right. You -- since you -- you testified
12 quite a bit about the issue of safety, and we will talk
13 about that a little bit, but let me ask you, since you
14 appear to have a little bit of knowledge of Leesburg's
15 facilities and operations, do you have any information,
16 as we sit here today, that would lead to you believe
17 that Leesburg could not safely provide the service that
18 they propose to provide in this case?

19 A I can't speak to that.

20 Q All right. You talked a little bit about
21 crossing lines, and let's talk about that.

22 Isn't it true that PGS has some crossing lines
23 and parallel lines in your system, but you are just not
24 sure how many?

25 A It is true.

1 Q Okay. And the PSC doesn't have a rule on
2 lines being parallel or in too close proximity to each
3 other or crossing, does it?

4 A It does not.

5 Q Right. And the federal government also
6 regulates that in some form or fashion, true?

7 A That's correct.

8 Q And the federal government does not have any
9 rule or code or statute that would prevent that?

10 A It does not.

11 Q And to your knowledge, the PSC is not looking
12 at implementing any rule to that effect, correct?

13 A Not to my knowledge.

14 Q And PGS hasn't suggested that the PSC
15 implement a rule to that effect?

16 A That's correct.

17 Q All right. So you had talked about stranded
18 facilities. Now, you agree that the line running on 44
19 South was put in to serve potential new industrial
20 customer?

21 A Could you direct my attention to where 44
22 South is? I am not sure.

23 Q Yeah.

24 A I want to make sure we are talking about the
25 same thing.

1 Q I am pretty sure that we are talking about
2 here.

3 A I understand that to be Highway 468, and I
4 suspect maybe 44 South is above it. And if you don't
5 mind, could you just repeat your question?

6 MR. MOYLE: East/west is 44.

7 MR. WHARTON: Just one minute, Your Honor.

8 BY MR. WHARTON:

9 Q Does PGS have a line on 44 South -- on 44?

10 A It does not.

11 Q All right.

12 A Well --

13 Q Actually, you know, what you told me was the
14 lines running south of 44 were put in to serve potential
15 new industrial customers, is that right?

16 A If you don't mind, I would like to correct
17 myself. At first I thought we do not, but looking at
18 the map, we do actually have it going to the west.

19 Q Okay. But were the lines running south of 44
20 put in to serve potential new industrial customers?

21 A When you say lines south of 44, on 468? Is
22 that your question?

23 Q Yeah, 468, and I think and more, and 301.

24 A The line running on 468 and down to 301 was
25 designed to serve the immediate areas. We were looking

1 at commercial industrial customers. We were also
2 looking at the growth opportunities of the available
3 land in the area.

4 Q Now, is 301 a predominantly industrial and
5 commercial area?

6 A I believe it's a mixed use area. I think
7 there is some residential in there as well.

8 MR. WHARTON: I'm sorry, Your Honor, there
9 were two depositions, so it's a little confusing.

10 BY MR. WHARTON:

11 Q Isn't it true, Mr. Wall, that with regard to
12 the pipeline on 468, and the pipeline on 301, and the
13 pipeline on 470, that there's never been any kind of
14 analysis as to whether you would be able to depreciate
15 those lines and recover them fully?

16 MR. BROWN: Your Honor, are we talking about
17 depreciation or recovery of that?

18 MR. WHARTON: I am trying to ascertain whether
19 so-called stranded assets would actually case
20 PGS --

21 MR. BROWN: He never described stranded
22 assets. That was Mr. Szelistowski's.

23 THE COURT: He didn't use that term, but he
24 did use what I understood to be an equivalent from
25 what I understand by what's meant by that term. I

1 think --

2 MR. WHARTON: He actually talked about that
3 some of the lines would be underutilized.

4 THE COURT: Go ahead, overruled.

5 BY MR. WHARTON:

6 Q So, Mr. Wall, has there ever been an analysis
7 of the lines that you referred to earlier as potentially
8 underutilized as to whether or not PGS would be able to
9 depreciate those lines and recover the costs?

10 A No, I don't believe there has been an
11 analysis.

12 Q All right. You know, you talked about a lot
13 about the safety procedures that PGS has in place. How
14 many of those were as a result of or approved because of
15 the PSC's 2016 order?

16 A The PSC's 2016 order was about documentation
17 of records. These were things that we were already
18 actively working on and developing prior to those issues
19 around the state.

20 Q Doesn't that order say that it wanted PGS to
21 improve its culture of safety?

22 A Well, culture of safety is always improving,
23 but, yes, it did.

24 Q Now, you talked a lot about how some of these
25 facilities were designed for opportunities for growth.

1 And I took that to mean in terms of their capacity, is
2 that correct?

3 A In their physical size and their physical
4 capacity and the pressures that they operate in, yes,
5 sir.

6 Q Okay. So PGS would do that with, say, a high
7 pressure main that it was building even without a
8 developer agreement, an existing developer agreement?

9 A Yes.

10 Q And even without the request for service?

11 A That's an interesting question without a
12 request for service. We model our growth, and we
13 identify, you know, what we believe to be the change in
14 demographics of areas in the opportunity for service.
15 We put together an analysis, or a white paper that
16 typically describes that growth, and we make prudent
17 decisions based on what we believe to be the
18 opportunities.

19 Q But to my question, in some instances, you
20 will extend those mains without any request for service?

21 A In this particular case, that's not the case.
22 We did have request for service.

23 Q Do you do it sometimes?

24 A In certain occasions we do.

25 Q All right. And did you know that The Villages

1 had been in construction for decades, and for decades
2 had been building homes without natural gas?

3 A Yes.

4 Q All right. So really it sounds like that a
5 big company like PGS can just extend its lines on spec,
6 do you agree with that?

7 A I think what Mr. Szelistowski and both myself
8 have reported, or testified here to, is that we wouldn't
9 do it on pure speculation. We would do it based on an
10 educated analysis that identified what land was
11 available, what likelihood for growth would occur.

12 Q All right, sir, you talked about -- I am
13 getting senile so I wasn't sure. I think it was -- it
14 wasn't you who didn't like the word retrofit, but you
15 talked about going in and supplying gas to some homes in
16 The Villages that were not originally built for gas?

17 A Yes, sir.

18 Q What happened in those instances? Did you go
19 in and tear up the streets?

20 A Not typically.

21 Q What did you do then?

22 A Typically, the mains are run on both sides of
23 the street, and it's a term that we call short-side
24 services, so that -- and typically in The Villages, the
25 service line requirement from the main to the delivery

1 meter is typically somewhere between 35 and 50 feet.

2 We would go in, we would, in those particular
3 cases -- and I think what you are asking me are the
4 scattered customers, not the development customers. We
5 would run service either trenching it in to that
6 property or directionally drilling it in, and then
7 restoring any disturbed grass or concrete that may be
8 exposed in the process.

9 Q Do you know, as we sit here today, really how
10 many homes we are talking about?

11 A I don't know an analysis to know exactly how
12 many.

13 Q And those folks would have to retrofit their
14 appliances when they put in gas appliances?

15 A Yeah. It's not uncommon.

16 Q What studies did PGS do when they sized the
17 468 line?

18 A I can't speak to the specific engineering
19 studies that were performed, but typically it would run
20 a flow study that identified what the future loads and
21 the prospective customers that may be out there, either
22 in residential units, service sector or commercial
23 industrial type customers.

24 Q But you don't know, as we sit here today,
25 whether the Bigham property played any role in those

1 studies in terms of potential demand?

2 A I think all the developable land was part of
3 the study as to how many units could potentially be
4 expected to be received in those areas.

5 Q And do you know whether Bigham was developable
6 property at that time, or whether it was still ag?

7 A I am no the sure.

8 MR. WHARTON: That's all I have.

9 THE COURT: Mr. Moyle.

10 MR. MOYLE: Thank you.

11 CROSS EXAMINATION

12 BY MR. MOYLE:

13 Q Good afternoon.

14 A Good afternoon.

15 Q Could I have you turn to -- there is an
16 exhibit book up there, it's the City's Exhibit No. 6,
17 please. And just tell me when you are there.

18 A I believe I am there. It's a map?

19 Q No, it's a photograph.

20 A I may not be on the right page.

21 THE COURT: Do you have the right volume?

22 MR. MOYLE: I will help him.

23 THE COURT: Do you have the City's or is
24 that -- that might be --

25 THE WITNESS: Actually, that's the Peoples Gas

1 documents. I am sorry.

2 MR. MOYLE: That's all right. It's a lot of
3 paper.

4 MR. BROWN: What page, Jon?

5 MR. MOYLE: It's Exhibit 6.

6 BY MR. MOYLE:

7 Q So I am showing you a document that's in
8 evidence. Do you have recollection about how your
9 company marks its lines, its gas lines?

10 A Yes. We utilize both yellow paint, as
11 required per the regulations of the 811 system. We also
12 put -- typically, on many of our installations, if it's
13 the appropriate class location, we will put pipeline
14 markers in right-of-way as well, typically at 200 or
15 500-foot intervals to identify the placement of the
16 facility.

17 Q Okay. So if you flip to the second page of
18 this exhibit, it has the name of your company at the top
19 of it, doesn't it?

20 A It does.

21 Q And that's a yellow marker with a red top?

22 MR. BROWN: What page?

23 MR. MOYLE: Second page of the exhibit.

24 MR. BROWN: Wait a minute, I flipped too
25 early. Thank you. I am with you.

1 BY MR. MOYLE:

2 Q And the other lines that are on the other side
3 of the sidewalk, can you tell who's lines those are from
4 just looking at these pictures?

5 A I can't be sure. They look like Florida Gas
6 Transmission's markers, but I am not certain.

7 Q And is that because different companies mark
8 lines differently?

9 A Typically different pipeline markers are
10 utilized.

11 Q So, you know, I am not trying to trick you
12 here or anything, you know, if you go to the very last
13 page that, I think, shows FGT more clearly, doesn't it?

14 A Yes. That is the FGT marker. That's what I
15 suspected.

16 Q All right. And then there is LongHorn
17 Steakhouse in the background there, right?

18 A I see that.

19 Q Do you have A LongHorn Steakhouse in Tampa, do
20 you know?

21 A We do.

22 Q Yeah. Does this area look familiar to you in
23 terms of the photos that were taken, the racetrack and
24 that area, can you tell?

25 A No, it does not. It looks like almost any

1 commercial area.

2 Q But the picture does depict an FGT line
3 located in close proximity to a PGS line, does it not?

4 A It does.

5 Q And that happens, it happens in the gas
6 business. There is no rule or reg against it. You
7 don't have a policy against it either, do you?

8 A No, it's quite common. It's a transmission
9 line. It's very different than a distribution line, and
10 depending on their easements or right-of-ways, they
11 trans -- they basically transact through various service
12 areas.

13 Q Right. But in terms of gas, I mean,
14 transmission lines leak sometimes, don't they?

15 A They certainly can, but the specifics of the
16 facility are drastically different.

17 Q I understand, but increased pressure and that
18 kind of thing, right?

19 A That's correct.

20 Q But if you have somebody that's walking around
21 smelling gas, you know, they are not going to know -- to
22 your point earlier about the concern, you wouldn't know
23 whether the gas is coming from the FGT line or the
24 Peoples line in this area depicted by the photograph,
25 would you?

1 A No, you are right.

2 Q And I asked about three questions on that last
3 one, but there is no PGS policy with respect to lines
4 that are running parallel or crossing, correct?

5 A There is no PGS policy.

6 Q Okay. And safety is very important to PGS. I
7 assume you have other policies that address safety, do
8 you not?

9 A We do.

10 Q And you have never sought a change, or any
11 kind of federal or state change with respect to either
12 parallel or crossing lines out of concerns of safety,
13 correct?

14 MR. BROWN: I think Mr. Wharton just asked
15 this a few minutes ago.

16 THE COURT: Overruled. I think I recall it,
17 but you can go ahead and --

18 THE WITNESS: Please ask the question again.

19 BY MR. MOYLE:

20 Q You have never sought a change in any state or
21 federal law with respect to -- or try to address lines
22 being close to each other, parallel or crossing in any
23 way, shape or form, correct?

24 A No, we've never sought to change the rule. We
25 typically work with the companies to try and prevent it.

1 Q All right. Thank you.

2 I want to just try and back up a little bit on
3 the questions about the cost. I think you said that you
4 thought it would be 500 bucks or 1,000 bucks to connect
5 one Bigham development to Fenney. Did I get that right?

6 A The question I thought I was asked was what
7 would it take to connect the two systems as if they were
8 one. And my answer was, they were separated by less
9 than 10 feet, and it would be a very low cost, as you
10 just suggested.

11 Q Okay. But that's not to suggest in any way,
12 shape or form that that would be the all-in complete
13 cost of putting in development in a new area, correct?

14 A Well, any extension of mains beyond that point
15 would have additional cost, new mains, uninstalled
16 mains.

17 Q And meters, and all kinds of things, right?

18 A That's correct.

19 Q Right. So I just want to be clear that, you
20 know, the number you gave really doesn't have a whole
21 lot to do with the all-in cost that would be incurred to
22 serve a development, correct?

23 A That's correct.

24 Q Okay. And I think Mr. Wharton asked you in
25 the line on 468 that was heading down -- let me come at

1 it this way, maybe. That exhibit that Mr. Brown showed
2 you, it's No. 4 in your book, the blue lines, do you see
3 that? Do you have that in front of you still?

4 A Yes, I am on page -- on Tab 4.

5 MR. MOYLE: And I am just going approach, Your
6 Honor, to make sure he has it.

7 THE COURT: I think he has it. Yeah, he's got
8 it.

9 BY MR. MOYLE:

10 Q Okay. So from -- you were asked about this,
11 but I don't think you were asked about this from a
12 chronological standpoint. Chronologically, your system
13 developed from the north to the south, correct?

14 A I think the Ocala system really developed from
15 the center out.

16 Q Okay. But in terms of, say, this area here --
17 and I don't want to get into the whole Ocala area. Does
18 this depict the whole Ocala area?

19 A Almost all of it.

20 Q So where would be the center? Just point your
21 finger as to where the center would be?

22 A On your map or mine?

23 Q Yours.

24 A Okay. This would be the center right here.

25 Q Okay. And so from there, what had been the

1 most recent developments on that map?

2 A The most recent developments would be the
3 assets that we talked about in the south, but there may
4 be other facilities in the center or to the north that I
5 haven't studied or prepared for here for today.

6 Q Right. But they probably wouldn't be big
7 mains like we are talking about today, correct?

8 A I don't believe they would.

9 Q They would be smaller type infill type --

10 A Smaller extensions, right.

11 Q So maybe my question is not too good.

12 THE COURT: Mr. Wall, can I have you put a
13 little dot on this exhibit as to where you believe
14 the center was, and if you wouldn't mind initialing
15 it?

16 THE WITNESS: Yes, sir.

17 MR. KRUPPENBACHER: Your Honor, for the
18 record, I will stipulate that Mr. Moyle's question
19 wasn't that good.

20 THE WITNESS: (Complying with request.)

21 THE COURT: Thank you.

22 BY MR. MOYLE:

23 Q Okay. So I want to try to explore from a
24 chronological perspective. Your lines, where you put
25 the red mark on the judge's copy, approximately when

1 were they put in place?

2 A I don't have the exact dates, but I think the
3 system is well over 25 or 30 years old.

4 Q Okay. And then if you come down and to the
5 right toward the Sumter County, Lake County area, the
6 blue cluster there; do you see that?

7 A This area here, sir?

8 Q That's right. How long had those lines been
9 there?

10 A I couldn't tell you exactly how long they had
11 been there. I haven't researched that.

12 Q But a similar amount of time from your
13 experience with the company?

14 A I think that the system is, I think, similar.
15 I think it's a fair representation.

16 Q Okay. And then the lines that are single
17 lines that come down this way, those are much more
18 recent lines, are they not?

19 A They are.

20 Q Okay. And largely, what you have there is you
21 have, you know, a transmission line, is that the line?
22 It's higher capacity, it can move more gas, correct?

23 A No, sir, it's a distribution line.

24 Q Distribution line.

25 A It is a higher capacity on both size and

1 pressure, but certainly not transmission.

2 Q A transmission is an interstate line?

3 A An interstate line or a line that meets
4 transmission classifications.

5 Q Okay. So on Exhibit 2 here, you don't take
6 objection, do you, with any of the representations about
7 timing? And, you know, there was discussion about State
8 Road 44, but the line that was built on 16 -- I am
9 sorry, on 468, came in in mid to late 2016; is that
10 right?

11 A The PGS line on 468, that's accurate.

12 Q And then the line, the PGS line that runs from
13 Coleman down to Somerville, when did that go in?

14 A In the same approximate timeframe as the 468
15 line.

16 Q Okay. And then the 470 line was put in just
17 recently, 2018, correct?

18 A In the latter part of 2018.

19 Q And all of the lines that come here and kind
20 of go up like this and like this, that's all to serve
21 industrial load, is it not?

22 A Yes.

23 Q And the focus of your plan --

24 A Excuse me, I would like to restate that.

25 The lines that you initially pointed to that

1 came off of the 301 line, like the industrial park line,
2 or the lines on the southern end of 301, where you see
3 the laterals pointing out, those are predominantly to
4 serve industrial customers that have been identified.
5 The mainline is to serve the overall growth in the
6 immediate area.

7 Q Right. And the way it works in the natural
8 gas business is those mainlines, you run them, and you
9 hope you can pick up customers there, but that's kind of
10 a mixed bag typically, is it not?

11 A No, not really. We have been very successful
12 at picking up the loads associated with the lines we
13 run. We study those areas very well, and we have a good
14 idea what's happening with the real estate.

15 Q You had to -- for Fenney here, you didn't plan
16 to serve Fenney. The Villages approached you about
17 serving Fenney, did they not?

18 A That's correct.

19 Q All right. So they go to you and say, hey, we
20 would like you to serve. You are like, well, this is
21 good. This helps -- helps. But it wasn't the reason
22 why you ran the load necessarily -- I mean, the line,
23 correct?

24 A Well, the line was run anticipating that there
25 would be all kinds of growth along that corridor, Fenney

1 being one of the opportunities that presented itself.

2 Q Right. And it primarily was done to feed
3 industrial load to the west, correct?

4 A I think it's a combination. My perception of
5 that is that it was a combination of serving, not only
6 the industrial, but also the residential and commercial
7 development that would occur.

8 Q Do you know what a hot tap is?

9 A I do.

10 Q Tell the judge, if you would, what a hot tap
11 is.

12 A Sure.

13 You have an existing gas line that has gas
14 supply on the line, and you are essentially connecting a
15 T, or a similar device to the facility tapping through
16 it into the live gas line to bring gas into the new
17 segment of pipe that's connected.

18 Q And that's typically not an inexpensive
19 proposition, correct?

20 A It depends on the size.

21 Q How about -- do you know what the size of this
22 line is, the line on 468, the PGS line?

23 A I believe that's an eight-inch.

24 Q And do you know what the cost of doing a hot
25 tap on an eight-inch line would be?

1 A It would probably be somewhere in the \$5,000
2 to \$10,000 range.

3 Q But the better way to do it, is it not, is if
4 you know you are going to be feeding a development or
5 something, you would do it when you don't have gas
6 flowing through it?

7 A Well, ideally, if you knew that the
8 development was there, you would pre-install a tap and a
9 connection and a lateral and a stub with a valve. But
10 without knowing that, you would come back -- it's normal
11 to tap into an existing gas line. It's done every
12 single day.

13 Q And with Fenney, you had to do a hot tap,
14 correct?

15 A That's correct.

16 Q You had talked a little bit about your rebate
17 program. You give rebates for certain appliances that
18 use gasoline, is that -- gas, I am sorry, not gasoline.

19 A Natural gas.

20 Q Natural gas, right. Any appliance that uses
21 natural gas gets a rebate?

22 A No, sir.

23 Q Which ones get them?

24 A Water heaters, furnaces, ranges, gas dryers.
25 I may have missed something.

1 Q In the Fenney development, were rebates
2 provided to the developer?

3 A Yes.

4 Q Do you know what the level of rebates were? I
5 think there was three appliances per home, is that
6 right?

7 A Yeah, I couldn't verbatim tell you what the
8 amount of the dollar value of each rebate were, was or
9 is.

10 Q Right. But that would be something, the way
11 the program works, you would -- it's a transaction where
12 your company pays the developer a certain amount of
13 money for each natural gas appliance installed, correct?

14 A That's correct.

15 THE COURT: What else is there besides water
16 heaters, furnaces, range and dryers run off natural
17 gas? I am just curious.

18 THE WITNESS: There is a number of, like,
19 decorative appliances, pool heaters, barbecues,
20 fireplace logs, gas lighting, things of that
21 nature. There is also home generators and, in some
22 cases, the newer technology MGHP or desi cam
23 systems.

24 THE COURT: Okay.

25 BY MR. MOYLE:

1 Q If I asked you, would it be between 1,000 and
2 1,200 per appliance, would you be able to answer that
3 question?

4 A I could ballpark it.

5 Q Please do.

6 A I think, from an energy conservation
7 standpoint, the small appliance, like a range or a dryer
8 might be in the \$300 range. And something larger, like
9 a furnace or a tankless water heater, would be closer to
10 \$1,000 rebate.

11 Q You had mentioned two materials in your
12 response to Mr. Brown, I think it was bare steel and
13 cast iron, you were in a conversation about safety.
14 Just to expand on that a little bit, cast iron is not a
15 good material to use for natural gas as we sit here
16 today, correct?

17 A It is a dated and obsolete material going
18 forward, yes.

19 Q And that's because it tends to leak a lot more
20 than other materials, like coated steel or plastic,
21 correct?

22 A It has risk of failure.

23 Q And --

24 MR. BROWN: Object, that's beyond anything
25 that was discussed on this.

1 THE COURT: I mean, he did talk about the
2 various types of piping. I think that's close
3 enough in conjunction with the safety testimony.
4 Overruled.

5 BY MR. MOYLE:

6 Q Similar questions, if I asked you about bare
7 steel, would the answers be similar? It's outdated and
8 has an increased risk of leaks, is that right?

9 A That's correct.

10 Q And as we sit here today, your system still
11 has bare steel and cast iron on it, correct?

12 A In our older divisions, there is a very small
13 amount of cast iron and bare steel that we are actively
14 working to replace.

15 MR. MOYLE: If I could just have one minute,
16 Your Honor.

17 THE COURT: Sure.

18 MR. KRUPPENBACHER: Your Honor, while they are
19 talking, do you have an estimated time you intend
20 to shut us down today? Just so we know.

21 THE COURT: Well, at five o'clock we have
22 public comment, so it depends on the timing of the
23 public comment period.

24 MR. KRUPPENBACHER: I'm worried about our
25 witnesses as we get close to 5:00, I can release

1 some of them.

2 THE COURT: Off the record for a second.

3 (Discussion off the record.)

4 THE COURT: Back on.

5 BY MR. MOYLE:

6 Q The point you made about Fenney connecting
7 into one of the Biggam lines, what's the capacity of a
8 Fenney line that you were referencing, in terms of
9 inches in capacity, if you know?

10 A I don't know that I could speak to the
11 capacity, because it would really depend on the size,
12 the length and the amount of load connected to it. I
13 think your question is more on size, the physical
14 diameter.

15 Q Right. Well, do you know what it is, what it
16 would be?

17 A Typically within Fenney, the mains that we ran
18 were two-inch polyethylene mains.

19 Q And that's down on the small end of the
20 spectrum with the respect to the sizes of lines,
21 correct?

22 A It's typical for residential neighborhoods.

23 Q Yeah. And it would not be a good operation,
24 or business operation to say, oh, I will feed a whole
25 other development off a two-inch line that's in a

1 residential development, correct?

2 A Well, that really depends on the size of the
3 development.

4 Q That you would be feeding the new development?

5 A Yes.

6 Q Yeah, okay. All right.

7 And in experience your experience -- just one
8 last line. Your experience with developments, and you
9 worked with big developers before, have you not?

10 A Yes, sir.

11 Q Yeah. A lot of times, they will do a
12 development that they will call a certain name, they
13 will do it and sell houses, and then say, okay, we are
14 moving to another development; you have seen that,
15 correct?

16 A Yes.

17 Q And that's common, that happens -- that
18 happens with The Villages, does it not?

19 A It does.

20 MR. MOYLE: That's all I have.

21 THE COURT: Okay. Mr. Brown, redirect?

22 REDIRECT EXAMINATION

23 BY MR. BROWN:

24 Q All right. I fear I have confused -- I
25 probably didn't ask these questions well, so I am going

1 to try to clarify all of this stuff that we are talking
2 about with these lines and the connections.

3 All right. If Bigham West and Bigham East and
4 Bigham North were already constructed -- that's what I
5 am asking you to assume for a moment -- what would it
6 take for Peoples to serve those developments? What
7 infrastructure would it have to build?

8 A Potentially there would be an interconnection
9 of the existing lines that border the two facilities.
10 If they were existing two-inch, it would be a connection
11 of the two-inch diameter lines. If it was four-inch, it
12 would be a connection of the four-inch.

13 As it relates to the facilities on the east
14 side of 501, there would be basically an extension of
15 the line and maybe a tap off of 468 that would help us
16 move the gas supply and loop it within the development.

17 Similarly with Bigham North, the same thing,
18 tap off the 468 line.

19 Q In other words, you would -- are you saying --
20 well, when you say, tap off the 468 line, the 468 line
21 is here, correct?

22 A Yes, sir.

23 Q And you just have to run enough pipe to get
24 from the 468 line to get to the development?

25 A Yes, the pipeline supplies there on 468.

1 Q In answering those questions, are you trying
2 to say what it would cost to install all the pipeline in
3 these developments?

4 A Absolutely not.

5 Q That would be significantly more money?

6 A Yes, sir.

7 Q All right. Is -- would Peoples have to build
8 a two-mile line in order to serve gas to these
9 developments?

10 A No.

11 MR. WHARTON: Objection, asked answered,
12 outside the scope of cross.

13 THE COURT: I think it's opened up enough.
14 You can answer the question. Overruled.

15 BY MR. BROWN:

16 Q And would Peoples have to build a second line
17 along State Road 468?

18 A No.

19 Q All right. Now, on the issue of crossing
20 lines, you were asked about the federal regulations and
21 state regulations and written policies.

22 Does Peoples, nonetheless, try to avoid
23 crossing lines?

24 A Absolutely.

25 Q And is that for the reasons you already

1 testified about?

2 A It is.

3 Q Discussion about cast iron and bare steel, if
4 Peoples was installing the lines in these area, would
5 any of it be cast iron or bare steel?

6 A Absolutely not.

7 Q If Peoples were serving anywhere along in this
8 area, would it be installing cast iron and bare steel
9 pipe?

10 A Absolutely not.

11 Q Is cast iron and bare steel pipe something
12 that existed -- strike that. I think you testified it's
13 old.

14 THE COURT: Let me ask you a question.

15 Mr. Wall, what is the 468 line, the blue
16 line -- all the line that has been constructed
17 since 2016, what's it composed of?

18 THE WITNESS: There is steel lines, eight-inch
19 and six-inch steel lines respectively. They are
20 all ceramic coated and cathodically protected,
21 which eliminate any of the concerns that are being
22 suggested as it relates to bare steel lines or cast
23 iron lines.

24 THE COURT: Okay.

25 THE WITNESS: Newest materials.

1 THE COURT: Okay.

2 MR. BROWN: Give me one moment, Your Honor.

3 I am done, Your Honor. Thank you.

4 THE COURT: All right. I have a question, and
5 obviously my question, to the extent that it
6 precipitates a question from everybody else,
7 everybody will get a chance.

8 So -- let me flip this back over. So I think
9 you testified, and this is West, Bigham West, is
10 that the name of that --

11 THE WITNESS: That's my understanding.

12 THE COURT: -- the red?

13 Okay. And you indicated that you would tie in
14 Bigham West to Fenney in, and they are very close
15 together. My question is, why would you not tie in
16 Bigham West to the 468 line directly?

17 THE WITNESS: You may do both to give it a
18 loop or a backfeed, you would purely rely on one or
19 the other.

20 And maybe I didn't answer the question
21 appropriately. I thought the question that was
22 being asked of me was how close were the systems
23 and what would it physically take to bridge the two
24 pipes. And my question was really -- my answer was
25 really trying to point out that the lines were

1 installed directly adjacent to our gas system.

2 THE COURT: Okay. All right. So there hasn't
3 been some kind of planning decision made that the
4 best way to serve Bigham West would be through a
5 line coming out of Fenney?

6 THE WITNESS: No, sir.

7 THE COURT: Okay. All right. Anybody?

8 MR. MOYLE: I do.

9 THE COURT: Mr. Moyle.

10 RE CROSS EXAMINATION

11 BY MR. MOYLE:

12 Q So if I understood your answer, it sounded
13 like you said, no, 468 would be where we would look,
14 because it has higher pressure and greater capacity. We
15 wouldn't try and feed a big other development through a
16 two-inch line, is that right?

17 A No, sir.

18 Q Okay. You might try to feed another
19 development through a two-inch line?

20 A Well, you mentioned higher pressure. The
21 facilities in that area that Peoples Gas owns are
22 operating at a set pressure, and similar, its pressure
23 within the residential development is very similar to
24 that, if not the same.

25 Normally, when you build a gas distribution

1 system as the operator, not only do you do a single
2 connection, but you do multiple looping connections so
3 you can have redundancy and avoid outages. So Peoples
4 Gas would have taken advantage of utilizing the line on
5 468 and all of the local distribution piping within the
6 neighborhood to create loops and backfeeds in the
7 process.

8 Q Okay. And just so the record is clear,
9 looping is akin to belt and suspenders, it's the more
10 than one way to get gas to a customer, correct?

11 A Redundancy and reliability, yes, sir.

12 Q Right. And to the extent that 468 is used,
13 that would be -- that would be a -- I mean, the way it
14 works in the regulatory world is the cost of the line on
15 468 would be shared by the people who use it, correct?

16 MR. BROWN: Your Honor, I think that's beyond
17 the scope of your question.

18 THE COURT: Overruled.

19 THE WITNESS: Would you ask the question
20 again?

21 BY MR. MOYLE:

22 Q Sure.

23 You started with the \$1,000, and I am just
24 saying -- the judge asked you about, well, 468, would
25 you feed it from there? You said the business decision

1 hadn't been made yet, maybe for reliability purposes.
2 But I am just asking to say, well, if you make that
3 decision and say, yeah, we want to have a reliable
4 system and feed it off of 468, there should -- it's
5 proper to allocate some of the 468 line costs to the new
6 people that you are serving, correct?

7 A Yeah. All of it would have been aggregated
8 together all of the costs associated with the connection
9 of customers on that asset.

10 Q And correct me if I am wrong, but the way I
11 understand how it works is that you go in and file a
12 rate case with the Commission, and the Commission
13 approves the rate case, and then they allocate costs.
14 So if you have costs, it's done on a residential basis,
15 a commercial and industrial; is that how the costs are
16 allocated?

17 MR. BROWN: We are not in a rate case.

18 MR. MOYLE: I'm just trying -- we are going to
19 have a discussion about costs, and I want to
20 explain --

21 THE COURT: I think it's a legitimate question
22 to ask this witness because we talked a lot about
23 the \$1,000 charge between Fenney and the Bigham
24 West if there is a question maybe of what's a
25 comparable cost if you come in off 468, but I think

1 heading into the rate setting structure here is
2 probably a little beyond my --

3 MR. MOYLE: All right. I think part of our
4 challenge here is because ultimately Your Honor is
5 probably going to start getting some cost
6 information, and you posed a good question, am I
7 going to consider that or am I not, and so I am
8 trying to make sure the record --

9 THE COURT: It sounds like you have witnesses
10 lined up to provide that information.

11 MR. MOYLE: Not for PGS.

12 THE COURT: Beyond the scope.

13 BY MR. MOYLE:

14 Q Do you -- with respect to the cost estimate,
15 would you have a cost estimate of what it would cost to
16 allocate off of 468 to feed the three areas that
17 somebody identified?

18 MR. BROWN: Your Honor, again the allocation
19 is a rate concept.

20 THE COURT: Well, I think -- does your
21 question go beyond the cost to tap the nearest
22 point of contact between Bigam West and the 468
23 line? Because that's really what I was looking at,
24 if that's the question, then overrule the
25 objection.

1 MR. MOYLE: I am trying to get the answer to,
2 he gave you, I think, the hot tap cost and he gave
3 you the \$1,000 cost. I am trying to get him to
4 give you the cost of what it would cost to loop
5 feed off of 468.

6 THE COURT: That probably goes a little beyond
7 my question, so I will sustain the objection. I
8 suspect that there is going to be somebody that's
9 going to have that information.

10 MR. MOYLE: If Mr. Wall sticks around, maybe.

11 Ms. Putnal advises me that in the back and
12 forth I had a pending question that said, are these
13 costs factored into rates? You had overruled the
14 objection and he didn't give an answer.

15 MR. BROWN: I thought that was sustained.

16 THE COURT: Yeah, I thought I sustained
17 getting into the rate question. I may have
18 misunderstood. She probably has it right. I don't
19 want to get into rate setting.

20 My question was strictly kind of two things.
21 Has a decision been made to bring this in through
22 Fenney, or could you also bring it in through 468?
23 And if you could bring it in through 468, what's
24 the cost of bridging that gap -- consistent with
25 the \$1,000 to bridge the 10-foot gap between Fenney

1 and Bigham West, what's the cost of bridging the
2 gap between 468 and the nearest point of connection
3 to Bigham West? And I assume it's something more
4 than \$1,000 because I guess it's more than 10 feet.
5 So that's where I was coming with that question.

6 MR. MOYLE: Okay. And I think I was trying to
7 go and say, well, if you are going to feed them,
8 there should be an allocation for the whole cost.

9 THE COURT: That went beyond my question.

10 MR. MOYLE: Okay.

11 BY MR. MOYLE:

12 Q Do new homes, if I could, any regulator --
13 what's a regulator station?

14 MR. BROWN: Beyond --

15 THE COURT: Yeah, it's beyond my question.

16 MR. MOYLE: Okay. Yes, sir.

17 THE COURT: All right.

18 MR. MOYLE: Thank you for your time.

19 THE COURT: Mr. Wharton.

20 RE CROSS EXAMINATION

21 BY MR. WHARTON:

22 Q Mr. Wall, would it still be PGS's position
23 that they are in the best position to serve even if they
24 weren't providing service to Fenney?

25 A Absolutely.

1 Q Are you familiar with Mr. Stout's exhibit?

2 MR. BROWN: Your Honor, this is going beyond
3 your question as well.

4 THE COURT: I don't know what Mr. Stout's
5 exhibit is, so let me bridge that gap first, and
6 then I will entertain an objection.

7 MR. BROWN: Okay.

8 BY MR. WHARTON:

9 Q Are you aware that PGS has an exhibit in this
10 case that says the regulator station is \$43,000?

11 A I haven't seen that.

12 MR. WHARTON: Okay. That's all.

13 THE COURT: All right. Is that it?

14 All right. Mr. Wall, thank you very much.

15 Any expectation -- are you planning on keeping
16 him around?

17 MR. BROWN: Well, he is the corporate rep.

18 THE COURT: That's right, so I guess you will
19 be sticking around. I know you are excited about
20 that.

21 All right. So let's go off the record for a
22 second.

23 (Discussion off the record.)

24 THE COURT: Back on the record.

25 Raise your right are hand, please.

1 Whereupon,

2 BRUCE ALLAN STOUT

3 was called as a witness, having been first duly sworn to
4 speak the truth, the whole truth, and nothing but the
5 truth, was examined and testified as follows:

6 THE COURT: And your full name, please.

7 THE WITNESS: Bruce Allan Stout.

8 DIRECT EXAMINATION

9 BY MR. BROWN:

10 Q Mr. Stout, could you give the judge a little
11 bit of your work history background?

12 A I started with TECO Peoples Gas in 1982 as a
13 meter reader. I was a meter reader for two-and-a-half
14 years, went on to work in distribution, which is I
15 installed gas mains and services. I did that for
16 13-and-a-half years. I was a foreman for 12-and-a-half
17 years of that.

18 During that time, I went to night school and
19 got an MIS degree from UCF. In 1997, they promoted to
20 me to engineering design. I got my degree in 2000, and
21 I have been doing engineering design since 1997 until
22 the present time.

23 Q What is your official position today?

24 A Gas Design Project Manager.

25 Q And what do you do as gas design project

1 manager?

2 A I manage projects I take in when new
3 commercial is going to be -- a new commercial service is
4 being requested, I will get information on what the
5 customer needs, and I will research where the nearest
6 gas is and do a feasibility analysis on installing a
7 main and/or service to that.

8 I will do relocation designs for main
9 relocations for a municipal project for any municipal
10 project where we have conflicts with the construction.

11 I will do replacements of existing and old
12 systems. For instance, right now, we are working on
13 problem plastic. I will do the design and relocation of
14 the mains and the services within that project.

15 I will get profiles for new residential
16 customers, and I will research where the nearest gas is
17 on that and do feasibility analysis on that.

18 THE COURT: Does commercial include industrial
19 or is that --

20 THE WITNESS: All commercial, yes, sir. It
21 includes the industrial.

22 THE COURT: Okay.

23 BY MR. BROWN:

24 Q All right. And are you involved in, for
25 example, doing estimating?

1 A I do estimating. That's one of my main jobs,
2 yes, sir.

3 Q And were you involved in the Fenney project?

4 A Yes, I was.

5 Q I need you to slow down a bit.

6 A I know, you already had to tell me once.

7 THE COURT: And speak into the microphone.

8 THE WITNESS: I apologize.

9 BY MR. BROWN:

10 Q I am going to pull this around a little bit if
11 that will help you not have to turn quite as far.

12 And we have got Exhibit 5 here, and just can
13 you identify the Fenney project on this map?

14 A Well, it's the blue line below the thick blue
15 line, the big blue blob there.

16 Q All right. And what did you do on the Fenney
17 project?

18 A I estimated the cost and the feasibility for
19 the commercial run, and I estimated the cost for all of
20 the residential within Fenney. There is two separate
21 small projects there, and I did both, the design and the
22 estimation.

23 Q And how do you go about doing that?

24 A Well, the first one we did was the commercial.
25 I got a profile, which is a list of commercial customers

1 that are requesting gas. And then I go and determine
2 where the nearest gas is. And I do a preliminary design
3 and estimate on what that cost of that installation is
4 to serve those potential customers. Enter all of that
5 data into a feasibility model that I am provided by
6 corporate office. Enter that in. I will send to my
7 superiors for review and will discuss if anything I did
8 wrong, or if I need to tweak anything, or if they do.
9 And then they let the marketing know if it is feasible
10 or if an A-2 construction is necessary.

11 That's with the commercial part. Do you want
12 the residential as well?

13 Q Yes, how do you do that?

14 A The residential, I got a profile as well with
15 the amount of proposed customers, the amount of proposed
16 load, and I request from them a CAD file showing what
17 the layout of the projects are, and I take that and
18 determine, again, where the nearest gas is, and how I
19 would serve each of the individual customers located
20 within the residential areas.

21 I do a design. I get a footage of my design,
22 and of the amount of services, and then I take all of
23 that data, enter it into our -- my supplied feasibility
24 model program, that includes the footage of the main. I
25 will estimate the material needed and the cost for the

1 material. I will estimate the amount of services. I
2 will estimate the meters, the service lines, everything
3 involved with that, the outside services costs, the
4 inspection costs, and I throw all of that into the
5 feasibility model.

6 Q All right.

7 A And I send that to my superiors again, and
8 that's much larger are, so it will be us asked between
9 me and my superiors on where I got some of the costs.

10 Q And is that what you did on the Fenney
11 project?

12 A Yes, sir.

13 Q Take us through kind of what the
14 considerations were first of all for the commercial
15 portion of Fenney.

16 A The commercial portion was just -- I believe
17 it was four or five pulls and a restaurant that were
18 going to be served off the main road, which I believe
19 was Fenney Way. And I did a design for how many feet
20 the main would -- how many feet of main we would need to
21 run to the individual pool heaters and the restaurant.
22 And again, I took that footage and put it into a model.
23 That was a separate model than the residential.

24 Q All right. And when you do that, do you
25 include the cost of the mains?

1 A Yes.

2 Q The distribution main?

3 A Yes.

4 Q The service lines?

5 A Yes.

6 Q And the labor?

7 A Yes.

8 Q The meters, gauges, regulators, valves, et
9 cetera?

10 A All costs associated with the meters, yes.

11 Q All right. And do you take into account, or
12 try to at the estimating phase, all of the costs in
13 total for providing the commercial service into Fenney?

14 A For the -- yes, for the commercial in total,
15 yes.

16 Q All right. And did you do the same thing for
17 the residential side?

18 A Yeah. The residential also had three proposed
19 commercial as well, but, yes, I did the same for that.

20 Q All right. And when you used this computer
21 program -- tell the Court a little bit about that. What
22 kind of data do you put into the program?

23 A It's an Excel spreadsheet. I input all of the
24 costs for the main installation, the per foot cost of
25 the pipe, the size of the pipe obviously, and the per

1 foot costs, the costs to install. We have a contract
2 price that I use to get that cost for. I enter all data
3 that -- any data where we would have an expenditure goes
4 into this program.

5 Is there any way I can get some water?

6 Q Sure. We can get you some.

7 A I apologize. Thank you, I appreciate that.
8 Sorry about that.

9 THE COURT: No problem.

10 BY MR. BROWN:

11 Q Now, as the Fenney project went on, were you
12 involved in entering costs, or any of the -- well, did
13 you have any involvement in Fenney once the construction
14 got started?

15 A If there were problems with design, I would be
16 asked to look at the potential change in design, any
17 valves that they would want to have added, they would
18 ask me if it was okay to put them in certain places,
19 things like that.

20 Q Okay. I want you to turn to Exhibit 11 in
21 that book in front of you and ask you if you could
22 identify that?

23 A Yeah. It is a spreadsheet that shows all of
24 the estimated costs for both the commercial Fenney and
25 the estimated costs for the residential combined

1 commercial Fenney, and then it also has the actual costs
2 that were incurred.

3 Q And who prepared that particular document?

4 A This document was prepared by my supervisor,
5 Donna Spohn, S-P-O-H-N.

6 Q And have you reviewed the information that is
7 in that document?

8 A I reviewed it by myself, and I also reviewed
9 it with her.

10 Q And do you believe it accurately represents
11 the amount of costs that were actually incurred in the
12 Fenney development?

13 A Yes.

14 MR. BROWN: Your Honor, we move to enter this
15 into evidence at this point.

16 THE COURT: All right. I believe we have a
17 hearsay objection --

18 MR. MOYLE: Yeah.

19 THE COURT: -- and a relevance objection.

20 MR. MOYLE: He didn't prepare the document.

21 He testified that it was prepared by a supervisor,
22 so it's per written work product that was done out
23 of court, and now it's coming into court with this
24 person saying, hi, here, this is what you should
25 believe. I think it's hearsay and should not form

1 a basis of a finder of fact --

2 MR. WHARTON: I will join that objection. I
3 think it's uncorroborated hearsay.

4 THE COURT: If the hearsay issue can be
5 resolved, any question as to relevance?

6 MR. MOYLE: I think I would say, see above,
7 per your earlier comments with respect to reserving
8 the right, the fact that gas statute does not say
9 cost, the electric statute does.

10 THE COURT: Well, I mean, the rule has a lot
11 of cost information that seems to be relevant, the
12 cost of meters, gauges, regulators, blah, blah,
13 blah, the cost of compressor. So I think it's
14 relevant. You might want to explore a little bit
15 more to take care of -- I agree, this is hearsay.

16 MR. BROWN: But he has personally verified the
17 information.

18 THE COURT: Okay. Well, maybe explore that a
19 little -- go into a little more detail in that.

20 I am going to receive 11 into evidence subject
21 to the hearsay issue, and if you still maintain a
22 hearsay objection after as we get closer to the end
23 of his testimony, I will entertain that.

24 (Whereupon, PGS Exhibit No. 11 was received
25 into evidence.)

1 BY MR. BROWN:

2 Q Tell the Court what you did in order to verify
3 that the information contained has all of the cost
4 incurred?

5 A The place where she obtained the information,
6 I went to the same place. It's common. All of --

7 Q What is the place?

8 A It is -- I am sorry. It is PowerPlan. It is
9 also from our maps to determine the amount of customers
10 we can, in case the meters are there and we can pull out
11 a report for that, so that's how we determine the actual
12 customers.

13 The PowerPlan numbers that were put on this
14 form with regard to the costs -- the footage, I mean,
15 was input to PowerPlan by me. So I put the footages
16 into PowerPlan, so what was my number to begin with.
17 And the costs are from PowerPlan, which are inputted by
18 everybody that, you know, okays an invoice or charges
19 time to it, it's all charged on that work order number.

20 Q And explain how that process happens.

21 A Can you clarify?

22 Q Sure, how the costs get input into PowerPlan.

23 A So when an invoice is received from our
24 contractor, the contractor, the invoice is coded with
25 the proper work order. The work order for all Fenney

1 have this D0058267, which is the on the spreadsheet
2 here, and is immediately charged to that work order.
3 And that is accumulated in PowerPlan and it's easily
4 accessed from PowerPlan to see what the outside service
5 or all the costs were for the installation of the line
6 that went toward that account.

7 Q And if someone were trying to determine the
8 costs that were in the Fenney project, how would they go
9 about that?

10 A You go to PowerPlan and do a query on that
11 work order to see what the costs were for that.

12 Q And is that what you did --

13 A Yes.

14 Q -- as part of your verification?

15 A Sorry. Yes.

16 Q And did you compare the numbers that showed up
17 on PowerPlan when you did it to those that were on this
18 exhibits that had been prepared by your supervisor?

19 A Yes. I did it independently, and I sat with
20 her and did it again.

21 Q And did the numbers come out the same?

22 A Yes.

23 Q And are they numbers that you have
24 independently verified as being accurate?

25 A Yes.

1 MR. BROWN: I think, Your Honor, I would like
2 to --

3 THE COURT: All right. I am going to receive
4 11, as I already have, into evidence. It sounds
5 like there may be some opportunity for
6 cross-examination, but I am satisfied that
7 Mr. Stout has verified these numbers.

8 BY MR. BROWN:

9 Q All right. All right, sir, and is this
10 Exhibit -- what number did I just say? 11 --

11 THE COURT: 11.

12 BY MR. BROWN:

13 Q All right. Now, let's kind of go through this
14 a little bit on these numbers. I don't know if it's
15 easier for the Court -- but anyway, you have got one
16 there in your book.

17 THE COURT: I got it.

18 BY MR. BROWN:

19 Q All right. Let's start kind of with -- I am
20 going to step over this way.

21 On this part, we have the -- what is this over
22 here on this column, where it says, looks like, project
23 number?

24 A Those are the projects where the initial data
25 is entered into and the project after the final data is

1 accepted, that's what we create for all the costs that
2 go into that.

3 Q All right. So there are two numbers here.
4 There is a 15160007 and then 0008. Do you see those?

5 A Yes, I do.

6 Q What do those represent?

7 A 15160007 was exclusively for six commercial
8 pool heaters -- to be honest, I don't know how many pool
9 heaters -- pool heaters and a restaurant. That was the
10 initial request from marketing to see if we had the
11 ability to serve that need.

12 Do you want the second one as well?

13 Q Yes. What is the second one?

14 A The second one is -- the second model profile
15 you see we received from marketing, that including the
16 residential and the three commercial that we did not
17 get. So that was a separate project that we did
18 independently of the first. And we did the same thing,
19 did the feasibility, put all the data into the model and
20 used the final model to enter into that, and that's
21 where all the initial costs were accumulated.

22 Q And then there are various work order numbers,
23 what do those represent?

24 A On the top one next to 0056805, that is the
25 initial work order, which is for the main installation

1 to the commercial portion of Fenney along Fenney Way,
2 main only. The second line is a blanket, the 12 --
3 D0012087 is a blanket commercial service line number
4 that charges to that blanket service accumulated.

5 Q When you talk about a blanket service, what do
6 you mean by that?

7 A Blanket is what all commercial services within
8 a project are charged to throughout the entire division
9 of Ocala. So they have a specific blanket. In this
10 instance it's a plastic project number that all
11 commercial services ran to a project main are charged
12 through that throughout the entire system in Ocala.

13 Q So in other words, this represents what? What
14 material or labor, or whatever, does this represent?

15 A That would be a commercial project plastic
16 service work order.

17 Q And when you say plastic service, that's
18 plastic pipe?

19 A Plastic pipe. Yes, sir.

20 Q All right.

21 A And the number next to that is D0021004, it's
22 similar. It is all the materials for commercial
23 services in all of Ocala. So all materials will be
24 charged to that.

25 Q All right. And are those internal PGS

1 numbers?

2 A Yes, they are internal -- each division has
3 their own separate numbers for those specific costs.

4 Q In other words, these are not outside vendor
5 payments, but these represent -- do these represent
6 payments or allocations of costs to materials or
7 equipment that Peoples may have already had on hand?

8 MR. MOYLE: Leading.

9 THE COURT: Overruled.

10 THE WITNESS: I am going to ask you to ask it
11 again.

12 BY MR. BROWN:

13 Q Sure. Let me ask it this way: What -- in
14 terms of -- when you say blanket, and you say it's --
15 well, these are not payments to outside vendors, are
16 they?

17 A The 12087 is a -- if the contractor ran a
18 service, we would get their invoice, it would be charged
19 to that.

20 Q Okay.

21 A It's a blanket service for all costs
22 associated with that particular type of plastic service
23 line, plastic gas service line.

24 Q All right.

25 A So everything, except for the materials. The

1 materials have the separate number next to them.

2 Q And that would be the 21004 number?

3 A Yes, sir.

4 Q And then we have the next one, 17549?

5 A That is for the meter sets for all commercial
6 meter sets in the Ocala division.

7 Q And then the 56806?

8 A Yeah, this line needed a regulator station to
9 reduce the pressure, so we had to create a reg station,
10 which was in the original model -- the project. So we
11 created a work order for all costs associated with the
12 regulator station installation.

13 Q All right. And so if we go across, then
14 that -- if we go across and staying on the commercial
15 side, under this section, where it says project
16 estimate, what is that?

17 A The project estimate was the estimated costs
18 for the main installation into Fenney.

19 Q In other words for the --

20 A Commercial only.

21 Q Right. But all these in this line -- well,
22 let me strike that.

23 The first five lines would be -- the first
24 four lines, rather, would be the commercial?

25 A Correct.

1 Q Okay. And if we talked about the project
2 estimate, what is that, those four columns -- four
3 numbers?

4 A Just to clarify, the reg station was needed
5 for the commercial, so you could say it's part of the
6 commercial.

7 Q Okay.

8 A So it was needed. We couldn't do it without
9 it.

10 Q Okay. And then what is the work order --
11 what's WO estimate stand for?

12 A Work order estimate.

13 Q And what is -- in this case, it looks like
14 those numbers are pretty much identical. Why is that?

15 A They are identical. Tip -- on occasion, when
16 we create a project, we have more than one work order
17 that is associated to this. In this instance, we did
18 not. So the project number work order and the work
19 order numbers would be identical.

20 Q And then if we get to the actual, what does
21 that represent?

22 A The first line is what the actual cost of the
23 main installation, the 65,309. The blanket services,
24 since it's all on blanket, we just used our estimate to
25 determine the actual costs. Same thing with the meter

1 sets. And the reg station, actually that is the actual
2 cost to -- all costs associated with the installation of
3 the reg station.

4 Q And when you say you used the blanket for the
5 estimate, what does that mean?

6 A The blanket number we use to estimate it, we
7 can't -- there is no way we can pull out the actual
8 costs because all services in Ocala are charged to the
9 blanket. So we just used the estimate as the costs.
10 It's going to be relatively close because we have a
11 contract price.

12 Q Okay. Now, let's talk about the residential
13 side, the 008 number, and let's go back through these
14 work orders. What is this one?

15 A The D0058267 is the work order for all main
16 installation, anything associated with main valves and
17 Ts and fittings, with the residential main installation
18 throughout all of Fenney, the phase that we have.

19 Q And now in this next line, there is no work
20 order, and then we go across, and it shows on the
21 estimate and actual, it shows zero. Can you explain
22 that?

23 A Right. In the model that I received from
24 marketing, it had potential three commercial services
25 that there was a potential plaza where we were going to

1 feed off of this line. That commercial plaza never came
2 to fruition, so there were no costs associated with the
3 commercial service installation.

4 Q What are the next two lines -- what do the
5 next two work order numbers here represent?

6 A D0012083 is the blanket service line for all
7 residential services within Fenney. Again, we don't
8 have a way to pull out those exact costs, so we know the
9 number of services installed, and we just use the
10 estimate for the work order actual.

11 The blanket commercial service line, what
12 happened is that there was either one or two residential
13 services that used so much gas, we had to reclassify
14 them as commercial. So we had to upgrade them to
15 commercial, so that's where that came from.

16 Q You are talking with this line right here?

17 A Commercial service lines, yes.

18 Q Okay.

19 A Because they used so much gas, they had to be
20 turned to commercial.

21 Q And then the 17548?

22 A That is the blanket residential meter set cost
23 for all meters in the City of Ocala.

24 Q You mean the Ocala Division?

25 A Excuse me, Ocala Division, correct.

1 Q And then 17549?

2 A That is that one or two services that were
3 residential that turned out to be commercial because of
4 the large usage.

5 Q All right. And so if we go across again on
6 the project estimate, what is that?

7 A Project estimate is the estimate that was from
8 the original model that was -- from the original model
9 that was created.

10 Q That you created?

11 A I created it. Yes.

12 Q All right. And then the work order estimate?

13 A Again, this did not have subsequent or future
14 work orders, so the one work order was used for the
15 entire project, so the entire estimate in the project
16 was used as the entire work order estimate.

17 Q And then the actual?

18 A The actual is what the actual costs that we
19 incurred, or the 1,405,384 was the actual costs that
20 were incurred to install the gas main for 58267. The
21 Fenney commercial, there was no cost to that.

22 The blanket residential, again, we just used
23 the estimate for that cost. The same thing for the
24 commercial. And the residential meter set, the same
25 thing, and the same thing for the meter sets.

1 Q And so there is a total there of \$3,441,128,
2 what does that represent?

3 A The total costs for everything installed for
4 gas for our services within Fenney.

5 Q All right. And now there is a number of other
6 items over here on the right -- I will step over this
7 way -- a number of other columns, footage installed,
8 therms and then customers -- well, let me get first to
9 the footage installed in this area. Are all those costs
10 included in the 3.4 million?

11 A Yes.

12 Q Okay. That's just -- is that just a breakdown
13 of certain types of pipe and things of that nature?

14 A Those are the actual footages that were
15 installed.

16 Q Okay. Let's skip over to estimated customers.
17 Do you see that?

18 A Yes.

19 Q And then actual customers is different, can
20 you explain that?

21 A Well, apparently we got seven commercial
22 customers -- not apparently, we did, sorry -- on the
23 commercial line. So it was -- we did one more in that.
24 The residential, the 2,400 versus 2,178, at the date of
25 this creation of this form, we only had 2,178 at that

1 time.

2 Q All right.

3 A Which was 12/18/2018. I am not sure.

4 Q All right. And then you have got, what is
5 this over here, total actual cost divided by total
6 actual customers?

7 A The totals actual costs 3.4 -- 3,441,128,
8 divided by the total amount of customers, by 2,178.

9 Q What is the total it comes up with there?

10 A 1,579.95.

11 Q And what does that number represent?

12 A That's how much we paid per customer for all
13 of Fenney.

14 Q And when you say for all of Fenney, the
15 installation of all of the infrastructure in Fenney?

16 A The commercial and the residential/commercial
17 combined, everything.

18 Q All right. Now, do you believe that the
19 estimate of the estimate of 1,579.95 would be equally
20 applicable to these two developments, The Villages
21 developments along 468?

22 MR. WHARTON: Objection, Your Honor. That is
23 an opinion. This is a fact witness, listed as a
24 fact witness --

25 THE COURT: That's a little bit of an opinion.

1 Maybe you can ask him if there is anything that
2 would be unique or distinct about those other
3 developments that would --

4 MR. BROWN: Yeah, I will go about it a
5 different way.

6 BY MR. BROWN:

7 Q Are you generally familiar with these
8 developments, sir?

9 A Yes, I have driven through them.

10 Q Okay. And in driving through them, do they
11 appear to have similar characteristics to Fenney in
12 terms of what it would take to provide service to them?

13 A Yes, sir.

14 Q Do there appear to be any significantly
15 different commercial structures in those developments?

16 A No, sir.

17 Q Do there appear to be anything that would
18 cause the cost of installation in those developments to
19 be significantly higher than it was in Fenney?

20 MR. WHARTON: Same objection.

21 THE COURT: Overruled.

22 THE WITNESS: No, sir.

23 BY MR. BROWN:

24 Q And so is it -- and how many years have you
25 been -- is one the things you do is estimate what it

1 would cost to do installations like this?

2 A That's one of my main jobs, yes, sir.

3 Q Okay. And as part of that, are you generally
4 familiar with what the cost would be if you are looking
5 at an installation that has already been performed?

6 A Yes, sir.

7 Q And in doing that, do you have any reason to
8 believe in any way that the \$1,579 estimate per customer
9 would be significantly different in these other
10 developments?

11 MR. WHARTON: Same objection.

12 THE COURT: Overruled.

13 THE WITNESS: It would be the same. It would
14 be close to the same.

15 MR. BROWN: I think that's all I have, Your
16 Honor.

17 THE COURT: All right. Mr. Moyle.

18 MR. MOYLE: Is Mr. Wharton not going?

19 MR. WHARTON: I've been going before him.

20 THE COURT: I couldn't remember who is going
21 first.

22 MR. WHARTON: Just sayin.

23 THE COURT: I know you are ready.

24 CROSS EXAMINATION

25 BY MR. WHARTON:

1 Q Good afternoon, Mr. Stout.

2 A Good afternoon.

3 Q So could Fenney be served without the pipe
4 that's out on 468?

5 A No.

6 Q Why wasn't a portion of the costs of the 468
7 main included?

8 A I am not sure I understand.

9 Q Did you allocate any of the costs of the 468
10 main into your figures for the cost per customer in
11 Fenney?

12 A I wasn't involved in the 468 estimates.

13 Q Does that mean the answer to my question is
14 yes or no, sir?

15 A I wasn't involved in the estimates of 468. I
16 was only given the Fenney.

17 Q Is there any of the costs of the 468 main in
18 your figures on Exhibit 11?

19 A Oh, no.

20 Q I am sorry if I hadn't made myself clear.

21 A I am sure you were. I am sorry.

22 Q So let's talk about a couple of other things.
23 What about -- is there any costs in here for a gate
24 station?

25 A No, sir.

1 Q All right. Let's take a look at an exhibit,
2 if you will.

3 MR. SELF: May I?

4 THE COURT: Yes.

5 MR. BROWN: What are you looking at?

6 MR. SELF: Exhibit 3, Andy.

7 MR. BROWN: Of yours?

8 MR. SELF: Of ours. It's the joint trench
9 agreement.

10 THE COURT: Sumter's Exhibit 3.

11 MR. SELF: Exhibit 3 of SSGC.

12 MR. WHARTON: SSGC Exhibit 3.

13 BY MR. WHARTON:

14 Q Take a look at page two of SSGC Exhibit 3. Do
15 you see a reference there to a joint trench fee?

16 A Yes, sir.

17 Q All right. And have you included any costs
18 for the joint trench fee in your estimate per customer?

19 A No, sir.

20 Q Shouldn't you have included a cost for the
21 joint trench fee, which is a per-foot fee for all
22 160,474 feet that you got on Exhibit 11?

23 A No, sir.

24 Q All right. And you don't consider that part
25 of the cost to serve Fenney?

1 A I would, yes.

2 Q All right. Is the reason that you are saying
3 no, sir because all you did was calculate infrastructure
4 costs, right?

5 A Yes, sir.

6 Q You didn't get into any other costs?

7 A Yes -- no, I didn't.

8 Q So there are PGS costs to serve Fenney that
9 are not reflected on Exhibit 11, correct?

10 A I wouldn't know that.

11 Q One would be the joint trench fee?

12 A I don't know if the joint trench fee is.

13 Q Okay. And you never considered, for instance,
14 whether you should put in the conservation
15 reimbursement?

16 A I think that's in the model automatically, but
17 I don't enter that. I think it might be generated
18 automatically.

19 Q Well, now you are saying maybe there are
20 costs --

21 A That's things that I don't do. I enter costs
22 that I am in control of.

23 Q You don't know one way or another?

24 A I honestly don't know for sure. I think it
25 is, but I don't enter that cost.

1 Q Are you aware of the fact that there is a
2 requirement in the Fenney developer agreement that
3 certain gas appliances be put in the house?

4 A On the profile I get, it says what appliances
5 per home are going to be used. That's how I get my
6 therms that I put into the model to get estimated
7 therms.

8 Q All right. And are you aware that there is a
9 conservation alliance where, for each gas appliance put
10 into each home, a certain amount of money is paid back
11 to developer?

12 A I am aware of it. It's not something I enter.

13 Q Okay. It's not reflected on your exhibit?

14 A It's not any costs that I got, that I got on
15 the PowerPlan.

16 Q Okay. And it's not reflected in your average
17 of 1,579.95, right? Or are you not sure if it's
18 reflected or not?

19 A I am going to say I am not sure. I would bet
20 it is, because PowerPlan takes all costs into
21 consideration. That's my understanding, and I am not an
22 expert.

23 Q But as -- okay, so you are not an expert on
24 the program that you used to produce this?

25 A Pardon me?

1 Q You are not an expert on the program you used
2 to produce this?

3 A I enter data. They train me how to enter
4 data, how to pull data out from it and how to read data
5 from it, but I didn't develop the data.

6 Q But again, as we sit here right now, the
7 things I have asked you about, you are not sure whether
8 or not they went into that figure of 1,579.95?

9 A I can't say for sure.

10 Q Okay. You do agree, Mr. Stout, that the
11 calculation of 1,579.95, solely reflects the date that's
12 on this sheet?

13 A Yes, sir.

14 Q You would agree, as we sit here today, that
15 there could be a difference in costs in between the
16 costs you have calculated for Fenney and the costs for
17 Bigham?

18 A Is there any way I can back up for a second?

19 Q No.

20 THE COURT: Yeah, I think, perhaps on
21 redirect --

22 THE WITNESS: Okay.

23 THE COURT: -- you will get a question that
24 might allow you to.

25 THE WITNESS: My memory pops in sometimes.

1 THE COURT: All right. So the question on the
2 table is?

3 BY MR. WHARTON:

4 Q You would agree that could be a difference in
5 cost as you have calculated being \$1,579 for Fenney in
6 comparison to the costs at Bigham, right, there could be
7 a variation?

8 A Bigham? What's Bigham?

9 Q It's the neighborhood next door. It's the one
10 that you were asked about.

11 A Is that what they call the one next door?

12 Q Have I had a stroke? Yes. Yes.

13 A I thought it was still Fenney. I am sorry.
14 Nobody told me it was Bigham.

15 Q I think Mr. Brown -- I'm sorry, I don't want
16 to confuse you. I think Mr. Brown asked you whether you
17 thought that there were any dissimilarities between
18 Fenney and Bigham, which is what The Villages is calling
19 the Village next door. Do you recall that question?

20 THE COURT: I think at the time he was
21 pointing to the red area, as opposed to giving it
22 much of a name.

23 THE WITNESS: Honestly, I swear, I have never
24 heard Bigham before.

25 BY MR. WHARTON:

1 Q Okay. You would agree that there would be a
2 variation in costs?

3 A There is always a variation. It could never
4 be exact, similar build-out.

5 Q And you wouldn't be able to quantify at that
6 as we sit here today?

7 A I don't know the footage that they put in
8 there, or how many feet the mains were.

9 Q Okay.

10 MR. WHARTON: I think that's all we have, Your
11 Honor.

12 THE COURT: Mr. Moyle.

13 MR. MOYLE: Thank you.

14 THE COURT: I wouldn't worry about it, because
15 I am likely to revert to red, pink and yellow in my
16 recommended order.

17 CROSS EXAMINATION

18 BY MR. MOYLE:

19 Q Good afternoon.

20 A Good afternoon.

21 Q We met at your deposition. I am Jon Moyle. I
22 represent the City of Leesburg.

23 A Yes, sir. Nice to see you again.

24 Q Some of the numbers that you had, and there
25 were a couple other exhibits that had some invoices. Do

1 those have anything to do with this exhibit that is in
2 front of you right now, Exhibit 11? I think it's --

3 A I recall, in our deposition, there was three
4 exhibits. Are you referring to the other two?

5 Q Yeah. The big stack of invoices and stuff,
6 right?

7 A Yes, sir. My recollection is those were
8 generated from PowerPlan by our plant accounting.

9 Q Okay. And some of them -- test your memory,
10 and I can go through them if we need to, but some of
11 them were in 2016, were they not?

12 A Honestly, I would have to look. My memory is
13 not very good.

14 Q You agree with me, just assume that there are
15 some from 2016 that would probably be appropriate to use
16 a CPI, or an index, an inflation index factor if you
17 were wanting to nail down the costs in realtime,
18 correct?

19 A I am not a CPI expert. I am sorry. Just
20 simplify it for me. I apologize.

21 Q Well, maybe I will show you the question in
22 the deposition and go --

23 MR. BROWN: Your Honor, that's not proper. If
24 he has a question to ask --

25 THE COURT: I think he just asked him a

1 question, and this witness said he didn't recall,
2 or didn't have enough information, so I think this
3 is certainly appropriate if he answered it in his
4 deposition to the question.

5 Go ahead, Mr. Moyle.

6 MR. MOYLE: Thank you.

7 John, do you have a copy of his depo?

8 MR. WHARTON: Yes.

9 MR. MOYLE: Page 71, if it helps.

10 MR. WHARTON: 40 bankers boxes in the computer
11 age.

12 MR. BROWN: I just have one. I need to look
13 at it. I can stand up there and look.

14 MR. MOYLE: Why don't we do that, if you don't
15 mind.

16 MR. SELF: All right. Here is Stout.

17 MR. MOYLE: Page 71.

18 MR. SELF: Is that right? Yes.

19 BY MR. MOYLE:

20 Q I am showing you a copy of your depo that was
21 previously taken February 7th, 2017. Do you have that
22 in front of you?

23 A I have the deposition.

24 Q Okay. And we were looking at an exhibit,
25 Exhibit No. 2, about a column that says month and year.

1 And there was interruption by your counsel. And then I
2 said: In just -- in terms of the dates, I mean, there
3 are -- some dates are 2016, correct? And what was your
4 answer?

5 MR. BROWN: That's not -- I am sorry, go
6 ahead. Your Honor, this is improper impeachment.
7 He never asked him that question.

8 MR. MOYLE: Well, the other question is --

9 THE COURT: I am going to give him some
10 latitude here, because I think the question
11 ultimately tied into Mr. Stout's statement that he
12 really had no expertise in CPI, and I assume that's
13 where this is going, is that correct, Mr. Moyle?

14 MR. MOYLE: That's correct.

15 THE WITNESS: I am looking at this, are you
16 reading from this?

17 BY MR. MOYLE:

18 Q I am looking at the first column that says
19 month, year.

20 A I was looking here.

21 Q That's all right. Just in terms of the dates.

22 THE COURT: Let's keep this on the record.

23 THE WITNESS: Can you ask your question again,
24 please?

25 BY MR. MOYLE:

1 Q So the pending question was, I said: In terms
2 of the dates, we were looking at an exhibit -- I mean,
3 some of these dates are 2016, correct? And you said --
4 what was your answer?

5 A Yes. Sure.

6 Q Correct is what you actually said, but I
7 appreciate you agreeing with me.

8 A I am sorry, it says correct. I am reading
9 sure below that. I apologize.

10 Q Okay. And then my question was: It goes back
11 a while. And with respect to costs in general terms,
12 from 2016 to 2019, these costs have increased, have they
13 not, in terms of inflation and Consumer Price Index?
14 And what was your answer?

15 A Sure.

16 Q And is that still your answer today, if we
17 assume that there is some costs from 2016 to 2017 that
18 inflation has an impact object cost?

19 A I would think inflation is a cost going year
20 to year, is probably what I was thinking.

21 Q Okay. And do you -- I assume that, as an
22 estimator, you do keep track of inflation costs
23 particularly in the natural gas sector, do you not?

24 A As an estimator, I am provided with the cost
25 per the footage of main, with the cost per foot. I am

1 road with the cost that our contractor charges. I input
2 all that data into the program provided to me by my
3 company. I am not -- to track inflation, I believe that
4 our program would be doing that.

5 Q But do you know that? I don't want to you
6 have to guess or speculate.

7 A I know that there is conflation. They are
8 constantly updating the model. We get updates -- we
9 have to go to the SharePoint and get a new model every
10 time we start a new one. So we are under the -- I am
11 under the impression that they update it constantly,
12 because I am always needing an updated version.

13 Q But do they tell you when you get an updated
14 version, they say, oh, we updated this because of the
15 CPI, the Consumer Price Index, just came out, and
16 natural gas capital costs have gone up two percent the
17 last year, do they give you that end could of note, or
18 do they just say, here's an updated version, use this?

19 A They don't give me details. They have me go
20 to the SharePoint site and get the latest model, and
21 every model we create, we start with that model.

22 Q Okay.

23 A They don't give me the details of what they
24 changed within the model.

25 Q So you are not really familiar with what the

1 inputs in the model are, correct?

2 A I input all of my data associated with my
3 duties.

4 Q And -- but there are other inputs into the
5 model?

6 A There is lots -- well, inputs, I don't know.

7 Q Well, like the CPI, do we know whether that's
8 an input into the model or not?

9 A I can only assume it's there. I do the costs
10 per the installation. We have our plant accounting that
11 creates the model, and they have us use it. They don't
12 tell me what they do to tweak it each time we get a new
13 model.

14 Q Got you. But just so the record is clear, you
15 don't know whether CPI is used or not?

16 A No.

17 Q And do you have knowledge that the CPI for
18 natural gas has increased in the last year --

19 A No.

20 Q -- by approximately two percent?

21 A No.

22 Q You don't keep up with that?

23 A I have a lot of duties.

24 Q Does the model take into account whether a
25 development is a green -- do you know what a greenfield

1 development is?

2 A No, sir.

3 Q Do you know what a redevelopment is?

4 A Redevelopment?

5 Q Yeah.

6 A I have an idea, redeveloping existing

7 development.

8 Q Right. And a greenfield, sometimes people
9 call it greenfield, it's like virgin land. It's not
10 where there is cement or anything. You just come in and
11 put a development in.

12 A Okay.

13 Q Do you know if the model takes into account
14 whether the development is a greenfield development or a
15 rehab development?

16 A If it's a rehab, the cost would be
17 substantially higher than a brand new development. I
18 enter those costs associated with what the terrain is.

19 Q So the question simply is do you know if the
20 model takes that into account?

21 A It does when I enter the different costs for
22 the different types of terrain we are going to install
23 in, redevelopment would be much higher than a
24 non-development.

25 Q But I thought your testimony is is that this

1 program that you use, that you just take -- input data.
2 You take cost data from the Ocala Division and put those
3 cost data in and then they become the blanket estimate
4 cost, is that right?

5 A Blanket estimate costs. I am not sure I
6 understand what you mean by that.

7 Q Don't you use the term blanket costs on your
8 Exhibit 11?

9 A I do. Blanket for service line installations.
10 Blanket for meter installations. Residential and
11 commercial blanket installations.

12 What I do is I enter those costs there into
13 the program that I enter the per foot cost per the
14 installation, and it would be different for a
15 redevelopment and a virgin development, or green
16 development as you say.

17 Q And the note on your exhibit on Exhibit 11, it
18 says -- this is a little asterisk at the bottom -- I
19 don't want to jump ahead until you are there. Are you
20 there?

21 A I am looking at it, sir.

22 Q Okay. Just read for the record what the
23 little asterisk says.

24 A Blanket work orders are estimates,
25 highlighted.

1 Q So to me, that says that all of your
2 highlighted boxes are estimates, is that right?

3 A Yes, sir.

4 Q And I thought the way you said you got those
5 estimates was people around the division, or around the
6 state, would enter into a computer program what their
7 costs were, and then those numbers would be part of the
8 model; is that right?

9 A I don't think that's what I said. The
10 estimates are -- we have -- we have -- so just to refer
11 to the service line. I have a contract price for the
12 installation of the service line, but the blanket --
13 when we get those invoices, they are charged to the
14 blanket -- well, I'm probably getting ahead of myself.

15 I enter the amount of services and the footage
16 for the services into the program. Those are the
17 estimated costs associated with those installations.
18 All of mine are estimates. They are all estimates.

19 Q Right. And then the way your chart breaks
20 down is, is they are estimates at the time you enter
21 them, correct?

22 A Everything I do is estimated.

23 Q Okay. You would agree with me, would you not,
24 that if you were trying to realize costs, that it's more
25 reliable to take invoices of things actually spent at

1 the end of the day, and look at those invoices and add
2 them up, and that the real invoices would give you
3 better information than estimates, correct?

4 A Sure.

5 Q All right. And when you have a column here
6 that says actual, that's where the -- that's where the
7 asterisk goes. And what it says is that -- it's not
8 really actual, it's estimate, because all those numbers
9 are the same in the blue, correct?

10 A Correct, but they are -- well, they are
11 estimates, but they are based on facts. They are based
12 on the services that were installed and there are
13 blanket estimated costs for those. We know what the
14 cost for the service is going to be, and that's what's
15 going to be charged when they install it. That's what's
16 going to be paid. That's what the contractor knows.

17 It's a blanket cost for that service
18 installation. It's not going to vary. That cost is
19 estimated based on what the contract says they are going
20 to pay to install that service for the outside service.

21 Q Do you know how many contractors you all have
22 who provide services like the kind that went into
23 Fenney?

24 A In Ocala Division?

25 Q Yeah.

1 A Currently we have two.

2 Q That's it? They do everything, from soup to
3 nuts, they are the two people that provide meters and
4 labor and --

5 A Well, we have a contractor that does our
6 inspection for us. We have contractors that sometimes
7 install meters for us that is a contract cost. With
8 regard to this installation, that's all I can think of.

9 Q Okay. If I asked you questions about the
10 model inputs, would you be comfortable asking those -- I
11 am sorry, answering those questions of me if I asked you
12 if you know about model inputs -- inputs into the model?

13 A You can ask me. I don't have an expertise on
14 the creation of the model. I enter data into the model
15 that is provided to me.

16 Q Right. But do you know -- do you know what
17 the inputs of the model are, like what it uses to run
18 the model?

19 A I do not. It seems pretty complicated.

20 Q Okay. In response to a question from
21 Mr. Brown, I think -- my notes may not be exact, but you
22 talked about a number of things that were costs,
23 including labor. So labor is a cost that is incurred
24 when you are installing these, correct?

25 A Could be, yes.

1 Q People -- when you put the pipe in the ground,
2 don't you have labor out there?

3 A We do have some, mostly done by contractors.
4 Occasionally, we will have one of our internal people go
5 out there, and they will charge time to it.

6 Q All right. So let's just take the situation
7 where you have an internal person going out and charging
8 time to that. Where does that show up in this Exhibit
9 11, if it does, or if you know?

10 A It does.

11 Q Where does it show up?

12 A It's the cost to install the gas main. It
13 would be part of that number.

14 Q So you know that labor -- that the internal
15 labor cost is part of that number?

16 A Yes. Whoever goes out there, they are
17 provided with this work order to charge their time to.

18 Q Same question with respect to external labor
19 cost, you have a contractor, where does that show up for
20 a labor line item? I don't see a line item -- there is
21 no line item that says labor on here, right?

22 A No. The costs are all inclusive of all of
23 that. The actual cost for the main installation is
24 inclusive of all of that.

25 Q And do you enter that data?

1 A Do I enter that? No. The -- which data are
2 you referring to?

3 Q The labor cost?

4 A The labor costs are generated by our field
5 person entering the data into their timesheet, and
6 that's attributed to the work order in PowerPlan for the
7 labor internally. I can check, and I have checked,
8 labor costs associated with this. This isn't separated
9 by those.

10 MR. MOYLE: Could I have a minute, Your Honor?

11 THE COURT: Sure.

12 MR. WHARTON: And, Your Honor, can I have a
13 couple more to walk over and talk to Mr. Moyle?

14 THE COURT: Yeah, you can talk to Mr. Moyle,
15 but you don't get any.

16 MR. WHARTON: I understand.

17 BY MR. MOYLE:

18 Q Okay. You have Exhibit 11 in front of you,
19 right?

20 A Yes.

21 Q Okay.

22 A That's this?

23 Q That's right.

24 And if you turn to Exhibit 12, what is that?

25 A This is a report generated from PowerPlan from

1 our plant accounting crew listing all costs that went to
2 the associated work order number on the column to the
3 left there.

4 Q Okay. And we had that little conversation
5 about month and year. Do you see the third entry down,
6 it says 201612, D0056805, and it goes on across. That
7 would indicate that that was a 2016 cost; is that right?

8 A Yes.

9 Q All right. And does -- what's the next
10 exhibit behind 12?

11 A Below it or on top of it?

12 Q Well, it's 13. It's behind it any in my book.

13 A Oh, you want me to go to Exhibit 13?

14 Q Yes, please.

15 A Okay. This is a list of all the outside
16 service costs associated with the work orders identified
17 on the second column.

18 Q Okay. So can you show me in these two
19 exhibits the items that Mr. Wharton asked you about, the
20 joint trench fee and the conservation payments that go
21 for things like appliances that run on natural gas,
22 where they are contained in the Exhibit 12 and 13?

23 MR. BROWN: Your Honor, could we just pick one
24 at a time?

25 THE COURT: Well, my recollection was that

1 this witness didn't know if the conservation
2 allowance -- he assumed it was in there, but had no
3 specific knowledge. Are you asking him now to
4 scroll through this exhibit and determine whether
5 he does have specific knowledge?

6 MR. MOYLE: My understanding is that this
7 stuff is supposed to have everything that he has
8 looked at, and so I guess maybe that's a way of
9 understanding whether it's an assumption or whether
10 it's in there.

11 THE WITNESS: Which one are you asking me?

12 THE COURT: Let's start with the conservation
13 fee -- the conservation allowance.

14 THE WITNESS: The conservation fees paid to --
15 to be honest, I am not sure where that would show
16 up in there.

17 MR. MOYLE: Your Honor, I don't want to spend
18 a lot of time like Where's Waldo and hunting and
19 pecking.

20 THE WITNESS: You did ask about joint trench
21 fee.

22 THE COURT: I don't know if there is going to
23 be another witness who can more fully explain what
24 went into the development of the model, but I think
25 this witness has indicated that he is inputting

1 data into a model that he's presented with, and he
2 is not certain -- this is what I have gathered so
3 far -- is he is not certain whether some of these
4 things are included, although he presumes that they
5 are. Would that be fair?

6 THE WITNESS: Sure, but you did ask about
7 joint trench fee. That would be in the outside
8 service -- that would be in the general ledger cost
9 paid to the developer.

10 MR. MOYLE: Can I just check on --

11 BY MR. MOYLE:

12 Q So in your answer, you kind of said, here's
13 where I think it would be. Can you just look and see if
14 it's there?

15 A The general ledger cost for the joint trench
16 fees?

17 Q Right.

18 A That's where it is.

19 MR. WHARTON: That's an opinion.

20 THE WITNESS: It's not an opinion. We paid
21 them money.

22 THE COURT: Where -- is it in this ledger
23 here?

24 THE WITNESS: It's on page 17 of Exhibit 12.

25 MR. SELF: There is no page 17.

1 THE COURT: So we have --

2 MR. MOYLE: Can I approach and have him show
3 me?

4 THE COURT: You have 23 entries, it looks
5 like, that say general ledger on page 7 of 10?

6 THE WITNESS: Yes, sir.

7 THE COURT: And you are saying that in those,
8 that is where the \$2 per foot --

9 THE WITNESS: Yes, sir.

10 THE COURT: -- trench fee is located?

11 THE WITNESS: That's where we made payments to
12 them. Yes, sir.

13 MR. WHARTON: I am still not finding it. I'm
14 sorry, Judge.

15 MR. BROWN: It's on page 7 of 10 of Exhibit
16 12.

17 BY MR. MOYLE:

18 Q How do you know that it's in the general
19 ledger?

20 A Because I checked it.

21 Q Against what?

22 A In the program, it tells you general ledger,
23 that's the cost for those fees. That's where they would
24 be paid for.

25 Q Right. Right. But -- general ledger -- my

1 understanding of general ledger is you put kind of
2 miscellaneous stuff, a lot of things in there, and I am
3 trying to understand where is the exact entry for these
4 trench fees?

5 A When those fees are collected, they are
6 charged to that number, and there is a GL account that
7 says general ledger, and that's what it's charged to.
8 And the large -- the size of these costs are associated
9 with the checks that we paid to the developer for that
10 joint trench fee.

11 Q And do you -- with respect to, like, an order
12 number, do you track it? Like, would the order number
13 say general ledger if you had to back up that?

14 A Well, those are paid by the division manager.
15 We have copies of them in the office. But those are
16 accumulated in PowerPlan, we can get them from plant
17 accounting easily.

18 Q To try to put a period on this, with respect
19 to the role that you played, you heard the conversation
20 that I was having with the judge. Is the judge
21 essentially right with respect to the role that you play
22 in the analysis of this information of what you do?

23 A Can you repeat it so I can --

24 THE COURT: Probably not.

25 BY MR. MOYLE:

1 Q He said that he understood that you input
2 data, that you put data into this. You know, that you
3 weren't the person that developed the model, or designed
4 the model, or owned the model, and that was his
5 understanding --

6 A That's correct.

7 Q -- is that right?

8 A That is correct. I used the model provided to
9 me.

10 Q And you don't get the details from the
11 modeling people about what changes they made to it, and
12 whether they put CPI in it, or things like that,
13 correct?

14 A You are correct.

15 Q Okay. All right. Well, thank you. Thank you
16 for your time and wading through.

17 MR. WHARTON: Your Honor, respectfully, he
18 changed his answer on the joint trench fee. One
19 question?

20 THE WITNESS: That's the one I wanted to go
21 back to.

22 THE COURT: And I think he indicated, and he
23 might not have done it loudly enough for you to
24 hear, but when he said can I go back and reevaluate
25 an answer, so I will give you -- I tell you what,

1 Mr. Wharton, let me hear redirect --

2 MR. WHARTON: Fair enough.

3 THE COURT: -- and I will give you a couple of
4 questions. Although, I think we just covered it.

5 MR. WHARTON: Okay.

6 THE COURT: But I will give you a couple of
7 questions, because I think it did kind of come up
8 oddly.

9 Redirect?

10 MR. BROWN: Let me just move Exhibits 12 and
11 13 in, which I forgot to do initially.

12 THE COURT: They are already in.

13 MR. BROWN: Okay. That's probably why I
14 forgot.

15 THE COURT: So your motion is granted.

16 MR. BROWN: Thank you, Your Honor.

17 REDIRECT EXAMINATION

18 BY MR. BROWN:

19 Q All right. Let's start -- well, I think you
20 explained the general ledger. Let's go back and talk
21 about this blanket, and then the estimates or whatever.

22 When you input the data, does PGS already have
23 a set contract with, for example, its outside
24 contractors? Does -- when --

25 MR. MOYLE: Leading.

1 MR. BROWN: Let me rephrase.

2 THE COURT: Overruled. There is nothing wrong
3 with the question.

4 MR. BROWN: Yeah, I want to rephrase it. He
5 looked at me like he is confused, so I am going to
6 try to ask a better question.

7 BY MR. BROWN:

8 Q Does Peoples have set contracts with its
9 contractors?

10 A Yes.

11 Q Do those contracts contain set amounts for
12 labor that are in the contract?

13 A We call it outside service, but yes.

14 Q You understand what I am talking about --

15 A Yes.

16 Q -- when I am talking about a contract --

17 A Yes.

18 Q -- with a third party contractor, correct?

19 A Yes, sir.

20 Q And how long are those contractors typically
21 in play for?

22 A Three to five years.

23 Q All right. And for those three to five years,
24 in the contract, do they set forth what the labor rate
25 is?

1 A They set forth the per foot cost very clearly.

2 Q That's the -- okay. So in other words, they
3 set forth a cost per foot of line installed?

4 A I can clarify a little more.

5 Q Sure.

6 A We have, on services, the first 80 feet has a
7 specific cost, and then after that, it's a per foot
8 after that. On the mains, it's the first 200 has a set
9 cost, and then after that, it's a per foot cost.

10 Q And you are getting very detailed, which is
11 good; but in general, it is a cost that is in the
12 contract per foot, different cost for the first 80, next
13 200, or what have you?

14 A Yes, sir.

15 Q Okay. And there is a cost, and that cost is
16 what the computer program picks up when you input how
17 many feet of two-inch main, for example, a development
18 such as Fenney is going to need?

19 A I put the per -- I put the footage, and I put
20 the cost of the contract. It's not automatically in
21 there, because each division has different contract
22 costs, so they don't put -- they will have a cost there,
23 but I will correct it to what the correct one is.

24 Q All right. And so when you then come back and
25 pull up what was spent on that contract, is it your

1 understanding -- for example, when you pull up what you
2 did here to create Exhibit 11, is it your understanding
3 that the computer program has all those costs?

4 A Yes. You said I created it. I did not create
5 it.

6 Q I understand.

7 A I just want to be clear.

8 Q Exhibit 11, which you have reviewed and
9 verified to be correct, correct?

10 A Yes, sir.

11 Q Did you rerun the numbers to make sure it was
12 correct?

13 A Twice.

14 Q Okay. So Exhibit 11, which you have verified,
15 when you go -- that is done in part by going to a
16 computer program and pulling up the numbers?

17 A Yes, sir.

18 Q And part of those numbers are represented in
19 11 and 12, which is the printout of the different line
20 items that made up the --

21 THE COURT: 12 and 13.

22 MR. BROWN: I am sorry, 12 and 13. Thank you,
23 Your Honor.

24 BY MR. BROWN:

25 Q 12 and 13, that is part of what is done --

1 MR. MOYLE: Judge, he is testifying to these
2 numbers. I mean, he should be asking him about
3 them.

4 THE COURT: Well, why don't you ask him --
5 make that a little more of a question as opposed to
6 a statement.

7 BY MR. BROWN:

8 Q What is No. 12 -- what is Exhibit 12?

9 A That is a listing of all costs associated with
10 the work order associated in column two.

11 Q And column two is --

12 A Of this document.

13 Q All right. And that's the work order
14 estimate? Which are we talking about?

15 A Actual cost.

16 Q Actual cost.

17 A This shows actual cost.

18 Q So that shows -- Exhibit 12, does it show what
19 the numbers are here under actual?

20 A Yes.

21 MR. BROWN: Okay. I think that's all I have,
22 Your Honor.

23 THE WITNESS: Is there any way I can go back
24 with you.

25 THE COURT: No.

1 MR. BROWN: No.

2 THE COURT: And I have a question for you.

3 THE WITNESS: Thank you.

4 THE COURT: So in terms of labor, all right,
5 so you just -- you enter in -- you have a -- the
6 contract has a cost per square foot, but it doesn't
7 say the guy who runs the trencher is making 14
8 bucks an hour. It doesn't matter what the guy is
9 running the trencher is, as long as the cost per
10 square foot is that cost per square foot?

11 THE WITNESS: It's not square foot. It's just
12 per foot, but the price is all included.

13 THE COURT: So the labor isn't in as a dollar
14 figure per hour for a laborer. It's in as the
15 price per foot for installation?

16 THE WITNESS: It includes all need -- all
17 things needed for the contractor to do to install
18 the line.

19 THE COURT: All costs?

20 THE WITNESS: All costs.

21 THE COURT: All right. Okay.

22 All right. Thank you, sir.

23 THE WITNESS: Am I done?

24 THE COURT: You are done.

25 THE WITNESS: Thank you.

1 (Witness excused.)

2 MR. WHARTON: I hate to disappoint you, Your
3 Honor. I don't think the public is coming.

4 THE COURT: We are going to convene a public
5 hearing at five o'clock, and if nobody is here, we
6 will recess the public hearing at a reasonable time
7 after that.

8 We are adjourned.

9 (Whereupon, the proceedings were adjourned for
10 the day at 4:51 p.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA R. KRICK, Professional Court
Reporter, certify that the foregoing proceedings were
taken before me at the time and place therein
designated; that my shorthand notes were thereafter
translated under my supervision; and the foregoing
pages, numbered 136 through 274, are a true and correct
record of the aforesaid proceedings.

I further certify that I am not a relative,
employee, attorney or counsel of any of the parties, nor
am I a relative or employee of any of the parties'
attorney or counsel connected with the action, nor am I
financially interested in the action.

DATED this 20th day of July, 2019.



DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #GG015952
EXPIRES JULY 27, 2020