

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :
 Application of Suburban :
 Natural Gas Company for an: Case No. 18-1205-GA-AIR
 Increase in Gas :
 Distribution Rates. :
 :

In the Matter of the :
 Application of Suburban : Case No. 18-1206-GA-ATA
 Natural Gas Company for :
 Tariff Approval. :
 :

In the Matter of the :
 Application of Suburban :
 Natural Gas Company for : Case No. 18-1207-GA-AAM
 Approval of Certain :
 Accounting Authority. :

- - -

PROCEEDINGS

before Ms. Anna Sanyal and Ms. Sarah Parrot, Attorney
 Examiners, at the Public Utilities Commission of
 Ohio, 180 East Broad Street, Room 11-D, Columbus,
 Ohio, called at 10:00 a.m. on Thursday, May 9, 2019.

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VOLUME I

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On behalf of the Ohio Partners for
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On behalf of the Staff of the PUCO.

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Thursday Morning Session,
May 9, 2019.

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EXAMINER SANYAL: Let's go on the record.
The Public Utilities Commission of Ohio
has assigned for hearing at this time and place Case
Nos. 18-1205-GA-AIR, 18-1206-GA-ATA, and
18-1207-GA-AAM which is captioned as in the Matter of
the Application of Suburban Natural Gas Company for
an Increase in Gas Distribution Rates, for Tariff
Approval, and for Approval of Certain Accounting
Authority.

My name is Anna Sanyal and along with
Sarah Parrot we are the Attorney Examiners assigned
by the Public Utilities Commission of Ohio to preside
over this hearing.

Let's take appearances of the parties
starting with the Company.

MS. BOJKO: Thank you, your Honors. On
behalf of Suburban Natural Gas Company, Kimberly W.
Bojko and Brian W. Dressel with the law firm of
Carpenter Lipps & Leland, 280 North High Street,
Suite 1300, Columbus, Ohio 43215.

Also with me today is Andy Sonderman
with -- President for Suburban Natural Gas Company.

1 Thank you.

2 EXAMINER SANYAL: Thank you.

3 Staff.

4 MR. EUBANKS: On behalf of Staff, Robert
5 Eubanks and Werner Margard, Assistant Attorneys
6 General, 30 East Broad Street, Columbus, Ohio 43215,
7 Public Utilities Section, 16th Floor.

8 EXAMINER SANYAL: Thank you.

9 OCC.

10 MR. HEALEY: Good morning. On behalf of
11 the Ohio Consumers' Counsel, Christopher Healey and
12 Angela O'Brien. We are at 65 East State Street, 7th
13 Floor, Columbus, Ohio 43215. Thank you.

14 MS. MOONEY: And on behalf of Ohio
15 Partners for Affordable Energy, I am Colleen Mooney,
16 Post Office Box is 2451, Columbus, Ohio.

17 EXAMINER SANYAL: Thank you, Ms. Mooney.

18 The floor is yours, Mr. Healey.

19 MR. HEALEY: Thank you, your Honor. Per
20 agreement with the parties, we've agreed that OCC
21 Witness Willis will testify first today, and with
22 that I would ask for Mr. Willis to take the stand.
23 And I would like to mark as OCC Exhibit No. 1 the
24 direct testimony of Ross Willis on behalf of the
25 Office of the Ohio Consumers' Counsel which was filed

1 in this case on March 8, 2019.

2 (EXHIBIT MARKED FOR IDENTIFICATION.)

3 MR. HEALEY: May I approach?

4 EXAMINER SANYAL: Yes, you may. You can
5 do so freely.

6 Mr. Willis, will you please raise your
7 right hand.

8 (Witness sworn.)

9 EXAMINER SANYAL: You may be seated.

10 - - -

11 WILLIAM ROSS WILLIS

12 being first duly sworn, as prescribed by law, was
13 examined and testified as follows:

14 DIRECT EXAMINATION

15 By Mr. Healey:

16 Q. Mr. Willis, I've handed you what's now
17 been marked OCC Exhibit No. 1. Is this a copy of the
18 direct testimony that you filed in this case on March
19 8, 2019?

20 A. It is.

21 Q. And could you just state your name and
22 business address for the record, please.

23 A. William Ross Willis, 65 East State
24 Street, Columbus, Ohio, 7th Floor, 43215.

25 Q. And do you have any corrections to your

1 testimony today?

2 A. I do have one. So on page 10 strike the
3 last word on line 19 "Hyundai" and on line 20 after
4 "Genesis" would be a "G80."

5 Q. Do you have any other corrections?

6 A. I do not.

7 Q. And with that correction, if I were to
8 ask you the same questions in this testimony today,
9 would your answers be the same?

10 A. Yes.

11 MR. HEALEY: Your Honor, I would move for
12 the admission of OCC Exhibit No. 1, the direct
13 testimony of Mr. Willis, subject to any
14 cross-examination by the parties.

15 EXAMINER SANYAL: Let's do
16 cross-examination first and then we can admit it.

17 Ms. Bojko.

18 MS. BOJKO: Yes, your Honor. Before we
19 get started with cross-examination -- can you hear
20 me? Do I need this?

21 EXAMINER SANYAL: I can hear you.

22 MS. BOJKO: Before we get started with
23 cross-examination, at this time for identification
24 purposes we would like to mark as Suburban Exhibit 1
25 the application for an increase in rates and for

tariff approval and for the approval of certain accounting authority. This was filed by Suburban Natural Gas Company on August 31, 2018.

I was going to defer to you.

(EXHIBIT MARKED FOR IDENTIFICATION.)

MR. EUBANKS: And the Staff will have its Staff Report marked as Staff's Exhibit 1.

(EXHIBIT MARKED FOR IDENTIFICATION.)

EXAMINER SANYAL: Thank you.

MS. BOJKO: Thank you, your Honor.
Before we start cross-examination, I'm assuming at this time you will entertain motions to strike, your Honor?

EXAMINER SANYAL: Yes. Let's do all of them in the beginning.

MS. BOJKO: Your Honor, the first one requires a voir dire, so I would like permission to voir dire the witness at this time.

EXAMINER SANYAL: You may proceed.

MS. BOJKO: Thank you, your Honor.

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VOIR DIRE

By Ms. Bojko:

Q. Good morning, Mr. Willis.

A. Good morning.

1 Q. Mr. Willis, you have a Bachelor of
2 Business Administration Degree with a major in
3 finance, correct?

4 A. Yes.

5 Q. And you do not have a postgraduate
6 degree, correct?

7 A. No.

8 Q. You are currently a senior regulatory
9 analyst at the Ohio -- Office of the Ohio Consumers'
10 Counsel, correct?

11 A. Yes.

12 Q. And you are not an engineer, sir, are
13 you?

14 A. No.

15 Q. You don't have a degree in engineering,
16 correct?

17 A. No.

18 Q. You don't have any formal training in
19 electrical engineering, correct?

20 A. No.

21 Q. You do not have any formal training in
22 mechanical engineering, correct?

23 A. No.

24 Q. You do not have any formal training in
25 civil engineering, correct?

1 A. I have no formal training in engineering.

2 Q. And you do not have any formal training
3 in petroleum engineering, correct?

4 A. I think I just indicated I have no formal
5 training in engineering.

6 Q. And, sir, you are not a certified
7 engineer; is that correct?

8 A. No.

9 Q. And you've never been hired as an
10 engineer, correct?

11 A. No.

12 Q. And you've never worked for a natural gas
13 company, correct?

14 A. No.

15 Q. And you've never designed a natural gas
16 distribution system, correct?

17 A. No.

18 Q. And you've -- you have never modeled a
19 natural gas distribution system, correct?

20 A. No.

21 Q. And you've never performed modeling or
22 run modeling software for a natural gas distribution
23 system, correct?

24 A. No.

25 Q. And you -- are you aware of the system

1 capacity formula used by engineers to model a gas
2 distribution system?

3 A. No.

4 Q. Are you familiar with the calculation
5 used to determine the outlet pressure of a delivery
6 system given its length, diameter, and inlet
7 pressure?

8 MR. HEALEY: Objection.

9 EXAMINER SANYAL: Basis?

10 MR. HEALEY: Your Honor, that question
11 assumes facts not in evidence. She is asking him if
12 he is aware of something and that something is not in
13 the record.

14 MS. BOJKO: Your Honor, this is voir
15 dire. That's the exact purpose of voir dire is to
16 obtain this witness's knowledge in certain area.

17 EXAMINER SANYAL: I'll allow the
18 question.

19 A. No.

20 Q. If provided that information, could you
21 calculate the supply pressure on a natural gas
22 system?

23 A. No.

24 Q. You have not studied the factors that can
25 cause a natural gas distribution system to fail, have

1 you?

2 A. No.

3 Q. And you have not studied the effect that
4 low pressure can have on a natural gas distribution
5 system, have you?

6 A. No.

7 Q. You have not studied the causes of low
8 pressure on a gas -- natural gas distribution system
9 such as insufficient pipeline length, have you?

10 A. No.

11 Q. And you have not studied the causes of
12 low pressure on a gas distribution system such as the
13 friction within a pipeline, have you?

14 A. No.

15 Q. And you have not studied the number of
16 customers being served and the causes of low pressure
17 with regard to that demand, have you?

18 A. No.

19 Q. And you have not studied the causes of
20 low pressure on a gas distribution system regarding
21 the time of day, have you?

22 A. No.

23 Q. And you have not studied the causes of
24 low pressure on a gas distribution system with regard
25 to the day of the week, have you?

1 A. No.

2 Q. And you have not studied the causes of
3 low pressure on a gas system with regard to
4 temperature on any given day, have you?

5 A. No.

6 Q. You have not studied the effects that
7 additional pipeline extensions can have in reducing
8 the risk of low pressure, have you?

9 MR. HEALEY: Objection. Your Honor,
10 again, this assumes facts not in evidence. The
11 question assumes that what Ms. Bojko states is, in
12 fact, true. No witness has testified to that. And
13 asking Mr. Willis if he's aware of X is not a fair
14 question when we don't know if X is true or not.

15 She is trying to establish he doesn't
16 know something but that something is -- may not even
17 be true. It's along the lines of, you know, the old
18 joke how long has your wife been cheating on you.
19 That's not a fair question. That's the same type of
20 question because it assumes a fact that may or may
21 not be true.

22 MS. BOJKO: Actually, your Honor, I am at
23 this time trying to establish the credentials of
24 Mr. Willis with regard to natural gas pipeline
25 distribution systems and extensions. I asked -- I am

1 not referring to Suburban systems specifically. I
2 asked if he has ever studied the effects that
3 additional pipeline extensions can have in reducing
4 the risk of low pressure. That is a fair engineering
5 question and if he was an engineer, he would be able
6 to respond to that question and would have been able
7 to -- probably would have performed studies of such.

8 MR. HEALEY: Your Honor, again, her
9 question assumes there would be effects. There's
10 been no testimony in this case filed by Suburban or
11 anyone else that there are any effects of pipeline
12 pressure based on the length of a pipeline so asking
13 him if he knows what those effects would be is not an
14 appropriate question. It's assuming a fact that is
15 not in evidence in this case.

16 MS. BOJKO: Your Honor, that's not the
17 question I asked. I asked if he studied the effects.

18 EXAMINER SANYAL: Okay. Thank you. Give
19 me a minute.

20 I am going to overrule. Ms. Bojko, you
21 may --

22 MS. BOJKO: Thank you.

23 EXAMINER SANYAL: -- proceed.

24 A. No.

25 Q. Specific to Suburban's system did you

1 design Suburban's distribution system?

2 A. No.

3 Q. Have you performed modeling or run
4 modeling software on Suburban's distribution system?

5 A. No.

6 Q. You do not know what assumptions Suburban
7 used when it did model its distribution system?

8 A. What do you mean?

9 Q. Do you know the assumptions -- well, do
10 you know --

11 A. Assumptions for what?

12 Q. Do you know whether Suburban modeled its
13 distribution system?

14 A. Which part of the distribution system are
15 you referring to?

16 Q. Well, do you know whether Suburban
17 modeled its distribution system as it relates to
18 pressure on the system?

19 A. I know they did some modeling with
20 respect to the extension.

21 Q. And do you know what assumptions Suburban
22 used when it did its modeling with respect to the
23 extension?

24 A. It used the coldest day in February of
25 2015, and it assumed an additional 4,000 customers

1 and took into account the number of customers at the
2 end of 2017.

3 Q. Anything else?

4 A. It also assumed a minimum pressure of 100
5 PSI at the Lazelle Road.

6 Q. You are stating that in its model it
7 assumed and put as an input to the model 100 PSI of
8 pressure?

9 A. I believe that's what the -- I don't know
10 if that's -- if that was in the model or not, but
11 that was what the engineers had determined was the
12 safe amount of pressure.

13 Q. So it's fair to say you do not know the
14 assumptions put into the model with regard to length
15 of the pipeline; is that correct?

16 A. Other than what I had just described, no.

17 Q. Well, let's back up a minute. Are you
18 aware that Suburban modeled its distribution system
19 with regard to pressure prior to any extension being
20 placed on the system?

21 A. It conducted a model with respect to the
22 Del-Mar Pipeline extension. That's the model that I
23 am referring to.

24 Q. And so you believe that that's the only
25 modeling Suburban has done with regard to its

1 distribution system as it relates to pressure?

2 A. That's the model that -- that I'm
3 referring to in my testimony.

4 Q. Let's focus on that model that you are
5 familiar with. Do you know what the length of the
6 pipeline was used as an input to the model?

7 A. Well, I believe the main extension -- or
8 the pipeline extension is 4.95 miles.

9 Q. So are you suggesting that the only
10 inputs would be related to the Del-Mar 4.9 mile
11 extension?

12 A. I don't know what -- what you are
13 referring to. I'm referring to the Del-Mar Pipeline
14 extension.

15 Q. Do you know -- did you, sir, model the
16 delivery system capacity or the system requirements
17 on Suburban's natural gas distribution system with
18 and without the Del-Mar extension?

19 A. No.

20 Q. You did not model the delivery system
21 pressure on Suburban's system with and without the
22 Del-Mar extension, correct?

23 A. I did not.

24 Q. And you have not studied the effect that
25 the Del-Mar extension has on reducing the risk of low

1 pressure gas delivery to existing customers, have
2 you?

3 MR. HEALEY: Objection. Again, your
4 Honor, we are assuming that the pipeline, in fact,
5 does reduce that risk. That is not in evidence.
6 She's asking him if he knows that. It's a fact
7 that's not evidence.

8 MS. BOJKO: No. I am asking if he
9 studied the effects. I did not ask if he knew of the
10 fact.

11 MR. HEALEY: And asking if he studied the
12 effects assumes there are effects. We don't know if
13 there are.

14 EXAMINER SANYAL: I am going to allow the
15 question.

16 A. No.

17 Q. Are you personally aware, sir, of a 2015
18 event on Suburban's system where pressure on the
19 system serving existing customers dropped below safe
20 levels?

21 MR. HEALEY: Objection. Same objection,
22 your Honor. There is no evidence of any occurrence
23 on Suburban's system in 2015 about safe levels. We
24 are again assuming facts not in evidence and asking
25 this witness to -- she is trying to make the witness

1 to look like he doesn't know something and that
2 something may not even be true. That's an unfair
3 attempt at smearing the witness through voir dire.

4 EXAMINER SANYAL: I think you can address
5 that on direct -- redirect, so I'll allow the
6 question.

7 Do you need the question read back?

8 THE WITNESS: Yes, please.

9 (Record read.)

10 A. No.

11 Q. You have not analyzed how much less
12 likely a low pressure event is for existing customers
13 with the Del-Mar extension in service as opposed to
14 prior to the extension, have you?

15 MR. HEALEY: Your Honor, I'm sorry to
16 keep objecting. There is no evidence that it is, in
17 fact, less.

18 MS. BOJKO: Your Honor, this is the exact
19 point of a voir dire. This witness has no personal
20 knowledge of Suburban's distribution system. He is
21 not an engineer. He has not provided any testimony
22 or modeling with regard to this system yet. He is
23 drawing conclusions in his testimony based on the
24 lack of knowledge. He has no foundation and no
25 knowledge. The objection is the lack of foundation

1 which is the exact point to show during a voir dire
2 that this witness has no knowledge about the facts of
3 which he testified about or the conclusions that he
4 made in his testimony.

5 EXAMINER SANYAL: Mr. Healey, let's note
6 that you have a continuing objection.

7 Ms. Bojko, can we just get to the
8 point --

9 MS. BOJKO: Well, your Honor --

10 EXAMINER SANYAL: -- a little quicker
11 than, if we can, because otherwise --

12 MS. BOJKO: Your Honor, I'm sorry. This
13 isn't evidence. This is not part of the record.
14 This is called a voir dire so this is completely
15 different and this is different than the objections
16 of relevancy or lacks foundation or whatever
17 Mr. Healey is... So I need to establish this
18 foundation in order to make my motions to strike.

19 EXAMINER SANYAL: I think you could do it
20 in a couple more questions.

21 MS. BOJKO: Thank you, your Honor.

22 Q. (By Ms. Bojko) I believe there's a
23 pending question about how do you analyze how much
24 less likely a low pressure event is for existing
25 customers with the Del-Mar extension in service as

1 opposed to prior to the extension being in service.

2 A. Is that a question?

3 Q. Yes. Have you analyzed I asked.

4 A. No.

5 Q. Mr. Willis, OCC was not involved in the
6 Ohio Power Siting Board case where the Del-Mar
7 extension at issue was approved, correct?

8 A. I don't believe it was.

9 Q. And you were not personally involved in
10 that case, correct?

11 A. No.

12 Q. And you did not file testimony in that
13 case, correct?

14 A. I did not.

15 Q. Prior to filing your testimony in this
16 case, you did not speak with anyone from Suburban who
17 was involved in making the decision to build the
18 Del-Mar Pipeline extension, did you?

19 A. No.

20 Q. And prior to filing your testimony in
21 this case, you did not speak with anybody from the
22 Ohio Power Siting Board regarding the decision of the
23 pipeline, correct?

24 A. No. I read -- I read the reports, read
25 the docket.

1 Q. Thank you. And prior to filing your
2 testimony, you did not speak with anyone from the
3 Commission Staff regarding the Del-Mar Pipeline
4 extension, did you?

5 A. No.

6 MS. BOJKO: Your Honors, at this time we
7 would like to move to strike page 8, line 9, going
8 through page 9, line 9. It's basically questions 16
9 and 17, your Honor. Your Honors, we would like to
10 strike this testimony as Mr. Willis is not a
11 qualified expert and, therefore, is offering an
12 improper expert opinion under Rule 702, and
13 Mr. Willis lacks the requisite personal knowledge
14 under Rule 602 to provide the testimony.

15 First, your Honors, under Rule 702 of the
16 Ohio Rules of Evidence, a witness offering expert
17 testimony must be qualified as an expert by
18 specialized knowledge, skill, experience, training,
19 or education. While Mr. Willis's experience and
20 training may qualify him as an expert in some areas
21 of regulatory ratemaking, his expertise do not
22 qualify him as an expert in engineering or the
23 engineering determinations that would go into making
24 a decision such as the one that Suburban made to
25 build the Del-Mar extension.

1 Mr. Willis has admitted that he has -- he
2 is not an engineer. He has never designed a gas
3 distribution system and is not familiar with issues
4 such as how low pressure affects that natural gas
5 distribution system. Therefore, he cannot offer an
6 expert opinion on the reasons that the pipeline would
7 need to be built.

8 And in questions 16 and 17, this is the
9 exact purpose of his testimony is to make an
10 engineering determination with regard to the Del-Mar
11 Pipeline extension. Your Honor, also as established
12 through the questioning and voir dire, Mr. Willis
13 does not have personal knowledge of the reasons for
14 this pipeline being built. He doesn't have personal
15 knowledge of the physical constraints or the physical
16 structure of the Del-Mar Pipeline.

17 So under Rule 602, the questions 16 and
18 17 are improper. Mr. Willis should not be permitted
19 to characterize such determinations by saying that
20 the pipeline was built to provide service to
21 customers given that he has not spoken with anyone
22 from Suburban or the Commission or the Power Siting
23 Board regarding the reasons that the pipeline was
24 built and approved by the Commission. He has not
25 established the proper foundation to make these

1 conclusions or to reiterate or regurgitate the
2 statements from Staff that he is making in his
3 testimony on pages 8 and 9. Therefore, your Honors,
4 under Rule 702 and 602, we move to strike questions
5 16 and 17 from Mr. Willis's testimony.

6 EXAMINER SANYAL: Mr. Healey.

7 MR. HEALEY: Yes, your Honor. In
8 response, first of all, as Mr. Willis stated, he is
9 not an engineer. The important point, however, is he
10 does not need to be an engineer. Mr. Willis is a
11 regulatory expert with more than 35 years of
12 experience. If you look at his CV, this shows he has
13 testified in literally dozens of cases before the
14 Public Utilities Commission including, by my count,
15 14 rate cases, many of which were gas cases.

16 What he is testifying to on pages 8 to 9,
17 questions 16 and 17, is not whether there is an
18 engineering basis for building this pipeline. What
19 he is testifying is whether this pipeline is
20 currently used and useful for Suburban's current
21 customers. That falls well within his regulatory
22 expertise and his many decades of experience.

23 Regarding 702, he is qualified as a
24 regulatory expert, and I would note also that
25 Evidence Rule 703 applies which allows expert

witnesses to base their expert opinions on inferences that may be those perceived by the expert or admitted in evidence at the hearing. Mr. Willis based his ex -- expert opinion on various documents that he reviewed and is familiar with and is more than capable of interpreting and analyzing for purposes of his expert testimony.

EXAMINER SANYAL: I will allow you a very brief response.

MS. BOJKO: Thank you, your Honor. Mr. Healey made my point for me. He is actually making an engineering conclusion, and he is basing that engineering conclusion on the engineers that studied this pipeline extension at the Commission, so he is, in fact, trying to state that he has engineering expertise. And under Rule 702, if he doesn't have that specialized knowledge and under Rule 602, if he doesn't have personal knowledge of the facts regarding his conclusions and that underline his conclusion, he is not allowed to make those expert opinions. He can testify as a lay witness, or he can testify as a regulatory witness. He cannot attest to the distribution system and whether it was serving customers, existing customers.

EXAMINER SANYAL: Ms. Bojko, the motion

1 to strike is denied.

2 MS. BOJKO: Thank you, your Honor.

3 EXAMINER SANYAL: Let's move on.

4 MS. BOJKO: I have one more, your Honor.

5 EXAMINER SANYAL: Yes.

6 MS. BOJKO: Your Honor, at this time we
7 would like to move to strike page 10, line 13
8 starting with the word "and" and ending with the word
9 "lunches." Similarly --

10 EXAMINER SANYAL: So just in line 13 "and
11 everyday lunches," those four words?

12 MS. BOJKO: Yes, your Honor.

13 EXAMINER SANYAL: Okay.

14 MS. BOJKO: And, your Honors, similarly
15 page 11, lines 10, starting with the word "and" going
16 over to line 11, the word "president." And line 12
17 the last two words of that sentence.

18 EXAMINER SANYAL: "Local establishments"?

19 MS. BOJKO: No, the last two words of the
20 line 12, my apologies.

21 EXAMINER SANYAL: So "free lunches?"

22 MS. BOJKO: I am trying not to read that
23 into the record, your Honor.

24 EXAMINER SANYAL: For identification.
25 Okay.

1 MS. BOJKO: Your Honor, Rule 602 of the
2 Ohio Rules of Evidence, as I explained previously,
3 provides that a witness may not testify unless
4 evidence is introduced sufficient to support a
5 finding that the witness has, in fact, personal
6 knowledge of the matter.

7 Here Mr. Willis in his testimony alleges
8 that Suburban included certain items for business
9 meals in a subaccount, but Mr. Willis does not have
10 the personal knowledge to make this statement, and he
11 has not made attempts to gather knowledge to
12 substantiate it. Mr. Willis has not spoken to anyone
13 to determine the purpose of the lunches or business
14 expenses. He is not aware of the purpose, and he's
15 only speculating that these are, in fact, as he says
16 they are.

17 The Commission should strike this
18 testimony because it is not rooted in any sort of
19 personal knowledge of Mr. Willis. It's pure
20 speculation and, therefore, it's inappropriate for
21 this testimony and the accusation that it makes to
22 become part of the record is more prejudicial than
23 probative in this case, your Honor.

24 EXAMINER SANYAL: Mr. Healey.

25 MR. HEALEY: Thank you, your Honor.

1 Mr. Willis's statements about everyday lunches for
2 Suburban officers of the company and free lunches and
3 similar items are based on his review of the
4 application in this case, the documents that were
5 provided with the application, and his extensive
6 review of discovery including discovery served by OCC
7 and Staff in this case.

8 This seems to me to be well within the
9 bounds of something that counsel can cross-examine
10 him and ask him about his basis for believing that
11 Suburban is trying to charge customers for its
12 everyday lunches and free lunches for the chairman,
13 his immediate family, or the president.

14 MS. BOJKO: Your Honor, I object to
15 counsel's characterization. It is not true.
16 Suburban has not ever provided free lunches for
17 family members or the executive team.

18 EXAMINER SANYAL: Ms. Bojko, I am just
19 going to stop you there. You can cross-examine the
20 witness on these issues, so I am going to deny your
21 motion to strike at this point and let's
22 cross-examine the witness --

23 MS. BOJKO: Thank you.

24 EXAMINER SANYAL: -- about where he got
25 the information from.

1 MS. BOJKO: Thank you, your Honor. Thank
2 you, your Honor. I'm ready to proceed with
3 cross-examination.

4 EXAMINER SANYAL: You may.

5 MS. BOJKO: And just to remind the record
6 because the questions I asked previously were in voir
7 dire and not evidence of the record, I do
8 unfortunately have to reask some of those questions.
9 So not to get objections over asked and answered, I
10 want to clarify that for the record, your Honor.

11 EXAMINER SANYAL: Thank you.

12 - - -

13 CROSS-EXAMINATION

14 By Ms. Bojko:

15 Q. Mr. Willis, you have a Bachelor of
16 Business Administration Degree with a major in
17 finance; is that correct?

18 A. That's correct.

19 Q. And you don't have a postgraduate degree,
20 correct?

21 A. I do not.

22 Q. And you are currently a senior regulatory
23 analyst at the Office of the Ohio Consumers' Counsel,
24 correct?

25 A. I am.

1 Q. And you've never worked for a public
2 utility, correct?

3 A. I have not.

4 Q. And you've never worked for a natural gas
5 utility, correct?

6 A. I have not.

7 Q. And you've never worked for the Ohio
8 Power Siting Board, correct?

9 A. No.

10 Q. And you are not a CPA, correct?

11 A. No.

12 Q. And your degree is not in accounting,
13 correct?

14 A. No.

15 Q. Mr. Willis, in your testimony you were --
16 recommend a number of adjustments to the Staff
17 Report; is that correct?

18 A. I do.

19 Q. By recommending these adjustments, OCC is
20 recommending that the Commission issue an order that
21 is contrary to what the Staff in the Staff Report
22 recommended, correct?

23 A. Yes.

24 Q. And, sir, your testimony before the
25 Commission, you are sponsoring OCC objections 11 and

1 15, correct?

2 A. I believe on page 3 of my testimony the
3 purpose of my testimony is for OCC objections 7
4 through 18.

5 Q. So that would include 11 through 15,
6 correct?

7 A. Yes.

8 Q. And objections 11 through 15 relate to
9 the Del-Mar Pipeline and the extension of that
10 pipeline, correct?

11 A. I don't have the objections in front of
12 me, so I couldn't tell you exactly what number went
13 with what objection.

14 Q. So although you don't remember the
15 objections, your testimony relates to the objections
16 OCC made with regard to the implementation of the Tax
17 Cuts and Jobs Act of 2017, correct?

18 A. Yes.

19 Q. And although you don't recall the number
20 of the objection, your testimony relates to OCC's
21 objections regarding other miscellaneous adjustments,
22 correct?

23 A. Yes.

24 Q. And let's look at those issues one at a
25 time. Mr. Willis, except for the one correction that

1 you made in your testimony regarding the name of an
2 automobile, you do not have any other changes to your
3 testimony, correct?

4 A. No.

5 Q. Let's turn to page 6 of your testimony.
6 Sir, you drafted your testimony; is that correct?

7 A. I did.

8 Q. Starting with the question at the page --
9 at the top of page 6, you state that Suburban is
10 leasing the Del-Mar Pipeline; is that correct?

11 A. At the time that I wrote this testimony,
12 they were.

13 Q. Okay. Let's talk about that. Your
14 testimony was filed on March 8, correct?

15 A. Yes.

16 Q. Isn't it true that Suburban's new GCR
17 rate and filing went into effect March 1, 2019?

18 A. Yes.

19 Q. And isn't it true that with that new GCR
20 filing that went into effect March 1 that Suburban
21 stated in that filing that it was no longer leasing
22 the Del-Mar Pipeline?

23 MR. HEALEY: Objection. Your Honor, the
24 best evidence rule requires us to use that document
25 rather than to ask Mr. Willis to try to recall what

1 it might or might not say. If counsel has a copy of
2 that document and would like to show it to him, he
3 can read it for us, but the document says what it
4 says. And his memory of what it might say is not
5 valid evidence.

6 EXAMINER SANYAL: Ms. Bojko.

7 MS. BOJKO: Your Honor, he's
8 testifying -- he just testified to the fact that when
9 he drafted his testimony, that was the situation. I
10 have every right to challenge his statements that
11 that was not, in fact, the state of affairs at
12 Suburban at the time he filed his testimony.

13 EXAMINER SANYAL: I'll overrule the
14 objection.

15 MS. BOJKO: I am going to need that one
16 reread, please, your Honor.

17 (Record read.)

18 A. Yes. I don't recall when -- I did look
19 at it. I don't recall when it was filed but
20 effective March 1. That's -- that's what the report
21 said.

22 Q. So effective March 1 Suburban removed the
23 pipeline lease from Rider GCR effective -- I'm sorry,
24 effective March 1.

25 A. That's my understanding.

1 Q. And you're aware that in Suburban's
2 application in this case the Company stated that it
3 proposed to purchase the pipeline and put it in rate
4 base, correct?

5 A. In -- in the plant-in-service schedules,
6 Suburban had projected purchasing the pipeline at the
7 end of -- at the end of the date certain. According
8 to the lease, it was -- also at that time it was
9 included in the GCR.

10 MS. BOJKO: Can I have that answer
11 reread, please.

12 (Record read.)

13 Q. Are you aware Suburban purchased the
14 pipeline in February of 2019?

15 MR. HEALEY: Objection. There is no
16 evidence in this case that Suburban purchased any
17 pipeline in February of any year. Suburban has not
18 filed anything in this case and has not had a witness
19 and there is nothing in the record about Suburban's
20 purchase of any pipeline.

21 MS. BOJKO: Your Honor, we are taking
22 witnesses out of order here to accommodate OCC's
23 three-week out-of-country vacation. I think it's
24 only fair we be allowed to ask questions as if we had
25 put on our case first and that we not get an

1 objection for each and every question. We will be
2 here all day if we are going to argue an objection
3 about whether certain things were put in the normal
4 course of a hearing when we have not been able or had
5 the opportunity to put on direct testimony.

6 MR. HEALEY: Your Honor, this is not a
7 timing issue. They have already filed their direct
8 testimony. It has nothing about a pipeline being
9 purchased, so even if their witnesses had gone on,
10 that would still not be in the record. This has
11 nothing to do with OCC's schedule and agreement to
12 have its witness testify first.

13 MS. BOJKO: Your Honor, that's not even
14 an accurate statement so.

15 MR. HEALEY: Your Honor, their testimony
16 was filed back in 2018. They couldn't have possibly
17 said they purchased a pipeline in February of 2019.

18 MS. BOJKO: I used the word "proposed."

19 EXAMINER SANYAL: We are going to
20 overrule the objection. You may proceed, Ms. Bojko.

21 THE WITNESS: Is there a question?

22 MS. BOJKO: There was. Can I have it
23 read back, please.

24 EXAMINER SANYAL: Yes, you may.

25 (Record read.)

1 A. After I had filed my testimony, Suburban
2 had provided documents indicating that there was a
3 stock transfer and that they had purchased the -- the
4 existing lease on February 23. I am not an attorney.
5 But to the extent it meets the Commission's approval,
6 then, yes.

7 Q. So just so I'm clear, it's not your
8 belief that Suburban is currently leasing this
9 pipeline and collecting lease payments under Rider
10 GCR?

11 A. It's my understanding that they are not.
12 Beginning March 1, they -- they are not recovering
13 the lease payments through the GCR.

14 Q. You are aware that in Suburban's
15 application the Company stated that it proposed to
16 purchase the pipeline and put it into rate base,
17 correct?

18 A. Yes.

19 Q. So your testimony which states on page 6,
20 starting at line 13, "If the Del-Mar option is
21 included in rate base, then customers will be paying
22 for the Del-Mar Pipeline twice; once as a lease
23 through the GCR, and once through base rates,
24 including a return on and of the pipeline" is not
25 accurate, correct?

1 A. Now it is not accurate.

2 Q. Well, it wasn't accurate when you drafted
3 your testimony, correct, because March 1 Suburban
4 removed the lease payment from the Rider GCR?

5 A. Ms. Bojko, you didn't even provide the
6 purchase documents until after I had filed my
7 testimony, so I don't know when your GCR was filed.
8 I don't know if it was filed before I filed my
9 testimony. But at the time that -- at date certain,
10 you had projected the purchase of the pipeline, and
11 it was also being recovered through the GCR.

12 Q. Well, let me clarify. At the time you
13 filed your testimony on March 8, isn't it true that
14 effective March 1 the pipeline lease had been removed
15 from Rider GCR?

16 A. Yes. Again, I don't recall when the GCR
17 filing was filed. But, yes, effective March 1, it
18 was removed.

19 Q. Given your years of regulatory
20 experience, it's your understanding that natural gas
21 companies file their GCR rates on a monthly basis,
22 correct?

23 A. I don't recall.

24 Q. So at this point in time today you do not
25 believe that Suburban is currently proposing in this

1 case to recover costs for the Del-Mar Pipeline in
2 rate base and for the Del-Mar lease through Rider
3 GCR, correct?

4 A. I think I've answered that about three
5 times. You're not -- effective March 1, it is not
6 included in the GCR.

7 Q. No. I am asking you don't believe
8 Suburban is currently proposing in its base rate case
9 to collect moneys associated with the Del-Mar
10 Pipeline extension twice in two different places,
11 correct?

12 A. Based on what I have reviewed since I
13 filed the case, no -- or since I filed my testimony,
14 no.

15 Q. So as you sit here today, you recognize
16 that your testimony is inaccurate with regard to the
17 double recovery issue when -- when you filed it?

18 A. When I filed it? No.

19 Q. As you sit here today, your testimony
20 regarding Suburban's proposal to double recover the
21 Del-Mar Pipeline extension is inaccurate.

22 MR. HEALEY: Objection, your Honor.
23 Asked and answered many times.

24 EXAMINER SANYAL: Sustained. Let's move
25 on.

1 MS. BOJKO: Your Honor, may I have his
2 answer? The only reason I asked another question I
3 thought he said something different. Could I have
4 his answer read to the last question before.

5 EXAMINER SANYAL: Sure.

6 (Record read.)

7 Q. (By Ms. Bojko) But as you sit here today,
8 you are not suggesting that Suburban is proposing
9 through this case to double collect the costs for its
10 pipeline, correct?

11 MR. HEALEY: Objection, your Honor. I
12 think your ruling was to move on.

13 EXAMINER SANYAL: It was because he did
14 answer your question in the most previous question
15 and answer. I think you got what you needed.

16 MS. BOJKO: Thank you, your Honor.

17 Q. (By Ms. Bojko) In your testimony, sir,
18 you oppose the inclusion of the Del-Mar Pipeline
19 extension in base rate, correct?

20 A. Yes.

21 Q. And your recommendation is to excluding
22 the entire amount of the pipeline extension from rate
23 base, correct?

24 A. Yes, because it -- it was built to serve
25 an additional 4,000 homes beyond the 2017 customer

1 count.

2 Q. And you are basing that belief on your
3 review of Case No. 18-54-GA-BLN, right?

4 A. Yes.

5 Q. And, in fact, this case was the only
6 basis or -- 18-54 was the only basis for your
7 conclusion regarding the pipeline extension, correct?

8 A. Yes.

9 Q. And you did not speak with anyone from
10 Staff about the Ohio Power Siting Board proceeding,
11 did you?

12 A. I think I answered that before.

13 MS. BOJKO: Your Honor, this is one of
14 those situations where it was asked in voir dire.

15 Q. So I need to ask it again, sir.

16 EXAMINER SANYAL: Mr. Willis, if you will
17 just respond to the question.

18 A. No.

19 Q. And, sir, you did not speak with anyone
20 from Suburban about that proceeding, did you?

21 A. No.

22 Q. At page 7 of your testimony starting at
23 line 11, you state that Suburban in the Ohio Power
24 Siting Board case "states that the extension project
25 was to provide enough gas volume for the planned

1 growth in the area." Do you see that?

2 A. Yes.

3 Q. As support for this statement, you cite
4 to the Staff Report in that Power Siting Board case,
5 correct?

6 A. Yes.

7 Q. And so when you say "Suburban stated,"
8 you are really saying that the Staff Report stated or
9 repeated or summarized what Suburban had explained;
10 is that correct?

11 A. There's two places. One was the Letter
12 of Notification that was filed with the Ohio Power
13 Siting Board. And on page 2 it says "The statement
14 of needed -- statement of need for the proposed
15 facility, the current 6-inch gas line will not
16 provide enough volume for the amount of growth that
17 is planned. As such, a new 12-inch line is needed to
18 provide additional capacity." And then on the Staff
19 Report on page 2, the top, it says "The Applicant's
20 most recent update to the gas system model included
21 the addition of new customers from 2016 and 2017. It
22 included growth projections for the area. The
23 Applicant currently serves -- currently projects as
24 many as 18 subdivisions which are in various stages
25 of development with a -- with an estimated final

1 buildout of 4,000 homes. In order to address future
2 growth needs of the area and prevent potential system
3 capacity shortage anticipated as early as the winter
4 of '19 and '20, the Applicant proposed the 20-inch
5 gas pipeline project."

6 Q. I take it you are reading from the Staff
7 Report, sir, on page 2?

8 A. I read from two places. One the Letter
9 of Notification that was submitted by Suburban
10 Natural Gas Company on March 2018 and I'm reading
11 from the Staff Report, report date was March 26 of
12 2018, in Case No. 18-54-GA-BLN.

13 EXAMINER SANYAL: I have a quick
14 clarification question. Are these attached to your
15 testimony or?

16 THE WITNESS: They are referenced.

17 EXAMINER SANYAL: Okay.

18 Q. (By Ms. Bojko) Sir, just for the record's
19 clarity sake, you read and you said "20-inch
20 pipeline." I think you meant to read "12-inch
21 pipeline" if you are reading from the Staff Report on
22 page 2.

23 A. I meant to say 12. It's 12 inch.

24 MS. BOJKO: Your Honor, I was about ready
25 to mark the exhibit for the record's sake. At this

1 time I would like to reserve Exhibit -- Suburban
 2 Exhibits 2 through 5 for future exhibits and so this,
 3 your Honors, would be Suburban No. 6. For the record
 4 Suburban would like to mark as Suburban Exhibit 6 a
 5 document entitled "In the Matter of the Expedited
 6 Letter of Notification Application of Suburban
 7 Natural Gas Company for the Del-Mar Pipeline
 8 Extension Project, Case No. 18-0054-GA-BLN," and it
 9 is the Staff Report filed in that case by Staff
 10 Mr. Ray Strom.

11 EXAMINER SANYAL: So is Exhibit 6 just
 12 the letter or the Staff Report?

13 MS. BOJKO: No, your Honor. I was
 14 reading the case caption.

15 EXAMINER SANYAL: Okay.

16 MS. BOJKO: That's why I paused. The
 17 case caption has the word letter, but I'm actually
 18 marking the Staff Report filed in that case.

19 EXAMINER SANYAL: Thank you.

20 MS. BOJKO: May we approach?

21 EXAMINER SANYAL: Yes, you may.

22 (EXHIBIT MARKED FOR IDENTIFICATION.)

23 Q. (By Ms. Bojko) Let's go back to your
 24 testimony, sir. You responded that this statement on
 25 your testimony was referring to two pages. So I'm

1 clear you've footnoted -- footnote 10 is a reference
2 to the Staff Report at page 1; is that correct?

3 A. Could you tell me where you are at?

4 Q. Sure. Your testimony the same page 7,
5 lines 11 through 13, footnote 10.

6 A. It's those -- yes, that was the Staff
7 Report.

8 Q. Isn't it true that the Staff Report also
9 cited Suburban's assertions it could have difficulty
10 meeting minimum pressure requirements at the Lazelle
11 Road point as soon as 2018-19 winter season using
12 just the current pipeline?

13 A. It says on page 1, the -- the "Basis of
14 Need, the purpose of the facility is to extend an
15 existing 12-inch pipeline for distribution of gas to
16 customers. The Applicant states that the area is
17 currently served by a 6-inch pipeline that will not
18 provide enough gas volume for the amount of planned
19 growth in the area as early as the winter of 2019 and
20 '20. The Applicant also expresses that it may have
21 difficulty meeting minimum pressure requirements at
22 its Lazelle Road point of delivery during the winter
23 of '18-19."

24 Q. The concern regarding the difficulty
25 meeting minimum pressure requirements at the Lazelle

1 Road point of delivery during the winter 2018-19 is a
2 concern regarding the minimum pressures of the
3 existing pipeline, correct?

4 A. Well, again, referring to the Letter of
5 Notification that was filed with the Ohio Power
6 Siting Board that accompanied an affidavit --
7 affidavit by Mr. Sonderman, "The statement of need
8 for the proposed facility due to growing demand for
9 natural gas and homes and businesses in southern
10 Delaware County, Suburban Natural Gas is in need of
11 increasing the amount of gas it can supply to its
12 customers.

13 "The current 6-inch gas line will
14 provide -- not provide enough volume for the amount
15 of planned -- the amount of growth that is planned.
16 As such, the new 12-inch line is needed to provide
17 additional capacity."

18 MS. BOJKO: Your Honor, at this time I
19 move to strike his response. He's referring to a
20 different document. I was trying to ask him a
21 question about the Staff Report and what the Staff
22 Report says, so his answer was nonresponsive to my
23 question.

24 EXAMINER SANYAL: Mr. Willis, which
25 document were you referring to when you were

1 responding?

2 THE WITNESS: The Letter of Notification
3 that was filed by Suburban Natural Gas in the Ohio
4 Power Siting Board.

5 MR. HEALEY: If I may briefly, your
6 Honor, she asked him a question asking him
7 effectively to interpret the Staff Report and that
8 would be informed by the Letter of Notification so
9 that was why he gave that answer.

10 EXAMINER SANYAL: Motion is denied.

11 Q. (By Ms. Bojko) Let's go to the Staff
12 Report, Mr. Willis. It's been marked as Suburban
13 Exhibit 6. I want to look at the line that you read
14 into the record, the third line of the paragraph
15 under "Basis of Need," third sentence, excuse me,
16 here it states explicitly that "The Applicant also
17 expresses that it may have difficulty meeting minimum
18 pressure requirements at its Lazelle Road point of
19 delivery during the winter 2018 and '19," correct?

20 A. Yes.

21 Q. And that would --

22 A. And it also states that "The Applicant's
23 most recent update to the gas system model included
24 the addition of new customers from '16 and '17 and
25 included growth projections for the area. The

1 Applicant currently serves -- currently projects
2 serving as many as 18 subdivisions, which are in
3 various stages of development, with an estimated
4 final buildout of 4,000 homes. And in order to
5 address the future growth needs of the area and
6 prevent potential system capacity shortage
7 anticipated as early as the winter of '19 and '20,
8 the Applicant proposed the 12-inch gas pipeline
9 project."

10 Q. Right. So the language that you read
11 contains an "and," so it gave two reasons that the
12 application stated its basis of need, correct, per
13 the Staff Report?

14 A. I can't tell you what Mr. Strom -- how he
15 interpreted the "and."

16 Q. But he did put an and in there, correct,
17 implying there were two reasons?

18 A. In order to address the future growth
19 needs of the area and prevent potential system
20 capacity, so I -- as I read that, the potential
21 system capacity shortage would be a result of the
22 additional 4,000 homes.

23 Q. That's your interpretation because you
24 did not as you just said talk to Mr. Strom, did you?

25 A. I think I answered that.

1 Q. So the answer is -- I don't think you
2 answered it.

3 A. I did not talk to Staff.

4 Q. And let's go back to what I was trying to
5 ask you about which is on page 1. There is a
6 statement on page 1 without an and that states "The
7 Applicant also expresses that it may have difficulty
8 meeting minimum pressure requirements as its Lazelle
9 Road point of delivery during the winter '18-19" and
10 that would be on its current system, correct? Prior
11 to the extension.

12 A. The paragraph that includes the sentence
13 that you are identifying is "Basis of Need" on page
14 1, "The purpose of the facility is to extend an
15 existing 12-inch pipeline for distribution of gas to
16 customers. The Applicant states that the area is
17 currently served by a 6-inch pipeline that will not
18 provide enough gas volume for the amount of planned
19 growth in the area -- area as early as the winter of
20 '19 and '20. The Applicant also expresses that it
21 may have difficulty meeting minimum pressure
22 requirements at its Lazelle Road point of delivery
23 during the winter of 2018 and 2019."

24 Q. All right. So as you read that
25 paragraph, the first sentence refers to customers.

1 It doesn't say existing or new, correct?

2 A. The first sentence? The first sentence
3 talks about extending the existing 12-inch pipeline
4 to customers.

5 Q. And then the Staff Report lists two --
6 two rationale for that purpose; is that correct? Two
7 statements of rationale for that purpose?

8 MR. EUBANKS: I'm going to object. To
9 the extent she is asking the witness what he
10 perceives the sentences to mean, that's fine. But to
11 the extent that she is asking the witness to
12 speculate about what Staff meant these two sentences
13 to mean, I object.

14 EXAMINER SANYAL: Thank you.

15 MS. BOJKO: Your Honor, I agree
16 wholeheartedly and that's why I moved to strike
17 Mr. Willis's testimony because I think it's improper
18 opinion because he didn't draw up the Staff Report,
19 and he doesn't know what Mr. Strom thought, but now
20 that he has said what his interpretation is, I am
21 trying to flesh out that interpretation.

22 EXAMINER SANYAL: I think it's clear on
23 the record these are the witness's interpretations of
24 the Staff Report, and the Commission will take that
25 into account. You may proceed.

1 MS. BOJKO: Thank you.

2 Q. (By Ms. Bojko) Do you believe that the
3 Staff Report was -- strike that.

4 Mr. -- the purpose of -- let me back up.
5 I don't think we've established this, Mr. Willis.
6 You used to work on the Public Utilities Commission
7 Staff; is that correct?

8 A. I was with the Public Utility Staff from
9 February of 1984 to December 1 of 2014.

10 Q. And you would assume before drafting the
11 Staff Report that Staff would have conducted an
12 investigation which would have included an
13 engineering analysis and discussions or discovery
14 requests with the Company or the Applicant, correct?

15 A. Yes.

16 Q. So you would assume that the Staff Report
17 was based on that analysis of collecting data from
18 Suburban's engineers and/or Staff's engineers,
19 correct?

20 A. Yes. And I might add that Staff also
21 stated on page 2 that it says "Suburban has not
22 necessarily established that the full size and
23 pressure of the planned pipeline are needed to serve
24 current and anticipated loads in the area. The
25 current negative consequence of installing a pipeline

1 of greater capacity than necessary would be that
2 additional cost would be associated with the
3 additional size increment. Such cost ramifications,
4 and their impacts on gas customer rates, are properly
5 addressed through a base rate proceeding before the
6 Public Utilities Commission of Ohio."

7 Q. I'm assuming, sir, you are reading again
8 from the Staff Report?

9 A. I am.

10 Q. Could you direct us to where you are
11 reading from.

12 A. Page 2, it's the second paragraph from
13 the top.

14 Q. And for complete -- completeness of the
15 record since you are only reading select passages,
16 could you please read the first sentence of that
17 paragraph.

18 A. "Staff believes that the Applicant has
19 shown the need for additional natural gas supply in
20 the area. The natural gas line proposed by the
21 Applicant would serve to address this needed
22 capacity."

23 Q. Thank you. And going back to the page 1,
24 the "Basis of Need," the Staff Report does not say
25 that any of the concerns are only implicated in the

1 event Suburban adds 4,000 customers, correct?

2 THE WITNESS: Could I have that question
3 read back, please.

4 (Record read.)

5 A. I disagree. Again, in the "Basis of
6 Need" on page 1 beginning of page -- last paragraph,
7 on the "Basis of Need, the Applicant based this
8 assertion on a gas system engineering model that they
9 developed using peak day conditions observed in their
10 system on the coldest day in February of 2015 and
11 anticipated demand growth from homes and businesses
12 in southern Delaware County. The Applicant stated
13 that it used the GASWorkS gas flow modeling software
14 program to develop the model."

15 Q. Thank you. In that --

16 A. "The Applicant -- Applicant's most recent
17 update to the gas system model included the addition
18 of new customers from 2016 and '17 and included
19 growth projections for the area. The Applicant
20 currently projects as many as 18 subdivisions, which
21 are in various stages of development, with an
22 estimated final buildout of 4,000 homes. In order to
23 address the future growth needs of the area and
24 prevent potential system capacity shortage
25 anticipated as early as the winter '19 and '20, the

1 Applicant proposed the 12-inch gas pipeline project."

2 Q. Nowhere does it state -- again, I am
3 going to ask. I don't want you to read the Staff
4 Report, sir. I am asking whether you believe
5 anywhere -- no. Strike that.

6 I'm not trying to get you to just repeat
7 over and over the Staff Report. I am trying to ask
8 you about your knowledge and how you drew to the --
9 how you arrived at the conclusions that you arrived
10 at in the Staff Report. So the Staff Report was
11 filed when, sir?

12 A. The application filing date was March 2
13 of 2018. The report -- the inspection dates were
14 March 9 -- March 9, 2018, and March 16, 2018. And
15 the report date was March 26, 2018.

16 Q. And during that -- it's true the language
17 that you read said that the growth was currently
18 happening as there were various stages of
19 development, correct?

20 A. Yes.

21 Q. So earlier today you referenced the
22 Letter of Notification to the Power Siting Board,
23 correct?

24 A. Yes.

25 Q. And you stated -- you reviewed that

1 analysis, I am assuming, since you read from it a
2 little earlier today?

3 A. The Letter of Notification?

4 Q. Yes.

5 A. I didn't look at all of it. I didn't
6 review all of it.

7 Q. Oh, you didn't review the entire
8 application filed by the company --

9 A. No, no.

10 Q. -- before rendering your decision?

11 A. Well, I mean, I didn't look at -- if you
12 are asking me if I reviewed the ecological concerns,
13 social health, and safety impact, no, I did not.

14 Q. Okay. Isn't it -- do you know how many
15 parts were to the Letter of Notification?

16 A. There were several. There were several.

17 Q. So would you assume maybe 13?

18 A. Subject to check. I remember there was
19 several.

20 Q. And is it fair -- fair to say from your
21 last comment that you did not analyze the entire
22 Letter of Notification, all 13 parts, correct?

23 A. No.

24 MS. BOJKO: Your Honor, for
25 identification purposes and for your purpose and the

1 record, we would like to mark at this time the Letter
2 of Notification as Suburban Exhibit 7. May we
3 approach?

4 EXAMINER SANYAL: Yes, you may.

5 (EXHIBIT MARKED FOR IDENTIFICATION.)

6 Q. Sir, do you have in front of you what's
7 been marked Suburban Exhibit 7?

8 A. Yes.

9 Q. Sir, does this appear to be the Letter of
10 Notification for Del-Mar Pipeline extension that you
11 were referencing in your prior answers?

12 A. It appears so.

13 Q. I didn't hear you.

14 A. It appears so.

15 Q. Thank you. Could you turn to page 2 of
16 the Letter of Notification that's been marked as
17 Suburban Exhibit 7, please. Are you there, sir?

18 A. Yes.

19 Q. First of all, when this -- the document
20 was filed March 8, 2018; is that correct? I think if
21 you look at the last page, it has the date, docketing
22 stamp of filing date.

23 A. March 8, 2018.

24 Q. And, sir, so you've been working at OCC
25 since 2005; is that correct? Or 2015.

1 A. October of 2015.

2 Q. And so when the filing was made in March,
3 you were an employee at the Office of the Consumers'
4 Counsel, correct?

5 A. Yes.

6 Q. Let's turn to page 2. If you look at the
7 last sentence of the full -- first full paragraph
8 under "Why the Project Meets the Requirements for
9 LON," which is Letter of Notification, do you see
10 that?

11 A. The first full paragraph, last sentence?

12 Q. Yes.

13 A. "The primary purpose of the facility is
14 to extend an existing pipeline used for distribution
15 of gas to customers."

16 Q. And that sentence that you just read,
17 that does -- stating the primary purpose, that does
18 not limit the primary purpose to future customers,
19 correct?

20 A. Well, it's -- that sentence is in simply
21 to meet a rule, why the project meets the
22 requirements.

23 Q. And the stated primary purpose does not
24 reference future customers. It referenced customers,
25 correct?

1 A. The statement of need for the proposed
2 facility addresses the future customers.

3 Q. Right. I am asking about the primary
4 purpose statement under 4906-6-05(B)(1)(c).

5 A. Yes.

6 Q. And, sir, OCC did not file to intervene
7 in this proceeding, correct?

8 A. No.

9 Q. And OCC did not file comments in this
10 proceeding, correct?

11 A. No.

12 Q. And OCC did not object to the Staff
13 Report issued in this case, correct?

14 A. No.

15 Q. When it was filed, OCC did not raise any
16 issues related to this case before it was approved by
17 the Power Siting Board, correct?

18 A. No.

19 Q. No -- no, you did not raise any issues?
20 No, OCC did not raise any issues?

21 A. Correct.

22 Q. The engineering design for the pipeline
23 extension in the Ohio Power Siting case was approved;
24 is that correct?

25 A. I believe I read the engineering model

1 into the record, the results of the GASWorks
2 engineering model into the record.

3 Q. So you believe that that engineering
4 design of the pipeline extension was actually
5 approved by this case, correct?

6 A. I don't know if the Ohio Power Siting
7 Board approved the gas model. They approved your
8 application.

9 Q. I'm sorry. I didn't say the model. They
10 approved the design of the pipeline, where it was
11 going to be located, the size of the pipeline, the
12 parameters surrounding the pipeline; is that correct?

13 A. Yes.

14 Q. And when was the first time that you
15 reviewed the Staff Report filed in the Power Siting
16 case?

17 A. I don't recall. It was part of my
18 investigation with respect to the projected extension
19 and the Del-Mar lease. I reviewed all of that at the
20 same time.

21 Q. Would that have been prior to filing your
22 testimony or after filing your testimony?

23 A. Oh, it was before.

24 Q. And did you review the construction plans
25 that were a part of the Ohio Power Siting Board case?

1 A. I reviewed it to try to get a picture in
2 my mind because the Del-Mar was an extension and I
3 was trying to get into my mind how that related to
4 the 6-inch line and I reviewed it to determine that
5 the 12-inch line really is -- is run parallel to the
6 6-inch line. It ties into a 12-inch but the 6-inch
7 that's currently serving existing customers still
8 serves those customers. It's just that there is a
9 12-inch line that runs parallel and that it's looped
10 on each end. It's tied in on each end of the
11 12-inch. So -- so the record is clear, the 12-inch
12 extension, really it's -- it's run parallel to the
13 existing 6-inch.

14 Q. Isn't it true, sir, that the existing
15 12-inch 20-mile Del-Mar Pipeline that was part of the
16 lease agreement that's now been moved to rate base
17 also runs parallel to the 6-inch system?

18 A. The 20-mile 12-inch was, I believe,
19 installed in 20 -- 2005 because of growth at that
20 point. This 12-inch line runs parallel to the 6-inch
21 line that's currently serving existing customers.

22 Q. That wasn't my question. Isn't it true
23 that the 12-inch 20-mile pipeline that was previously
24 a part of the GCR through a lease arrangement now has
25 been purchased and put into rate base, doesn't that

1 12-inch pipeline also run parallel to a 6-inch
2 pipeline on Suburban's system?

3 A. I don't believe it does.

4 MS. BOJKO: Your Honor, at this time I
5 would like to mark as Suburban Exhibit 8 maps of the
6 Suburban system. May we approach, your Honor?

7 EXAMINER SANYAL: Yes, you may.

8 (EXHIBIT MARKED FOR IDENTIFICATION.)

9 Q. Mr. Willis, do you have in front of you
10 what has been marked as Suburban Exhibit 8?

11 A. Yes.

12 Q. Does this appear to be a map of
13 Suburban's -- partial map of Suburban's distribution
14 system?

15 A. It's a map of a distribution system.

16 Q. Well, sir, are you familiar with Big
17 Island Station and the point of delivery at the Big
18 Island Station on Suburban's system?

19 Mr. Willis, could you tell the record
20 what you are looking at? I thought we were looking
21 at Exhibit 8.

22 A. I am looking at the construction plans
23 for the Del-Mar Pipeline extension.

24 Q. And where would those have been provided?

25 A. It was what I had reviewed -- it would

1 have been provided as part of the Letter of
2 Notification.

3 Q. Okay. Sir, are you familiar with Big
4 Island Station?

5 A. My testimony is relative to the extension
6 of the 4.9 mile extension.

7 Q. So is that a "no"?

8 A. Well, your Big Island doesn't really ring
9 a bell to me.

10 Q. So you don't know, sir, that that is
11 where the North Coast supply came from or was enter
12 inlet?

13 A. You are at the north end of the system;
14 is that correct? Well, I think what we are talking
15 about is the southern system.

16 Q. So you don't know whether this map
17 depicts the southern system of Suburban's natural gas
18 distribution system?

19 A. It appears as though it's not Delaware.
20 It looks to be north of that.

21 Q. So you -- you don't know sitting here
22 today whether this is a depiction of just Suburban's
23 southern system?

24 A. No.

25 Q. And you would, I guess, then agree with

1 me that you are not aware of the points of delivery
2 on Suburban's southern system, are you?

3 A. No.

4 Q. And, sir, there's a key in the left-hand
5 corner at the bottom that says the green line equal a
6 6-inch steel. Do you see that?

7 MR. HEALEY: Objection. We still haven't
8 established any foundation for this document, your
9 Honor. The witness has never testified he knows
10 anything about where it came from, who created it,
11 whether it was pulled from the internet, whether
12 Suburban created it, and on and on.

13 EXAMINER SANYAL: Thank you.

14 Ms. Bojko.

15 MS. BOJKO: I'm trying to get there, your
16 Honor. I am trying to get to the foundation of the
17 question I previously asked where Mr. Willis did not
18 agree that the 20-mile pipeline was parallel to a
19 6-inch pipeline.

20 MR. HEALEY: Your Honor, the foundation
21 for this document would be established by asking have
22 you seen this document which we have not heard from
23 counsel yet.

24 EXAMINER SANYAL: Ms. Bojko, would you
25 just like to ask that question.

1 MS. BOJKO: Well, your Honor, he clearly
2 hasn't seen this document because he is clearly not
3 familiar with Suburban's system. Again, we are at a
4 disadvantage here because we are out of order. This
5 document would have already been admitted had we been
6 able to go forward with our direct case first, so it
7 would already be an exhibit in the record. I am not
8 asking to move it into the record. I am trying to
9 lay some foundation. I am trying to get there
10 because I think he knows where another point of
11 delivery is.

12 EXAMINER SANYAL: I will allow you some
13 leeway but let's do it quickly.

14 MS. BOJKO: Thank you.

15 Q. (By Ms. Bojko) Mr. Ross, I had just asked
16 you if the document had a key at the bottom that said
17 the green line equals a 6-inch steel line.

18 A. That's what the document says but, again,
19 it appears as though you're handing me something
20 that's not really what I'm here to testify on. I am
21 here to testify on the 12-inch extension that's in
22 rate base, not something north of that.

23 Q. Well, you are testifying that the
24 extension has nothing to do with the existing system,
25 aren't you?

1 A. Has nothing to do with the existing
2 system, where does that --

3 Q. Existing customers, I'm sorry. Are you
4 testifying that the new extension does not support
5 existing customers?

6 A. My testimony is that it was designed -- I
7 think I have read that into the record that it was
8 designed to serve future growth.

9 Q. So do you know where the interconnection
10 point is of the new Del-Mar extension?

11 A. No.

12 Q. Do you know where the Del-Mar line
13 extension terminates?

14 A. I don't. It would be around the Lazelle
15 Road area or south of that.

16 Q. You believe that the Del-Mar 4.9 line
17 extension goes all the way down to the Lazelle Road?

18 A. I don't know. The 6-inch line does.

19 Q. Have you heard of the -- 6-inch line
20 does. So the 6-inch line you are speaking of is --
21 is the green line on the map that goes from Big
22 Island Station all the way down -- you believe it
23 goes all the way down to Lazelle Road?

24 MR. HEALEY: Objection. We are referring
25 to this document again, your Honor, and we still have

1 not established any foundation for it, your Honor.

2 MS. BOJKO: I will rephrase it. Try to
3 use something that's in front of us.

4 Q. (By Ms. Bojko) You believe there is a
5 6-inch line that goes from the top of the Del-Mar
6 southern system down through Delaware County to --
7 and ends at Lazelle Road, correct?

8 A. Yes.

9 Q. And have you ever heard of the
10 Somerlot-Hoffman Station as a point of delivery?

11 A. No.

12 Q. And are you familiar with the area that
13 Suburban serves generally?

14 A. Very generally.

15 Q. Would you be able to look at a map and
16 pull out roads that might be in Suburban's natural
17 gas distribution system?

18 A. No.

19 Q. Do you know -- do you know where Marion,
20 Ohio, is?

21 A. Yes.

22 Q. Do you know where Bellefontaine is?

23 A. Yes.

24 Q. Do you know where Bellefontaine Avenue
25 is?

1 A. No.

2 Q. And do you know where Route 4 is in
3 Columbus in Delaware County?

4 A. No.

5 Q. Would you have any reason to not agree
6 with Suburban's Exhibit 8? Do you have any
7 information -- you looked at some construction
8 drawings. Do the construction drawings give you
9 reason to not believe that this is an accurate
10 depiction of Suburban's southern system, a portion of
11 it?

12 MR. HEALEY: Objection.

13 EXAMINER SANYAL: Sustained.

14 MS. BOJKO: Well, your Honor, he just
15 looked at construction drawings.

16 EXAMINER SANYAL: I've sustained the
17 objection so let's move on.

18 Q. (By Ms. Bojko) Did you look at
19 construction drawings in response to one of my
20 questions?

21 A. Yes.

22 Q. Do those construction drawings depict
23 roads and highways?

24 A. It's very -- it's very, very -- I don't
25 know that I could pick out a road in these

1 construction drawings. Again, I reviewed the
2 construction drawings to try -- try to frame in my
3 own mind exactly what the -- the Del-Mar extension
4 was doing and it was running parallel to the 6-inch
5 line and the 6-inch line is currently serving
6 existing customers.

7 Q. And isn't it true there is a 12-inch
8 pipeline that is the Del-Mar 20-mile extension that
9 runs parallel to the 6-inch pipeline?

10 A. Perhaps at the northern portion, yes.

11 Q. Northern portion of the southern system
12 or --

13 A. Yes.

14 Q. -- northern system?

15 A. Yes.

16 Q. And is it your understanding that the
17 Del-Mar extension line is connected to that 12-inch
18 20-mile pipeline?

19 A. Yes.

20 Q. It is an extension of the 20-mile Del-Mar
21 Pipeline that's in rate base in this case, correct?

22 A. Yes. But it's -- it was run parallel to
23 the 6-inch to serve additional -- an additional 4,000
24 customers.

25 Q. But you don't know whether the 20-mile is

1 also parallel to the 6-inch system sitting here
2 today, correct?

3 A. Certainly it would be at least at the
4 northern end of the southern system, yes.

5 Q. Do you know how many supply pipelines the
6 Suburban system currently has?

7 A. Supply pipelines? No.

8 Q. Do you know where the contracted gas
9 supply is connected to Suburban's system? Do you
10 know which direction gas is flowing through the
11 6-inch pipeline?

12 A. Well, there are -- it's my understanding
13 there are delivery points on the southern end of the
14 south system and one on the north end of the southern
15 system.

16 Q. Do you know which direction the gas is
17 flowing on the 6-inch pipeline?

18 A. No.

19 Q. Do you know which direction gas is
20 flowing on the 20-mile 12-inch pipeline?

21 A. No.

22 Q. Do you know which way gas is flowing on
23 the 4.95 12-inch extension?

24 MR. HEALEY: Objection. There is no
25 evidence in the record there is, in fact, gas flowing

1 through the extension.

2 EXAMINER SANYAL: I am going to overrule
3 that objection.

4 THE WITNESS: Could I have the question
5 reread, please?

6 (Record read.)

7 A. My assumption would be that it's flowing
8 from the north to the south.

9 MS. BOJKO: I'm sorry. Could I have that
10 answer reread.

11 (Record read.)

12 Q. Mr. Willis, are you aware there is a
13 difference between supply capacity and delivery
14 system capacity?

15 A. I'm not an engineer.

16 Q. So you are not aware?

17 A. No.

18 Q. Are you aware that capacity entitlements
19 meaning supply capacity under contract is different
20 than delivery system requirements?

21 MR. HEALEY: Objection. It calls for a
22 legal conclusion. She's referencing contractual
23 requirements.

24 MS. BOJKO: It's truly not, your Honor.
25 It's an engineering term.

1 EXAMINER SANYAL: I am going to sustain
2 the objection because the witness has already stated
3 that he is not an engineer.

4 MS. BOJKO: Well, your Honor, he is
5 testifying to this. I need to understand what he
6 knows or doesn't know.

7 EXAMINER SANYAL: I think you can move on
8 from the engineering question because it is clear
9 that he -- he is not an engineer, and he said that
10 several times.

11 MS. BOJKO: Your Honor, I am not trying
12 to do anything to establish his credibility at this
13 point or not establish his credibility. I am
14 actually trying to understand if he knows how the
15 system works and how the gas is flowing because he is
16 making recommendations or making accusations that
17 this gas is somehow not serving customers currently.

18 EXAMINER SANYAL: I think you can move on
19 from that question and let's get to your other
20 questions.

21 Q. (By Ms. Bojko) Sir, a natural gas utility
22 like Suburban would need to ensure that both it has
23 enough supply capacity and that it has a system that
24 can safely deliver that full supply capacity to
25 customers, correct?

1 A. Yes.

2 Q. And actually you stated that you are not
3 an engineer, but some of these questions were asked
4 in voir dire, so I need to put them on the record
5 here. You are not certified as an engineer, correct?

6 A. I think I've made it about as clear as I
7 can make it that I am not an engineer, Ms. Bojko.

8 Q. And have you ever designed a natural gas
9 distribution system?

10 A. No.

11 Q. And have you ever worked for a natural
12 gas company?

13 A. No.

14 Q. And you have not modeled a natural gas
15 distribution system, correct?

16 A. You've asked me these questions before.

17 MS. BOJKO: Your Honor, I have not asked
18 these questions. Those were in voir dire.

19 EXAMINER SANYAL: Mr. Willis, will you
20 please answer.

21 A. No.

22 Q. You have never performed modeling or run
23 modeling software for a natural gas distribution
24 system, have you?

25 A. No.

1 Q. Part of the need to have a system that
2 can safely deliver the supply capacity would be to
3 have a system that can deliver gas to customers at an
4 adequate pressure, correct?

5 A. Yes. And -- and Suburban didn't have any
6 problems meeting that pressure or meeting customers'
7 needs through date certain with the existing 6-inch
8 pipeline.

9 Q. Mr. Willis, you do know it takes some
10 time to construct a pipeline, correct?

11 A. Yes.

12 Q. And there's a process that you have to go
13 through, correct?

14 A. Yes.

15 Q. And one of the processes is to file an
16 application or letter of notification in front of the
17 Power Siting Board, correct?

18 A. Yes.

19 Q. And another process would be to arrange
20 financing; is that correct?

21 A. Yes.

22 Q. And another process would be to obtain
23 quotes for the equipment or materials and supplies
24 needed for the pipeline that you are constructing,
25 correct?

1 A. Yes.

2 Q. And part of that would be to -- and part
3 of that would also be to obtain easements from
4 property owners; is that correct?

5 A. Yes; but, Ms. Bojko, that's not what we
6 are -- what we are talking about here. What we are
7 talking about is setting rates that impact existing
8 customers and you chose -- Suburban chose when to
9 file its rate case and seek recovery, and the 12-inch
10 line extension is not used or useful to the existing
11 customers.

12 MS. BOJKO: Your Honor, I move to strike
13 everything after "but." My question was with regard
14 to acquiring easements to construct a pipeline.

15 EXAMINER SANYAL: I think he answered
16 your question and then gave additional testimony.

17 MS. BOJKO: So I am asking to strike that
18 additional testimony, not responsive piece.

19 EXAMINER SANYAL: So, Mr. Willis, moving
20 forward -- I'll let what you just stated previously
21 stand but let's just keep your answers to the
22 questions asked.

23 Q. (By Ms. Bojko) Do you know the time it
24 takes to go through all of the items in the process
25 that I just defined?

1 A. No. Are you talking about a rate case or
2 are you talking about for a --

3 Q. I was talking about the construction of
4 the pipeline and the process leading up to that
5 construction of the pipeline.

6 A. No.

7 Q. And --

8 A. Again, I don't think it's relevant though
9 to what we're talking about.

10 Q. So Suburban, like all natural gas
11 utilities, would need to assess under the most severe
12 weather and demand conditions to possibly occur what
13 its system would do and how it would operate to
14 deliver gas at adequate pressures, correct?

15 A. Yes.

16 Q. And so the Company would have to perform
17 some modeling to make those determinations, correct?

18 A. And it did that, and I believe I read
19 that into the record.

20 Q. And do you know the timing of conducting
21 those models?

22 A. Clearly it took into account 2015, '16,
23 and customer accounts through '17.

24 Q. So it's fair to say that if the
25 application was filed in March 2018, that the

1 Suburban and its engineers were modeling the system
2 and the needs and the pressure needs starting in
3 2015?

4 A. I believe so.

5 Q. Are you aware of the system capacity
6 formula used by the engineers to model a gas
7 distribution system?

8 A. No.

9 Q. Are you familiar with the calculation
10 used to determine the outlet pressure of a delivery
11 system given its length, diameter, and inlet
12 pressure?

13 A. No.

14 Q. If provided that information, could you
15 calculate the pressure on the system?

16 A. No.

17 Q. Could you explain how the addition of the
18 Del-Mar extension would change that calculation?

19 MR. HEALEY: Objection. This assumes
20 that the addition of the Del-Mar extension would, in
21 fact, change that calculation which again has not
22 been established in the record in this case.

23 MS. BOJKO: I'll rephrase, your Honor.

24 EXAMINER SANYAL: Thank you, Ms. Bojko.

25 Q. (By Ms. Bojko) Could you explain how the

1 addition of the Del-Mar extension could change that
2 calculation, if at all?

3 MR. HEALEY: Object. Jumped the gun.

4 A. No.

5 Q. You stated earlier that you did not
6 perform the modeling or run modeling software
7 specific to the Suburban system; is that correct?

8 A. Yes.

9 Q. And did you consult any engineer to
10 review Suburban's system prior to filing your
11 testimony?

12 A. No.

13 Q. Did you review Suburban's system model
14 and its modeling impacts and results prior to filing
15 your testimony?

16 A. I reviewed the results as described by
17 Mr. Strom in the Staff Report.

18 Q. You, sir, did not yourself review the
19 models that were performed regarding the delivery
20 system capacity or the delivery system requirements
21 on Suburban's system, did you?

22 THE WITNESS: Could I have that question
23 reread.

24 (Record read.)

25 A. Not other than what's reported in the

1 Staff Report on page 2 -- I'm sorry, on page 1 and 2.

2 Q. And you yourself, sir, did not actually
3 model the delivery system capacity or the system
4 requirements with and without the Del-Mar extension,
5 did you?

6 A. No.

7 Q. And you did not model the delivery system
8 pressure on Suburban's system with and without the
9 Del-Mar extension, did you?

10 A. No.

11 Q. So you did not attempt to model whether
12 the system as it existed prior to the Del-Mar
13 extension put customers at risk, did you?

14 A. No. I didn't believe that was necessary.

15 Q. And you did not model the pressure levels
16 resulting at different times of the day, did you?

17 A. I didn't -- I don't believe that was
18 necessary for purposes of my testimony.

19 Q. And, sir, you did not model the system
20 with and without Del-Mar at different temperatures,
21 did you?

22 A. I don't believe that that was necessary
23 to make the determination that the existing -- that
24 the 12-inch extension was used and useful to existing
25 customers.

1 Q. Sir, you didn't model whether the system
2 as it existed prior to the Del-Mar extension put
3 customers at risk on different days of the week at
4 different pressure levels, did you?

5 A. No.

6 Q. And you would not be able to make a
7 determination regarding the effect that a drop in
8 pressure might have on deliveries to customers,
9 correct?

10 A. Correct.

11 Q. And you did not model what would happen
12 if a point of delivery failed, did you?

13 A. I did not do any modeling.

14 Q. Did you consider the effect that a -- the
15 length of a pipeline has on the pressure in the
16 pipeline prior to making -- writing your testimony?

17 A. I did not believe that that was necessary
18 for purposes of determining whether the 12-inch
19 extension is used and useful to existing customers.

20 Q. Well, it's true that the Staff stated
21 that the extension was needed to prevent potential
22 system capacity shortage anticipated as early as
23 winter 2019-20. So I'm asking if you ran a model to
24 determine what that potential capacity shortage that
25 was anticipated in 2019 and '20 was.

1 A. Well, I believe Suburban -- Suburban's
2 engineer ran a model and the -- and, again, it used
3 the coldest day in February of 2015, included 2017
4 customers, and growth of 18 subdivisions and 4,000
5 homes.

6 Q. Did you -- do you know for a fact that --
7 I thought you told me earlier that you would assume
8 that Suburban would have modeled its system without
9 the Del-Mar extension and with the Del-Mar extension,
10 correct?

11 A. I don't recall saying that.

12 Q. Trying not to repeat myself. Do you
13 believe that a natural gas utility would run modeling
14 at -- with varying variables to determine what its
15 needs were on a going forward projected basis?

16 A. Yes.

17 Q. And you think that a utility would
18 forecast what its needs are based on those variables,
19 correct?

20 A. Yes.

21 Q. And you think that the -- it would be
22 prudent for a natural gas utility to model its
23 existing system to determine whether there was a
24 dangerous risk of low pressure on cold days at peak
25 times, correct?

1 MR. HEALEY: I am going to object to the
2 using of the word "prudence" and make sure we are
3 clear that we are not talking about a legal standard
4 when we use that word since it is in the relevance
5 statute.

6 MS. BOJKO: Your Honor, he is the
7 regulatory expert. He think he's used terms used and
8 useful, prudence many times in his career, so I'm
9 stating as with his regulatory expertise.

10 EXAMINER SANYAL: Overruled. You may
11 answer, Mr. Willis.

12 THE WITNESS: Could I have the question
13 reread, please.

14 (Record read.)

15 A. Yes.

16 Q. And did you analyze the effect, if any,
17 that a drop in pressure on an extremely low
18 temperature day could have on the system?

19 A. You are speaking hypothetically?

20 Q. I said -- I asked if you analyzed the
21 effect, if any, that a drop of pressure could have on
22 an extremely low temperature day.

23 A. No.

24 Q. You would assume that a model would have
25 the capabilities to perform these different analyses

1 with different variables, inputs, so to speak, into
2 the model, correct?

3 A. I would assume so.

4 Q. And, sir, are you aware of the
5 appropriate pressure at which pipelines must be
6 maintained in order to ensure service to customers?

7 A. I believe in some documents that I have
8 read that 100 PSI is -- is the safe zone.

9 Q. And you believe that 100 PSI is the
10 recommendation by engineers as the appropriate
11 pressure to provide safe and reliable service?

12 A. Yes.

13 Q. And you have no basis to question that
14 engineering conclusion, do you?

15 A. No.

16 Q. And you have not studied the factors that
17 can cause a natural gas distribution system to fail,
18 have you?

19 A. No.

20 Q. And you have not studied the causes of
21 low pressure on a gas distribution system such as
22 insufficient pipeline length, have you?

23 A. No.

24 Q. Have you studied the effects of friction
25 within a pipeline on a system?

1 A. Again, I didn't think any of this was
2 necessary for purposes of my testimony to determine
3 whether the extension is used and useful to existing
4 customers.

5 Q. So does that mean you did not study the
6 effects --

7 A. I did not.

8 Q. -- of friction? And you did not study
9 the effects of peak load; is that correct?

10 A. I didn't -- I didn't think it was
11 necessary.

12 Q. And you didn't study temperature on a
13 given day, did you?

14 A. No.

15 Q. Are you aware that if the pipeline -- the
16 possible pipeline pressure on extremely low days
17 becomes too low, a natural gas company may need to
18 increase or extend its pipeline?

19 A. I don't know.

20 Q. Sir, you had an opportunity to be deposed
21 in this case, did you not?

22 A. I was.

23 MS. BOJKO: May we approach, your Honor?

24 EXAMINER SANYAL: Yes, you may.

25 Q. Would you look at page 48, sir, lines 18

1 through 20. Are you there?

2 A. 48.

3 Q. Line 18. On line 18 was the question
4 "And are you aware that if the pipeline pressure
5 becomes too low, a natural gas company may need to
6 increase or extend its pipeline?" There was an
7 objection by Mr. Healey and the answer "Yes." Did I
8 read that correctly?

9 A. Yes.

10 Q. All else being equal, isn't it true that
11 a pipeline extension would prevent current customers
12 from experiencing any adverse consequences that could
13 result from low pressure in the system?

14 A. If that existed, yes.

15 Q. Are you personally aware of a 2015 event
16 on Suburban's system where pressure on the system
17 serving existing customers dropped below safe levels?

18 A. No.

19 Q. Are you aware on a day where temperatures
20 were negative 20 degrees in February pressure fell
21 below 100 PSI? I'm sorry, February 2015. Thank you.

22 A. I know it was very cold in February of
23 2015, but I don't have that information about an
24 unsafe pressure drop on the system.

25 Q. Do you accept that Suburban modeled its

1 delivery system and the resulting pressure on
2 existing customers as well as future customers based
3 on a negative 20 degree day actually experienced in
4 February 2015?

5 A. Again, the GASWorkS flow model that's
6 referenced in the Staff Report in the Ohio Power
7 Siting case that we've been discussing says that
8 it -- it based the engineering model on the coldest
9 day in February of 2015 with the customer account for
10 2017 and anticipated -- and an additional 4,000 homes
11 and that's how they determined the 12-inch pipeline.

12 Q. And do you know what that lowest
13 temperature was in 2015?

14 A. I think you just indicated 20 below.

15 Q. But you don't have personal knowledge.

16 A. I remember it was really cold.

17 Q. Just not how cold.

18 A. 20 degrees sounds about right.

19 Q. You stated previously in response to one
20 of my questions that Suburban experienced no problems
21 in delivering gas to its customers in 2018-19 winter.
22 Do you recall that?

23 A. Customers were served in 2018-19 season
24 this past winter on the existing 6-inch line.

25 Q. And what was the lowest temperature

1 experienced in Suburban's system in 2018 and '19?
2 You don't recall it being as cold as 2015; is that
3 fair?

4 MR. HEALEY: Objection, asked and
5 answered. He said he didn't know.

6 EXAMINER SANYAL: Sustained.

7 Q. (By Ms. Bojko) It's your understanding,
8 sir, that Suburban forecasted a three-year outlook in
9 each of its models that it ran?

10 A. I don't know how many -- it's my
11 understanding that the gas model was constantly
12 updated, but I don't know.

13 Q. You are not sure of the forecasted
14 period?

15 A. Well, again, I mean, it took into account
16 2015 temperatures and customer account through the
17 2017 and added an additional 4,000 customers.

18 Q. So I think you mentioned it was updated
19 several times. You believe that it was updated those
20 several times beginning in 2015, correct?

21 A. Yes, and I believe it was updated through
22 2018.

23 MS. BOJKO: Your Honor, at this time I
24 would like to mark as Suburban Exhibit 9 a packet of
25 five model results just referenced by Mr. Willis.

1 May we approach?

2 EXAMINER SANYAL: Yes, you may.

3 (EXHIBIT MARKED FOR IDENTIFICATION.)

4 Q. Are these the models that you were
5 referencing that were -- that began in 2015 and there
6 was several updates?

7 A. Yes.

8 Q. Looking at these models, can you now
9 answer my question as to whether the model was
10 performed with a three-year outlook?

11 A. Yes. And if you look at the final page,
12 you'll see that it's -- I think it's more than three
13 years. It goes through 2018, performed by UTI,
14 that's the engineering firm hired by Suburban, and it
15 has an August 30 of 2018 and it includes the
16 incremental additional customers through 2018. And
17 you'll see in the second block there is --

18 Q. I'm sorry. Which one are you on, sir?

19 A. I am at the last page.

20 Q. Okay. So it's the 3-31-2018 model?

21 A. Yes. And you'll see at the end of 2018
22 in that second block Lazelle Road point of delivery
23 dead end of ARCO, that the pressure without Del-Mar,
24 WO/DM, it's without the pressure, is 104.27, so it's
25 above the 100 PSI. With Del-Mar right next to it,

1 the pressure is more than double.

2 Q. Right. So without Del-Mar, the pressure
3 on December 2018 was projected to be 104.27, correct?

4 A. Well, it was performed at the end of
5 August, so you had one more quarter and they
6 projected additional customers and at the dead end of
7 the Lazelle Road point of delivery. Might add that
8 the date certain in this case is February of 2019 so
9 it's only a couple more months.

10 Q. I'm sorry. I think I misunderstood you.

11 MR. HEALEY: Your Honor, if he could
12 finish his answer.

13 MS. BOJKO: I thought he was. I
14 apologize.

15 A. That the 6-inch line had no problems
16 meeting the existing customers.

17 Q. Okay. I think there was a mistake in
18 your statement that I'm trying to ask you about.
19 Look at the -- you are reading -- the 104 that you
20 are reading is not an actual number, correct? It's
21 projected year end 2018.

22 A. It -- it took August 31 of 2018 and
23 projected the final quarter additional customers and
24 showed what the pressure without the Del-Mar
25 extension would be.

1 Q. Right. The 104.27 was a projected
2 number, correct?

3 A. Had a final quarter with additional
4 customers.

5 Q. Well, you keep clarifying your statement,
6 but isn't the actual number as of August 2018 also on
7 this document in the first column which reflects that
8 in August in summer months the pressure was only
9 120.82? Oh, I'm sorry, excuse me, 111.90.

10 A. Yes.

11 Q. So in the summer month the actual
12 pressure was 111.90, and the projection was in
13 December it would be 104.27, correct?

14 A. Yes.

15 Q. And then if you look at the next
16 projection for 2019, the projection was that that
17 pressure of 104 would go down to 78.72, correct?

18 A. Yes. That's a projection.

19 Q. Isn't it true that the projection at
20 78.72 would not have included 4,000 additional
21 customers?

22 A. I don't know. I don't know -- well,
23 yeah, that's right. It would have included an
24 additional 391 plus -- plus the 135 so.

25 Q. Okay.

1 A. Over 500.

2 Q. You stated previously that the model had
3 an assumption of an additional 4,000 customers.
4 Isn't it true that the model in August 2018 had an
5 assumption of 135 additional customers by the end of
6 2018, 391 additional customers by the end of 2019
7 when the pressure would have been 78.72?

8 A. No, that's not what I said.

9 MR. HEALEY: Objection.

10 A. What I said was that in determining what
11 size of line and the -- to determine the need for the
12 12-inch line, they used the coldest day in February,
13 actual customer count through 2017, and added 4,000
14 additional customers.

15 Q. But the document before you, where does
16 it say they added 4,000 customers? It appears to me
17 the document in the forecast before you starts with
18 actual numbers in August 2018, then adds 135
19 customers for the projection of the end of year of
20 2018, then adds 391 customers for the projection at
21 the end of 2019 that was under the 100 PSI safe
22 level, and then they added an additional 401
23 customers to get the PSI projection of 39.17,
24 correct --

25 A. Again, Ms. Bojko --

1 Q. -- for 2020?

2 A. Again, Ms. Bojko, the date certain in the
3 case before us is February of 2019.

4 Q. And --

5 A. So you chose when to file the rate case.
6 And what we're saying is that the extension was not
7 needed to serve existing customers.

8 MS. BOJKO: Your Honor, I move to strike.
9 I asked him about pressure levels and customer counts
10 that were assumed in the model dated August 31, 2018.

11 EXAMINER SANYAL: Mr. Willis, could you
12 just respond to that question, please. So the motion
13 to strike is granted.

14 MS. BOJKO: Thank you, your Honor.

15 A. I don't believe that's what you asked me
16 but if you could reread the question, please.

17 (Record read.)

18 MR. HEALEY: Object to that as absurdly
19 compound. There is about nine subparts.

20 MS. BOJKO: I will rephrase, your Honor.
21 I was trying to shortcut.

22 EXAMINER SANYAL: Thank you.

23 Q. Mr. Willis, I'm not a mathematician or an
24 engineer either, but when I add up those numbers,
25 that the August 31, 2018, the incremental customer

1 count that is assumed in the model, I get 927
2 customers; is that correct?

3 A. You are going through 2020.

4 Q. Correct.

5 A. And, again, to answer -- I am trying to
6 answer your question here, but the date certain in
7 this case is February of 2019. So it's not used and
8 useful to the existing customers.

9 Q. Mr. Willis, isn't it true that the model
10 did not assume 4,000 additional customers? Instead
11 it assumed 927 additional customers over a
12 two-and-a-half year period when it modeled the
13 system?

14 A. Well, no. I don't -- I don't agree with
15 that. I mean, this goes out to 2020. Based on the
16 history of growth within the Suburban territory, it's
17 going to take a decade or 12 years to hit the 4,000.
18 I don't see it going beyond 2020.

19 Q. The --

20 A. But -- but the model was created -- it
21 added the 4,000 customers based on the coldest day in
22 2015 to determine the -- the size of the extension to
23 put in.

24 Q. So in -- when in August 31, 2018, when
25 the system was modeled, let's focus on 2019 where the

1 test year date certain is, in 2019 year end --

2 A. It's not -- I'm sorry, but the date
3 certain is not year end 2019.

4 Q. Right. I was clarifying. I said in the
5 year -- the date certain was in 2019. And the
6 projection for year end of 2019 was to add 526
7 customers, and if those 526 customers were added, the
8 pressure at Lazelle Road point of delivery was
9 projected to be 78.72 which is below the safe level,
10 correct?

11 A. Yes. But it's irrelevant. Your date
12 certain is not year end 2019.

13 Q. So are you suggesting that the date
14 certain which is in the middle -- was February of
15 2019 should be the cutoff when deciding whether or
16 not to build a pipeline?

17 A. It's the deciding factor in whether
18 something is used and useful to existing customers,
19 whether it should be included in rates.

20 Q. I'm asking if it should be the cutoff for
21 the design of the system.

22 A. No. But, again, that's not what we are
23 here for. We are here to set rates.

24 Q. Do the gas utilities design pipelines
25 based on a date certain date?

1 A. No, but you choose when to file your rate
2 case.

3 Q. So let's back up a little bit and go
4 through some of these others. If you turn to page 1,
5 the first model that you have in front of you is --
6 was performed in December 9, 2015, correct?

7 A. That's what it says here.

8 Q. And in 2015, there was a three-year
9 projection that showed with the addition of 1,300
10 customers, 1,350, that the pressure would be close to
11 the 100 mark at 116 in 2017, correct?

12 A. On Lazelle Road point of delivery dead
13 end of ARCO which is what -- what we're talking about
14 at that time there -- it does not have with the
15 addition of Del-Mar. It's the study -- it's the
16 engineering study based on the existing line.

17 Q. So that --

18 A. And let me finish. And at that time in
19 2018 with the additional -- I don't have a
20 calculator. I don't know how many customers that is.

21 Q. 2,900, subject to check?

22 A. Oh, thank you. 2,900 additional
23 customers without Del-Mar it was projected in 2018 to
24 be 76.3. Now, and it was updated several times and,
25 again, going to the last page on -- it was updated in

1 August 31 of 2018. It projected the final quarter,
2 and without Del-Mar the Lazelle Road point of
3 delivery had a pressure of 104.27, so it -- it
4 clearly got refined and from when this was first ran
5 in 2015, the pressure was projected to be 76, but in
6 actuality it would -- it never was as bad as it was,
7 and it was 104.27.

8 Q. You are pointing out the obvious.
9 Forecasts are not precise to the exact number, right?
10 They are forecasts.

11 A. Is that a question?

12 Q. Yeah. Forecasts are forecasts and can --
13 nobody has a crystal ball and could -- and if they
14 did, they would have a lot of money to exactly
15 forecast the pressure of a pipeline and exact number
16 of customers that did come online three years out,
17 correct?

18 A. No. But, again, again, that's not what
19 we are here for. You have to -- you have to
20 construct your line the way you -- you believe is
21 prudent. What we are here for is setting rates on
22 existing customers and determining whether something
23 is used and useful, and we believe that the
24 existing -- that the pipeline extension was not used
25 and useful at date certain to the existing customers.

1 And it doesn't matter whether it will be in the
2 future. It's whether it is right now.

3 Q. And you are not testifying based on the
4 2015 models, the five updated models, that it wasn't
5 a prudent decision for Suburban to construct this
6 pipeline.

7 A. We are not saying it was not a prudent
8 decision.

9 Q. And just so the record is complete, the
10 updated models, without going through each one,
11 similarly determined in 2016 that there would have
12 been a pressure, assuming certain customers came on
13 the system, that there would be a pressure that was
14 below the 100 PSI, the safe zone I think is the term
15 you used?

16 A. What period of time are you referring to?

17 Q. There is two conducted in February of
18 2016 and both of those projected that in 2018 the
19 pressure at Lazelle Road would have been under the
20 100 PSI safe zone, correct?

21 MR. HEALEY: Objection briefly to the
22 characterization of that is a safe zone. The witness
23 has not testified based on his own knowledge that --

24 EXAMINER SANYAL: Thank you, Mr. Healey.
25 Can you rephrase?

1 MR. HEALEY: -- it was not safe.

2 MS. BOJKO: He used the term "safe zone,"
3 your Honor.

4 Q. (By Ms. Bojko) I believe you said you
5 thought the 100 PSI was the safe zone, correct?

6 A. Yes.

7 Q. So with that can you answer my question
8 as to whether the two forecasts performed in February
9 of 2016 projected that the pressure at the Lazelle
10 Road would be below the safe zone?

11 A. Clearly they were projecting more
12 customers than what you brought online.

13 Q. So was that a, yes, the pressure was
14 below the safe zone in both projections in 2018?

15 A. Again, they projected more growth than
16 what you've experienced.

17 Q. And with their projections, the model
18 determined that Suburban would be in danger of
19 going -- their pressure going below the safe zone in
20 2018, correct?

21 A. With additional customers that you don't
22 have online then, yes.

23 Q. And the projection April 6, 2017,
24 projected both that the pressure on Lazelle Road
25 would go below the safe zone in both 2018 and then

1 '19 as well, correct?

2 A. Where?

3 Q. April 6, 2017, forecast.

4 A. The -- you are looking at February 3,
5 2016?

6 Q. I have April 6 is the model, April 6,
7 2017.

8 A. Okay.

9 Q. And my question was were this model, the
10 projections in 2018 and '19, were that the point of
11 delivery at the Lazelle Road, the pressure would drop
12 below the safe zone in both years, correct?

13 A. Again, it projected 4,000 customers.
14 You're -- it included customers that you didn't bring
15 online.

16 Q. Isn't it true -- we just did the math.
17 Isn't it true that this projection does not include
18 4,000 customers?

19 A. Can I get my calculator?

20 MR. HEALEY: If I may, your Honor?

21 A. Okay. So the April 6, 2017, projection
22 was -- it included 2,500 additional customers from
23 the initial -- the initial study.

24 Q. Well, let's walk through that because I
25 am getting 1,787 customers. In the model before you

1 on April 6, 2017, the model assumed at a 20 --
 2 negative 20 degree temperature that with the
 3 incremental customer addition in 2017 of 525,
 4 incremental customer addition in 2018 of 611, which
 5 is only 1,136, 1,136 customers, the projection was
 6 that the Lazelle Road would be at a pressure below
 7 the safe zone, correct?

8 A. No. You take April 6, 2017. You take
 9 the 2019 total customers of 14,448, and you
 10 subtract -- you go to page 1, the base system, first
 11 column, subtract 11,885 and that is an addition of
 12 2,563 customers.

13 Q. Mr. Willis, you are looking at the first
 14 model, and I'm trying to -- weren't these models run
 15 independently?

16 A. Ms. Bojko, yes, they were.

17 Q. And doesn't the April 6, 2017, have a
 18 base total customer number in and of itself of 12,661
 19 customers?

20 A. Fourth quarter of 2016.

21 Q. Was that a "yes"? I'm sorry. I didn't
 22 hear you.

23 A. Yes.

24 Q. And then this model added in 2017 525
 25 customers, correct?

1 A. I am getting 1,778 -- and 87.

2 Q. Correct. So if you add the model,
3 does -- it adds 525 to the base of 12,661, and it
4 comes out with system total number of customers of
5 13,186, correct?

6 A. Subject to check.

7 Q. Then -- and it does a pressure
8 calculation in 2017 and determines it's close to the
9 same -- safe level, but it's above the safe level at
10 113, correct?

11 A. Yes.

12 Q. And then the system takes that number
13 12,661 and the -- for the base and adds 611
14 customers, correct?

15 A. Yes.

16 Q. And with the 611 customers added, it's
17 13,272, correct?

18 A. Yes.

19 Q. It's actually not cumulative. In this
20 scenario they are suggesting that 611 customers in
21 2018 were added, not 525 plus 621, correct?

22 A. Again, the gas system model used actual
23 customer count through 2017, added 4,000 customers to
24 determine the size of the pipeline to build.

25 Q. Which model are you talking about? None

1 of the models before you add 4,000 customers. Which
2 model are you referencing?

3 A. With the one that you -- that you
4 provided staff data on in the Ohio Power Siting case.

5 Q. It was a model like this? Or did it
6 state in the Power Siting case that after complete
7 buildout of 18 subdivisions, sometime in the future
8 there would be 4,000 customers added?

9 A. No, it didn't say that. It said that to
10 determine the need for the -- for the pipeline, they
11 took 2017 actual and included growth projections of
12 4,000 customers.

13 Q. Isn't it true that it actually states
14 that current projects serving as many as 18
15 subdivisions which are in various stages of
16 developments with estimated financial buildout of
17 4,000 homes; isn't that what it says?

18 A. That's what it says.

19 Q. It didn't say it included 4,000 homes in
20 the model, did it?

21 MR. EUBANKS: For the purposes of clarity
22 on the record, could we state what "it" is? You are
23 saying "it says."

24 MS. BOJKO: I have no idea what he is
25 talking about. That's what I am trying to

1 understand, the model.

2 MR. EUBANKS: You just read from a
3 document.

4 MS. BOJKO: The Staff Report is what I
5 was reading from. My apologies.

6 MR. EUBANKS: Exhibit 6, right?

7 MS. BOJKO: Exhibit 6, thank you.

8 A. For determining the need for the new
9 12-inch Del-Mar Pipeline that we're talking about,
10 Suburban provided a recent update to the gas system
11 model that included customers through 2017 and
12 included growth projections for the area.

13 Q. Right. And the growth projections are in
14 the models that are before you, correct?

15 A. I don't know that that's the case. This
16 is determining the need for the pipeline. This is
17 determining it's providing up -- I don't know. I
18 don't know.

19 Q. Do you have another model in front of you
20 that you are referencing where there is some kind of
21 assumption of 4,000 customers, or are the models you
22 are referring what you have as Exhibit 9?

23 A. Again, this was to determine the need for
24 the 12-inch pipeline. This is just providing running
25 studies --

1 MR. HEALEY: Can I interrupt real quick
2 and have him identify what "this" is?

3 EXAMINER SANYAL: Exactly. Thank you.

4 MR. HEALEY: You keep saying "this is
5 what it reflects."

6 A. The Staff -- the Staff Report talked
7 about the need, and the model that was ran using the
8 GASWorkS model determined the need for the 12-inch
9 pipeline. The document that you just provided me
10 the -- that's titled "Suburban Natural Gas South
11 System Future Loading" has the one page we are
12 looking at is an April 6, 2017. So clearly this page
13 that we are looking at was run prior to using actuals
14 of 2017 because you are projecting, you know,
15 three-quarters here.

16 Q. So isn't it fair to assume that the
17 modeling, or the GASWorkS modeling system that was
18 referred to in the Staff Report, Suburban Exhibit 6,
19 was based on these engineering models?

20 A. Well, again, the Staff Report says they
21 used actual 2017 customers and projected an
22 additional 4,000 to determine the need for the
23 12-inch extension.

24 Q. So you don't know whether they used these
25 models or not?

1 A. Well, the model that you're -- you're
2 showing me on this exhibit, it was performed in April
3 6 of 2017. That's certainly not the end of the year.
4 So it would have included -- would have been actual
5 through 2017 and then because if you look at this, it
6 doesn't have Del-Mar in here. So you have to get to
7 the next page, 2018, end of year before you start to
8 see with Del-Mar.

9 Q. So from what I'm hearing you saying you
10 believe that the Staff Report was based solely on the
11 final model in the Suburban Exhibit 9 which has
12 actual 2017 projected customers, correct?

13 A. Well, final model is actual.

14 Q. Or I'm sorry.

15 A. Is based fourth quarter 2017 so, yes,
16 that would be my assumption.

17 Q. I apologize. I meant actual final
18 numbers. And this model also has a three-year
19 projection of, well, two-and-a-half year projection
20 out through 2020, correct?

21 A. Yes. And that's essentially what I am
22 trying to say is you have to go to this final page
23 and you start with the actuals of 2017 and your
24 engineer projected an additional 4,000 customers to
25 determine the need for the 12-inch pipeline.

1 Q. And what is the basis of that statement
2 that our engineer projected 4,000 new customers to
3 make its determination to Staff?

4 A. Because I've read it into the record I
5 don't know how many times. It comes from the Staff
6 Report.

7 Q. Okay. It's based on the Staff Report; is
8 that your testimony today?

9 A. Yes. I have no reason to believe they
10 would mislead or state something that's inaccurate.

11 Q. Okay. So let's use the last model that
12 you believe is the basis for the Staff Report, and
13 the last model states that there were 13,081
14 customers in August 2018, correct?

15 MR. HEALEY: Objection. Mischaracterizes
16 the witness's testimony. He did not testify that
17 this page forms the basis of the Staff's report in
18 the Power Siting case.

19 EXAMINER SANYAL: Sustained.

20 MS. BOJKO: He actually did three
21 questions ago.

22 EXAMINER SANYAL: Let's reask the
23 question because I have now forgotten as well.

24 Q. Do you believe -- you said that the other
25 models were insufficient because they didn't have a

1 2017 customer count. Is it your understanding that
2 the final model attached dated August 31, 2018, would
3 have been the basis of the Staff Report?

4 MR. EUBANKS: I object as to speculation,
5 but if she's just asking him what his own beliefs
6 are, then that's fine.

7 MS. BOJKO: What his understanding is
8 because he is relying on the Staff data.

9 EXAMINER SANYAL: With that
10 clarification, Mr. Willis, can you answer the
11 question? Are you able to, or do you need it
12 rephrased?

13 A. Yeah, if you don't mind. If you could
14 rephrase it, I would appreciate it.

15 Q. Do you believe that the August 31, 2018,
16 for purposes of your analysis, did you believe that
17 the August 31, 2018, model was the model utilized by
18 Staff when drafting its comments in the Power Siting
19 case?

20 A. It couldn't have been because the case
21 was filed in March of 2018.

22 Q. Okay. So let's go back to the April 6,
23 2017, model which would have been the last model
24 prior to the Staff Report being issued.

25 MR. HEALEY: Objection. There's no

1 evidence that these are -- this is the entire world
2 of all models that were run by Suburban's engineers.
3 There could have been an interim we are not aware of.

4 MS. BOJKO: Yeah. Your Honor, we were
5 asked to produce the models in discovery, so if
6 Mr. Healey is suggesting that the Company somehow
7 withheld a model or somehow did something improper, I
8 don't think that's a fair characterization.

9 MR. HEALEY: I certainly wasn't
10 suggesting any malintent, and I don't want opposing
11 counsel to think so.

12 EXAMINER SANYAL: I am going to overrule
13 the objection.

14 A. Well, if this is the last model.

15 Q. So the model would have been performed in
16 April 6 of 2017, and in this model we have a base
17 customer count Q4 of 2016, correct?

18 A. Well, again --

19 Q. If you look at the top of the first
20 column.

21 A. I'm looking at the Staff Report. And it
22 says "addition of new customers from 2016 and '17 and
23 included both projections." So if this was the last
24 model, then I would assume that they would have used
25 the 2017 total customers of 13,186. It would have

1 been included the fourth quarter of 2016 with
2 additional customers.

3 Q. You keep referring to I think the first
4 sentence on page 2 of the Staff Report in the Power
5 Siting case, Exhibit 6. Isn't it true that that does
6 not say we took the actuals of 2017? Isn't it true
7 it said applicant's most recent update to the gas
8 system model included the addition of new customers
9 from 2016 and '17?

10 A. I'm not sure what your argument is. I am
11 just saying if this is the latest -- if this is the
12 latest run, then it would have included fourth
13 quarter 2016 and 2017 total customers.

14 Q. Well, the sentence that I just read, this
15 model coincides with that, isn't that true the most
16 recent update to the gas system model included the
17 addition of new customers from 2016 and '17?

18 A. That's what it says.

19 Q. And you believe the model includes
20 additions from 2016 and '17, correct, projected for
21 '17?

22 A. That's what it does.

23 Q. Okay. So, now, let's look at April 6,
24 2017. This model, if we take the base, is 12,661 for
25 Q4 2016, correct?

1 A. Yes.

2 Q. And then in column 2 it assumes a
3 customer -- an incremental customer count for 2017 of
4 525, correct?

5 A. Yes.

6 Q. So adding 525 customers to the system,
7 the model was run, and the pressure came out close to
8 100 at 113.26, correct?

9 A. It came out to 113.26.

10 Q. And then if we look at 2018, the model --
11 instead of the 525 the model now assumes there is 611
12 additional questions -- customers over the 2016 base,
13 correct?

14 A. Yes.

15 Q. And then it adds those customers up, so
16 it's assuming 611 now instead of 525, and it
17 determines -- the model determines that Lazelle Road
18 POD is going to experience a projected PSI under the
19 safe zone of 80.83, correct?

20 MR. EUBANKS: For the purposes of
21 clarity, the 611 is an incremental increase and 1,136
22 is the total increase.

23 A. Okay. Yes, that's what it says.

24 EXAMINER SANYAL: Hang on, Mr. Willis. I
25 think we are still trying to clarify something.

1 MS. BOJKO: I misspoke. I misspoke.
2 I'll strike that question and try again. Thank you,
3 your Honor.

4 EXAMINER SANYAL: Okay.

5 MS. BOJKO: Thank you for clarifying
6 that.

7 Q. (By Ms. Bojko) In 2018 on the April 6,
8 2017, model, the assumption was cumulative, the
9 assumption is that 11 -- 1,136 customers were added,
10 and with that addition of 1,136 customers from the
11 2016 base, the projected pressure was below the safe
12 zone at 80 PSI, 80.83.

13 A. Yes. However, that's not the customer
14 growth that was experienced. In fact, the growth in
15 2017 was 517. And in 2018 -- I'm sorry. The growth
16 between '16 and '17 was 517 and between '17 and '18
17 was in the 427, so these projections are stronger
18 projections than what -- than what the Company has
19 actually experienced.

20 Q. Because they are projections, right?

21 A. Yeah. But you want -- you want me to say
22 that, you know, you are dropping below the safe zone
23 when reality is that you are not growing as quickly
24 as what it was projected to grow.

25 Q. And the -- the engineers that performed

1 the model, they were off by eight customers in 2017,
2 correct?

3 A. Yes. And they were -- and they were
4 short by -- they were short by 184 in year '18.

5 Q. And that's the nature of projections,
6 right? You are projecting -- you have a lot of
7 assumptions in models and you're forecasting the
8 model out several years and in doing that you have to
9 assume certain customer accounts and you have to make
10 those projections, correct?

11 A. Yeah. But in 2017, you were at 113.26;
12 and so, you know, had you not had the -- you know,
13 had the projection been more accurate in 2018, you
14 know, I don't know what the pressure would have been.

15 EXAMINER SANYAL: Ms. Bojko, I am going
16 to briefly interrupt. Sorry. I have to leave at
17 1:00, so is it possible that we could take the break
18 now?

19 THE WITNESS: I would really like to take
20 a break.

21 EXAMINER SANYAL: Yeah.

22 THE WITNESS: If nothing more than 5
23 minutes.

24 MS. BOJKO: No, of course.

25 EXAMINER SANYAL: So whatever. If you

1 would like to take the longer break now.

2 MS. BOJKO: That's fine, your Honor.

3 EXAMINER SANYAL: And maybe come back at
4 2:00 or?

5 MS. BOJKO: If we could have 2:15.

6 EXAMINER SANYAL: Let's go off the record
7 briefly. Or let's just go off the record, not
8 briefly.

9 (Discussion off the record.)

10 EXAMINER SANYAL: We are taking a recess
11 for 45 minutes, and we will be back at 1:45 p.m.

12 And then let's go off the record. Thank
13 you.

14 (Thereupon, at 12:55 p.m., a lunch recess
15 was taken.)

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1 Thursday Afternoon Session,
2 May 9, 2019.

3 - - -

4 EXAMINER SANYAL: Let's go on the record.
5 We had a brief recess. It is about 2:00
6 p.m. The Attorney Generals are not present at the
7 moment, but we will start without them.

8 And, Ms. Bojko, whenever you are ready,
9 you can continue your examination, your
10 cross-examination --

11 MS. BOJKO: Thank you, your Honor.

12 EXAMINER SANYAL: -- of the witness.

13 MS. BOJKO: Thank you, your Honor.

14 - - -

15 WILLIAM ROSS WILLIS
16 being previously duly sworn, as prescribed by law,
17 was examined and testified further as follows:

18 CROSS-EXAMINATION (Continued)

19 By Ms. Bojko:

20 Q. Mr. Willis, just a couple more questions
21 about the modeling that we were looking at before the
22 lunch break. Could you turn back to April 6, 2017,
23 which is in Suburban Exhibit 9.

24 A. Yes.

25 Q. If we look at 2019, the underlying

1 assumptions, the incremental customer number of 651
2 for 2019 which took us a total of 17 hundred 8
3 hundred -- excuse me, 1,787 new customers added on
4 the sum for the model assumption, correct?

5 A. That was the assumption of projection.
6 That's not what actually happened though.

7 Q. Okay. And we are talking about
8 forecasting pressures; is that correct? Is that what
9 the model is doing?

10 A. Yes.

11 Q. And with those incremental customers of
12 1,787, the model projects Lazelle Road POD pressure
13 of 17.16; is that correct?

14 A. Yes. That's projection but that's not
15 reality.

16 Q. Well, this is the 2019 so end of year so
17 that reality has not occurred, correct?

18 A. Right.

19 Q. And you don't know whether that would
20 have occurred or would not have occurred, correct?

21 A. Well, not -- it's not December yet, yeah.

22 Q. And, sir, I think you mentioned earlier
23 in this model, April 6, 2017, and the models prior to
24 this, the December 2015; the February 3, 2016; the
25 February 10, 2016, these models were done for the

1 existing Del-Mar ex -- for the existing Suburban
2 system, correct?

3 A. Yes.

4 Q. So these models would have been
5 considered to have been performed prior to the
6 Del-Mar extension being modeled.

7 A. No.

8 Q. Let me strike that. I am going to strike
9 that question. I think it was poorly worded. Let me
10 try again.

11 The modeling was done for the existing
12 system recognizing projected customer count; is that
13 correct?

14 A. It was done on the existing system for
15 the purpose of determining the need for the 12-inch
16 Del-Mar extension.

17 Q. And with this you are aware that with the
18 modeling we've been discussing, Suburban determined
19 that there was a risk of a low pressure event in 2018
20 and '19 time frame and that is the basis for them
21 seeking and planning a Del-Mar extension; is that
22 correct?

23 A. Based on -- based on projections of
24 additional customers, yes.

25 Q. And it was that -- those projections

1 where Suburban decided it would need an extension in
2 order to alleviate the risk of an outage in 2019
3 caused by low pressures.

4 A. Based on projected customer growth, yes.

5 Q. And, sir, you had not reviewed this model
6 prior to filing -- or any of the models prior to
7 filing your testimony, had you?

8 A. This particular document, no. I --
9 again, I reviewed the Ohio Power Siting Board Letter
10 of Notification, that statement of need for the
11 proposed facility was "The current 6-inch line will
12 not provide enough volume for the amount of
13 planned -- amount of growth that is planned. As
14 such, the new 12-inch line is needed to provide
15 additional capacity and the Staff Report in that case
16 where it talked about the -- where it talked about
17 the GASWorkS flow model software program that did the
18 modeling, and it included the addition of customers
19 from 2016 and 2017 included growth in the area
20 serving as many as 18 subdivisions and final buildout
21 of 4,000 homes" and that's what I reviewed.

22 Q. And just so we're clear, not only did you
23 not review Exhibit 9 -- Suburban Exhibit 9 prior to
24 filing testimony, you did not reserve -- review any
25 other Suburban Natural Gas System Future Loading

1 Model and the results of that model, correct, prior
2 to filing your testimony?

3 A. I didn't think it was necessary, no.

4 Q. Are you aware beginning in 2017 Suburban
5 sought and obtained financing to build the Del-Mar
6 extension?

7 A. Are you asking me did they file a case
8 here with the Commission?

9 Q. First, I am asking if you know they
10 sought and obtained financial -- financing to build
11 an extension from a lender.

12 A. I don't -- I don't recall.

13 Q. Now, referencing a case, are you aware
14 that Suburban filed a financing proceeding before the
15 Commission?

16 A. I want to say yes, but I just don't
17 recall any more.

18 Q. Did you review the financing application
19 and approval in Case No. 17-2321-GA-AIS?

20 A. I believe I did.

21 Q. And you are aware the Commission approved
22 that financing which provided the draw loan for the
23 construction of the Del-Mar Pipeline extension in
24 2018?

25 A. I don't recall.

1 Q. Are you aware that in March of 2018 --
2 strike that.

3 You are aware that then in March of 2018
4 is when Suburban filed its application for approval
5 of the extension of the Ohio Power Siting Board.

6 A. Yes.

7 Q. And are you aware that the application
8 was automatically approved without intervention from
9 any other party 30 days thereafter?

10 A. There was a recommended automatic
11 approval date in the Staff Report listed as April 2,
12 2018.

13 Q. And are you aware that the
14 construction -- from your review of the Power Siting
15 Board case, were you aware that construction was
16 scheduled to begin in July 2018 for the construction
17 of the 4.9 extension?

18 A. I don't know.

19 Q. And are you aware that -- are you aware
20 that the pipeline was scheduled to be completed by
21 the end of 2018?

22 A. Yes.

23 Q. And isn't it true that Suburban was
24 delayed in the construction of the pipeline due to
25 weather?

1 A. I don't know why they were delayed. I
2 know in the -- in the application in the rate case it
3 was projected to be in service by the end of December
4 of 2018, but it did not go into service until the end
5 of the test year, February of '18 -- or '19.

6 Q. It's your understanding that to construct
7 a pipeline, there may -- may be a need to obtain
8 easements, correct?

9 A. Yes.

10 Q. And are you aware that in the process of
11 obtaining easements, Suburban ran into some
12 difficulties in obtaining those easements?

13 A. I have no idea.

14 Q. The Del-Mar extension went into service
15 February 22, 2018; is that what you stated?

16 A. I don't know the exact date. I know it
17 went into service at the end of February of 2019.

18 Q. So it was prior to the end of the test
19 year, correct?

20 A. It was in service by the end of the test
21 period. That's what -- yes.

22 Q. Is it your understanding that if the
23 pressure on the system drops too low that the system
24 could go offline, so to speak, or there could be an
25 outage?

1 A. Yes.

2 Q. And are you aware the consequences that
3 could result in the event the pressure in the
4 pipeline is insufficient?

5 A. There would be outages.

6 Q. And customers could lose service; is that
7 correct?

8 A. There would be outages.

9 Q. And it's your understanding that if this
10 were to occur, customers could lose service for
11 several weeks?

12 A. Is this a hypothetical? I don't know.
13 Possibly.

14 Q. And if customers did lose service for
15 several weeks, you would agree with me that would be
16 a catastrophic event during the winter season,
17 correct?

18 A. But that didn't occur.

19 Q. If it were to occur --

20 A. Hypothetically, yes, but that did not
21 happen.

22 Q. Are you aware of what would happen in the
23 event that the system collapses and customers lose
24 service?

25 A. Again, that's a hypothetical. That

1 didn't happen.

2 Q. No. I am saying are you aware of what
3 would need to happen if the system collapses and
4 customers lose service?

5 A. No, no.

6 Q. Isn't it true that in the event of an
7 outage due to low pressure, Suburban would be
8 required by the Commission's gas pipeline safety
9 rules to conduct certain safety tests prior to
10 restoring service?

11 A. Yes.

12 MR. HEALEY: Objection. This is getting
13 well outside the scope of Mr. Willis's testimony
14 which is about the used and usefulness of this
15 pipeline. He doesn't say anything about gas service
16 safety rules and the interpretation of those rules
17 and how the Commission might apply them in some
18 hypothetical situation that has not occurred.

19 EXAMINER SANYAL: Ms. Bojko.

20 MS. BOJKO: Your Honor, this is directly
21 related to Mr. Willis's claims in his testimony that
22 the pipeline was somehow not needed for existing
23 customers. It was needed and these are questions
24 regarding what happens if it was not done which is
25 very relevant to his testimony.

1 EXAMINER SANYAL: I will allow you a
2 brief response.

3 MR. HEALEY: I'll stand on my current
4 statement, your Honor. I have nothing else to add.

5 EXAMINER SANYAL: Overruled.

6 MS. BOJKO: Thank you.

7 Q. (By Ms. Bojko) Do you need that reread,
8 sir?

9 A. Please.

10 Q. Isn't it true that in the event there is
11 an outage due to low pressure, Suburban would be
12 required by the Commission's gas pipeline safety
13 rules to conduct certain safety tests prior to
14 restoring service?

15 A. Yes.

16 Q. And it's your understanding that Suburban
17 would have to purge every single service line which
18 means every single customer's service line, correct?

19 A. Possibly.

20 Q. And is it your understanding that that
21 would be over 13,000 service lines that would have to
22 be purged?

23 A. I don't know.

24 Q. Isn't it true that Suburban would then
25 have to repressurize the pipeline?

1 A. Yes.

2 Q. Well, first, Suburban would have to go
3 out and obtain or ensure that it has adequate
4 contractual entitlement or adequate supply to the
5 pipeline, correct?

6 A. Yes.

7 Q. And then isn't it true that Suburban
8 would have to go home by home to conduct an
9 inspection before restoring service to each customer?

10 A. Hypothetically, yes.

11 Q. And isn't it true at that time the
12 Company would have to conduct a leakage service --
13 survey in every building?

14 A. Yes.

15 Q. And isn't it true that Suburban may even
16 have to depend on assistance from companies to
17 complete this work?

18 MR. HEALEY: Objection, your Honor. This
19 is going on and on. Still not clear to me what this
20 has to do with Mr. Willis's testimony about used and
21 usefulness. This is about response to potential
22 outages in some hypothetical world. I don't see how
23 this could possibly be relevant to whether this
24 pipeline is used and useful in Mr. Willis's
25 testimony.

1 EXAMINER SANYAL: Overruled.

2 Q. (By Ms. Bojko) These aren't hypothetical
3 in some crazy world. It's true if there is a system
4 outage, that items we've been discussing would have
5 to be done under the Commission's rules, correct?

6 A. The existing 6-inch line, that didn't
7 happen within the test period that we're talking
8 about. So, yeah, what you are referring to would be
9 a hypothetical situation.

10 Q. Well, no. It's not hypothetical if there
11 was a system outage --

12 A. But there wasn't.

13 Q. -- these are the steps that would have to
14 be taken to -- before you could bring the system back
15 up and have customers receiving gas, correct?

16 A. Yes, but there was not one. There wasn't
17 an outage.

18 Q. But isn't the -- isn't it true the
19 Company assessed the risk of an outage when
20 determining whether the pressure levels were
21 sufficient to supply its existing customers?

22 A. That's -- Ms. Bojko, that's not the
23 purpose of my testimony, whether you made a prudent
24 business decision on whether to construct a 12-inch
25 line. What we are talking about is rates on existing

1 customers, and the 12-inch line was constructed to
2 serve an additional 4,000 customers. It wasn't built
3 to serve the existing customer base.

4 Q. Well, isn't it true it was built to raise
5 the pressure on the existing line?

6 A. As a result of additional growth.

7 Q. And that improved pressure would improve
8 the service to existing customers, correct?

9 A. Well, again, I mean, looking at your --
10 your exhibit, you know, the final -- the last page
11 that was done at the end of August and projecting
12 through the end of the year --

13 EXAMINER SANYAL: Mr. Willis, are we on
14 Exhibit 9?

15 THE WITNESS: My -- they gave me an
16 exhibit that has no number on it.

17 EXAMINER SANYAL: I believe you are -- I
18 am looking at it. I think it's Exhibit 9.

19 THE WITNESS: 9, I'm sorry, Suburban
20 Exhibit 9. It would be the last page.

21 A. And it was conducted -- the study was
22 updated it says August 31 of 2018. It projected
23 customers through the end of 2018. And at the
24 Lazelle Road point of delivery dead end of ARCO it
25 had a pressure of 104.27. Even if -- and, you know,

1 to the -- to the column to the right of that, with
 2 Del-Mar it's well over. You know, it's 236. Well,
 3 100 is what is determined to be the safe zone; so,
 4 no, I don't believe that Del-Mar, whether it was
 5 prudent or not to build it for future growth, it was
 6 necessary or it's not used and useful to serve
 7 existing customers. It doesn't matter whether it's
 8 going to be used and useful to serve future
 9 customers. It's whether it's used and useful at date
 10 certain.

11 Q. So for the column you were looking at,
 12 104 was dangerously close to the 100 PSI safety zone,
 13 correct?

14 MR. HEALEY: Objection, your Honor.
 15 That's argumentative.

16 EXAMINER SANYAL: Sustained.

17 Q. I'll remove the word dangerous. I'll
 18 rephrase. You agree the safety zone is 100, and 104
 19 is very close to 100, correct?

20 A. It doesn't matter whether the pipeline is
 21 to serve -- will be used and useful in the future.
 22 It's whether it's used and useful at date certain.
 23 Suburban -- let me finish. Suburban chose the test
 24 year in this case. They chose when to file the case.
 25 It has nothing to do with whether it was prudent, a

1 prudent business decision to put it in. It was you
2 chose when to file the case, and at date certain it
3 was not used and useful to serve existing customers.

4 Q. Let's focus on the exhibit. I am asking
5 you if in 2018 it was projected that with adding the
6 Del-Mar extension it would increase the pressure to
7 an existing customer.

8 A. To 236.12.

9 Q. So is that "yes"? Adding the Del-Mar
10 system will increase the pressure to existing
11 customers?

12 A. Yes, greatly increase over what -- what
13 is necessary.

14 Q. And in 2019 through this document, it was
15 projected that without Del-Mar an existing customer
16 would receive a pressure of 78.72 which is below the
17 100 safety zone, correct?

18 A. Again, it's at the end of 2019 which
19 hasn't occurred yet, and it's a projection. Your --
20 the number of customers -- I think we've already
21 established that the number of customers that has
22 been -- that was added it varies and in -- as a
23 matter of fact, in 2018, it was -- you projected 187
24 customers more than what had actually happened; so,
25 again, it's a projection. It's not -- it's not

1 reality. It hasn't even happened yet.

2 Q. But I'm asking you if it's projected the
3 effect of adding the Del-Mar extension, if the
4 projection is that it will increase the pressure
5 above the safety zone to an existing customer.

6 A. For 2019, it would increase the pressure
7 to 232.5 PSI.

8 Q. That is above the safety zone, correct?

9 A. Yes.

10 Q. And similarly for 2020 there was a
11 projection that without Del-Mar, an existing customer
12 would receive a pressure of only 39.17, correct?

13 A. 39.17 is a projection based on future
14 customer growth.

15 Q. And so with the Del-Mar extension, the
16 projection is that the Del-Mar extension will
17 increase the pressure to an existing customer
18 bringing that pressure over the safety zone, correct?

19 A. Yes. But the date certain in this case
20 is February of 2019. It's not the end of 2019. It's
21 not the end of 2020. It's February of 2019.

22 Q. You stated that an outage would -- is a
23 hypothetical. Have you conducted modeling to
24 determine the likelihood of an outage event occurring
25 due to the low pressure prior to the Del-Mar Pipeline

1 extension going into service?

2 A. I did not believe it was necessary for
3 purposes of my testimony.

4 Q. And I think similarly you did not then
5 conduct a model to determine the likelihood of an
6 outage event occurring due to low pressure after the
7 Del-Mar Pipeline extension went into service. I'm
8 not sure you answered my question. Do you know that
9 if there is an outage event, that Suburban would have
10 to call on assistance from other gas companies to
11 help complete the restoration?

12 A. I have no idea.

13 Q. Are you familiar with mutual assistance
14 agreements?

15 A. Yes.

16 Q. And would you assume that a company that
17 had a mass outage of 17,000 customers, or a subset
18 thereof, 13,000 customers, that they would need to
19 call on the mutual assistance agreement?

20 A. Hypothetically.

21 Q. And you would want them to call on that
22 mutual assistance agreement to try to get residential
23 customers back online sooner, correct?

24 A. Hypothes -- under a hypothetical
25 situation, yes.

1 Q. Are you aware of a recent issue in
2 January of this year where 10,000 natural gas
3 customers in Rhode Island lost natural gas service
4 for more than a week as a result of a low pressure
5 event on a pipeline?

6 MR. HEALEY: Objection, your Honor. That
7 assumes facts not in evidence. There is no evidence
8 of any outage in Rhode Island or anywhere else and
9 asking him if he is aware of it assumes that is, in
10 fact, the case.

11 MS. BOJKO: Your Honor, I am asking
12 if he's aware, yes. If he is not aware, he can say
13 no.

14 EXAMINER SANYAL: Overruled. Mr. Willis,
15 you may answer.

16 A. Yes.

17 Q. And are you aware then that for the week
18 10,000 customers were -- were without service to heat
19 their homes during a winter month?

20 A. I don't know.

21 Q. Are you aware that natural gas companies
22 in Rhode Island were subjected to class action
23 lawsuits as a result of the outage?

24 A. I don't know.

25 Q. Are you aware of a gas outage in

1 Massachusetts last year where 8,600 gas meters were
2 turned off and customers were without service for
3 four days due to an event on the Columbia Gas of
4 Massachusetts system regarding unsafe pressures?

5 A. Yes.

6 Q. And is it fair to say that the Consumers'
7 Counsel would not want an outage event like those two
8 to occur on Suburban's system?

9 MR. HEALEY: Objection, your Honor. This
10 calls for his speculation as to what the Consumers'
11 Counsel might or might not want and is entirely
12 irrelevant.

13 MS. BOJKO: He is here representing the
14 Office of the Ohio Consumers' Counsel. His testimony
15 is about what his office is recommending people pay
16 or not pay. This is a very relevant question to take
17 into consideration whether customers would be willing
18 and his office would support to pay to not have an
19 outage event or the risk of an outage event to occur.

20 EXAMINER SANYAL: Objection sustained.

21 Q. (By Ms. Bojko) Let's turn to page 8 of
22 your testimony. On page 8 of your testimony you talk
23 about the used and usefulness of Suburban's Del-Mar
24 extension; is that correct?

25 A. Could you point me to a line?

1 Q. It's page 8. It's Q -- I mean, it's the
2 whole Q16 and Q17 but specifically lines 12 and 13.

3 A. Okay.

4 Q. You do agree with me you discuss the used
5 and usefulness of the Del-Mar extension in this part
6 of your testimony, correct?

7 A. Yeah. The extension is not eligible for
8 rate base inclusion in this case because it is not
9 used and useful to current Suburban customers.
10 Instead it was -- it is being built to provide
11 service of future customers.

12 Q. And you would agree with me the pipeline
13 extension is currently in use, correct?

14 A. There's gas in it.

15 Q. You are aware that the pipeline has been
16 placed in service, correct?

17 A. Yes.

18 Q. There is not only gas in it. There is
19 gas flowing through the 4.9 mile extension, correct?

20 A. There is but it is not used and useful to
21 the current customer base.

22 Q. And it's your understanding that there is
23 gas flowing through it and that it's now serving
24 customers, correct?

25 A. No. There's gas flowing through it

1 simply because it's looped on either end. The 6-inch
2 line is tied into it on either end so, yes, there's
3 going to be gas flowing through it, but the question
4 is is it used and useful to the current customer base
5 as of date certain, and the answer is no.

6 Q. And the gas flowing through it is not
7 going to customers in the looped system you just
8 described?

9 A. That's -- that's not what's germane.
10 What's germane is is it needed? Is it used and
11 useful to the current customer base? It might be gas
12 flowing through it. It might be used, but it's not
13 useful to the current customer base.

14 Q. Okay. So you are agreeing with me there
15 is gas flowing through the extension and that it is
16 flowing to customers, and customers are consuming
17 that gas.

18 A. Again, it's run parallel to the 6-inch
19 line. The 6-inch line is tied into it so, yes,
20 there's gas in there. But current customers are --
21 as of date certain was served by the 6-inch line.

22 Q. You keep using terms of "used and
23 useful." You are not a lawyer, are you?

24 A. No. I'm a regulatory expert.

25 Q. And the term "used and useful" is found

1 in the statutory provision; is that correct?

2 A. It is.

3 Q. And that would be 4909.15?

4 A. Yes.

5 Q. But when you are making your statement,
6 you are not offering a legal opinion; you are
7 offering a regulatory opinion, correct?

8 A. A professional opinion that I have with
9 35 years of experience.

10 Q. In your regulatory experience and prior
11 to filing your testimony, did you review precedent of
12 the Commission that explains how the used and useful
13 standard has been applied in the past?

14 A. I have.

15 Q. And are you aware that in 1978 the
16 Supreme Court of Ohio held that considering the lead
17 time involved, it would be unreasonable to expect a
18 utility to have the forecasting capabilities to
19 predict the precise level of capacity needed to
20 construct and that something more than imperfect
21 foresight needs to be shown to deny a return on that
22 construction?

23 MR. HEALEY: Objection, your Honor,
24 asking my regulatory witness to interpret a
25 40-year-old case law out of context and state

1 whether and what extent it might be precedent in this
2 case. That's an issue she can brief adequately
3 without asking my witness about it.

4 MS. BOJKO: Your Honor, he is telling me
5 he's forming a regulatory opinion, and he said he is
6 not a lawyer, but he's had 35 years of experience.
7 And I asked him in his 35 years of experience did he
8 consider that precedent before making his
9 recommendations. If he didn't consider it, then I'll
10 move on; but if he considered it, that's what I am
11 asking.

12 EXAMINER SANYAL: Overruled. The witness
13 can answer the question.

14 A. I considered a more recent Supreme Court
15 decision that stated it doesn't matter whether
16 something is used and use -- something is used and
17 useful in the future. It's -- what's germane is
18 whether it's used and useful as of date certain.

19 Q. What case was that that you are referring
20 to?

21 A. I believe it was a 1980s case. I want to
22 think it's the Zimmer case.

23 Q. So are you -- did you answer my question
24 that you did not refer to the 1978 Supreme Court case
25 when making your decision, only the more recent case?

1 A. I did. Again, you know, I think the
2 statute is very clear. It doesn't matter whether
3 something is prudent, prudent decision that's needed
4 for the future. You chose when you were going to
5 file your rate case. And you had a date certain, and
6 everything has to be used and useful as of date
7 certain. And that extension is not used and useful
8 to the existing customers as of date certain.

9 Q. I appreciate that you believe the statute
10 is clear, but the whole point of the Supreme Court is
11 to interpret statutes; is that correct?

12 A. Yes.

13 Q. And that's what they did.

14 A. Yes. And they said it doesn't matter
15 whether it's used or useful in the future. It's
16 whether it's used or useful as of date certain.

17 Q. And didn't the Supreme Court also say
18 that hindsight is 20/20 and that there is no way you
19 can forecast capacity requirements to an exact
20 precise level?

21 MR. HEALEY: Objection, your Honor. We
22 are moving beyond whether and to what extent
23 Mr. Willis relied for his testimony and asking him to
24 start interpreting these Supreme Court orders and how
25 they apply to the statute.

1 MS. BOJKO: Your Honor, if I may respond,
2 he just opened the door by telling me what he thought
3 the Supreme Court said, so I have a right to
4 challenge his statement with another Supreme Court
5 statement.

6 MR. HEALEY: With all due respect, your
7 Honor, if I may, she has the right to challenge his
8 testimony on that issue through her briefing because
9 it's a legal issue. If she thinks he said something
10 wrong, she can brief that issue just like everybody
11 else. She doesn't need to prove him wrong in her
12 legal mind here before the Commission Attorney
13 Examiners.

14 EXAMINER SANYAL: Mr. --

15 MS. BOJKO: I have a right to discredit
16 the opinions.

17 EXAMINER SANYAL: Mr. Willis, you can
18 respond whether you remember this statement when
19 reviewing and preparing your testimony, if you came
20 across this statement, and if it had any effect.

21 THE WITNESS: The statement --

22 EXAMINER SANYAL: That Ms. Bojko --

23 THE WITNESS: I'm sorry. I don't recall
24 what statement you are referring to.

25 MS. BOJKO: Could I have that reread,

1 please.

2 (Record read.)

3 A. I did not read that; but, again, I don't
4 believe it's germane. If it's not used and useful as
5 I think the statute is -- says what it says and your
6 plant has to be used and useful as of date certain.
7 You chose the test year.

8 Q. You're not questioning that Supreme Court
9 interpretation. You are just stating your opinion or
10 your interpretation of the used and useful?

11 A. I think I said I didn't read that.

12 Q. Okay. I was just clarifying. Thank you.
13 You -- you state -- well, in consideration of
14 determining the used and useful standard, isn't it
15 true that capacity reserve margins are considered?

16 A. Yes.

17 Q. On page 8, line 21, of your testimony,
18 you state that if the Del-Mar extension is included
19 in rate base in this proceeding, the addition of
20 future customers will represent pure profit to
21 Suburban shareholders, correct?

22 A. Yes.

23 Q. Is it your testimony that Suburban would
24 not incur additional costs in serving new customers?

25 A. No. What I'm -- what I'm -- what I mean

1 by this is the revenue requirement in this case is
 2 going to be recovered through the existing customer
 3 base. And if Del-Mar -- the extension is included in
 4 rate base, then the existing customer base will be
 5 paying for that. New customers coming online will
 6 pay whatever rates are set from this. But they're
 7 not factored in when the extension was built to serve
 8 them. So why should the existing customer base pay
 9 for this extension when it was built to serve future
 10 customers.

11 Q. Well, isn't it true that the Company will
 12 not receive future expenses either to offset those
 13 future revenues?

14 A. I don't know what expenses you are
 15 referring to.

16 Q. Well, isn't that whole -- the whole point
 17 of ratemaking in a test year you look at a point in
 18 time and you take all the expenses in that point in
 19 time and you are supposed to offset all of the
 20 revenue at that point in time in order to come up
 21 with the revenue requirement, correct?

22 A. Yes.

23 Q. And so you look at a snapshot in time for
 24 that very reason that we can't project in the future,
 25 so you look at that snapshot and just as more

1 customers may come on the system and Suburban may
2 receive more revenues, in turn, Suburban is going to
3 incur more expenses and inflation and things of that
4 nature, and they will not also be able to recoup
5 those new future looking expenses, correct?

6 A. Inflation?

7 Q. Inflation of cost, sure, other costs are
8 going to increase.

9 A. I don't know what costs you are referring
10 to.

11 Q. Labor costs are going to increase,
12 materials and supplies are going to increase.

13 A. You think that's a direct correlation
14 between adding customers, labor, labor costs?

15 Q. To serve the new customers.

16 MR. HEALEY: I am going to object. Is
17 there a question pending?

18 MS. BOJKO: There was.

19 MR. HEALEY: I think counsel is
20 testifying about the increase in costs without
21 actually --

22 MS. BOJKO: I asked him if that's how
23 rate making statutes worked, that you take -- the
24 whole purpose of a test year is to look at a snapshot
25 in time and you look at all expenses and all revenue

1 and you take that snapshot and you come up with
2 rates, a revenue requirement and rates, correct?

3 A. I'm sorry, but I'm -- where I'm
4 struggling is that you are saying that they are --
5 there wouldn't be recovering expenses. You have
6 expenses already built in. You have rate base built
7 in, and the existing customers are paying for it. To
8 the extent you bring other customers online, there's
9 expenses built into theirs as well that was -- and
10 it's over and above what is necessary for the revenue
11 requirement.

12 Q. And you're sitting here honestly today
13 saying that a company could not incur additional
14 expenses that they would not be able to go back out
15 and increase customers' rates without filing a new
16 rate case?

17 THE WITNESS: Could I have that question
18 reread.

19 EXAMINER SANYAL: Yeah. I didn't get
20 that either.

21 THE WITNESS: Could I have that question
22 reread.

23 (Record read.)

24 Q. I don't know what you are not
25 understanding. I will rephrase.

1 A. You want me to recover --

2 Q. Test year --

3 EXAMINER SANYAL: Mr. Willis, let her --
4 are you going to rephrase the question?

5 MS. BOJKO: I thought I was trying to.

6 EXAMINER SANYAL: Yes. Repeat it.

7 Q. If there was a test year and the revenue
8 requirement is established and rates are set and the
9 Company incurs additional expenses, the Company is
10 not allowed to come back to customers outside of a
11 rate case and just increase their cost to recoup
12 those expenses, are they?

13 A. No. But what costs -- what costs are you
14 referring to? We're talking about the Del-Mar
15 extension. The Del-Mar extension is included in the
16 revenue requirement in this case that existing
17 customers are going to pay for, not future customers.
18 The revenue requirement is -- is going to be passed
19 on to the existing customers.

20 Q. Right. And you would agree with me rate
21 base includes all costs and revenues of the Del-Mar
22 extension plus the existing system. It looks at a
23 total company basis, correct?

24 A. Yes.

25 Q. Have you, sir, attempted to determine the

1 prudence of constructing the pipeline extension now
2 as opposed to a later point in time?

3 A. No. I'm not questioning the prudence of
4 the constructing the pipeline. All -- all I'm saying
5 is that Suburban chose the test year, and they chose
6 to include the -- the extension in rate base that's
7 going to be paid for by the existing customer base
8 when it was built to serve future customers. It's
9 not used and useful as of date certain. Had you
10 waited, then the story would be different, but you
11 didn't. You chose the test year.

12 Q. Let -- you are not suggesting that -- you
13 are not questioning the timing of the construction of
14 the pipeline. You are stating had you waited meaning
15 to seek recovery of the pipeline, correct?

16 A. That's correct.

17 Q. Okay. And have you reviewed -- have you
18 reviewed the prices of steel and other materials --
19 materials used in building the Del-Mar extension?

20 MR. HEALEY: Objection, your Honor,
21 relevance.

22 EXAMINER SANYAL: Ms. Bojko?

23 MS. BOJKO: This is very relevant, your
24 Honor. The question is is this used and useful for
25 existing customers, and the cost side of the equation

1 is very relevant to what existing customers are being
2 asked to pay today as well as in the future.

3 MR. HEALEY: Your Honor, if the price of
4 steel -- what counsel is suggesting is somehow if the
5 price of steel were \$8, it might be used and useful,
6 but if it's a different number, it wouldn't be used
7 and useful. I don't see how that possibly could be
8 the case. The price of steel can't determine whether
9 a pipeline is used and useful right now. It's just
10 not relevant.

11 MS. BOJKO: Your Honor, he is questioning
12 whether the pipeline is used and useful in its
13 current state at its current capacity, and the price
14 of steel is very relevant to that discussion.

15 EXAMINER SANYAL: I am going to overrule
16 the objection; but, again, I am going to give you
17 some leeway with your questioning regarding price of
18 steel but let's keep it brief.

19 A. Had the engineering study concluded that
20 that 12-inch extension was needed to serve existing
21 customers, it really wouldn't matter if the steel was
22 7 bucks a whatever or 5 bucks. The cost of steel is
23 what it is. That's not the issue. The issue is you
24 chose the test year, and at date certain it wasn't
25 used and useful to serve existing customers.

1 Q. But you agree with me if the engineers
2 determined it was used and useful or it was needed to
3 serve existing customers to increase their pressure,
4 that that would satisfy your concerns?

5 A. If it was used and useful as of date
6 certain to serve existing customers, yes. It was
7 not.

8 Q. Just so we're clear, the engineers that
9 did the modeling determined that the extension was
10 necessary to increase the pressure levels at the
11 Lazelle point of delivery by 2018, '19, and '20,
12 correct?

13 A. Based on growth in the area.

14 Q. Do you -- Mr. Willis, you do not believe
15 there is robust growth occurring in Suburban's
16 system; is that what your testimony is on page 8?

17 A. Yes.

18 Q. And --

19 A. Well, let me stop you. Robust growth was
20 something that was in Mr. Sonderman's testimony, and
21 if I might -- if I might, direct testimony of
22 Mr. Sonderman on page 3 beginning on line -- I'm
23 sorry.

24 Q. And just so there is no confusion in the
25 record, Mr. Willis, I am referring to your testimony

1 on page 8.

2 A. I am referring to, just so there is no
3 confusion on my part either, what -- the reason why I
4 spoke about robust growth is I was referring to
5 Mr. Sonderman's direct testimony, and on page 3
6 beginning on line 4, he says "We recently commenced
7 construction of a 4.9 mile 12-inch high pressure
8 pipeline extension from the current terminus of the
9 20-mile Del-Mar Pipeline which we operate under a
10 Commission-approved lease arrangement with Del-Mar
11 Pipeline, LLC. This extension is essential due to
12 the continuing robust growth that we are experiencing
13 in Delaware County."

14 Q. "Continuing robust growth" are his exact
15 words?

16 A. "Robust growth we are experiencing --
17 continuing robust growth that we are experiencing in
18 Delaware County."

19 Q. And on page 8 of your testimony you say
20 there is growth but not robust growth, correct?

21 A. Yes.

22 Q. And it's true that you do not have your
23 own standard for what would be considered robust
24 growth, correct?

25 A. Well, the resident -- as I state on page

1 8, beginning on line 3, residential growth from
2 August 2017 to August 2018 was approximately 2
3 percent for an increase of 332 customers. At this
4 rate it will take approximately 12 years for Suburban
5 to experience the final buildout of 4,000 projected
6 homes.

7 Q. Do you have a standard for what defines
8 robust growth?

9 A. No. Again, I used robust because
10 Mr. Sonderman speaks about why they constructed --
11 why Suburban constructed the 12-inch Del-Mar
12 extension, and it was -- it was for robust growth.

13 MS. BOJKO: Objection, your Honor. He is
14 mischaracterizing Mr. Sonderman's testimony. I move
15 to strike.

16 EXAMINER SANYAL: Denied.

17 Q. From reading your testimony, am I correct
18 in assuming from your two statements put together,
19 two sentences, you do not believe 2 percent is robust
20 growth?

21 A. It's growth. I wouldn't call it robust.

22 Q. And would you consider 4 percent to be
23 robust growth?

24 A. I don't know. Again, I used robust
25 because Mr. Sonderman used it.

1 Q. And, Mr. Willis --

2 A. Hypothetical, I mean, again, he speaks of
3 robust growth, and I just don't think 2 percent is
4 robust. It's growth.

5 Q. You would agree that growth may not
6 necessarily be constant, correct?

7 A. Correct.

8 Q. And for an example, growth could be
9 greater in one year than it is in the next.

10 A. Yes.

11 Q. And would you agree that since at least
12 2016 there has been significant growth on Suburban's
13 system?

14 A. Customer count between February 2015 and
15 February 2016 increased 355 or 2.2 percent. Between
16 2016 and '17, it increased 517 or 3.2 percent. And
17 between '17 -- February of 2017 and February 2018, it
18 increased 2-1/2 percent or 427.

19 EXAMINER SANYAL: Mr. Willis, what are
20 you referring to?

21 THE WITNESS: I am referring to it's a
22 workpaper, a Staff workpaper WPC3.1A, and I'm just
23 extrapolating the --

24 EXAMINER SANYAL: Is it attached to your
25 testimony?

1 THE WITNESS: It is not.

2 EXAMINER SANYAL: Okay.

3 THE WITNESS: Wait a minute. There are
 4 some -- yes. Attached to my testimony is WRW
 5 Attachment E which is Staff Data Request 1 where
 6 Staff had requested revenue determinants which
 7 includes sales and bills, number of bills for each
 8 customer class for calendar years 2015, 2016, 2017,
 9 along with January and February of 2018. And the
 10 response was that Suburban is considered a small
 11 utility, standard filing requirements do not require
 12 Suburban to provide this information but attached
 13 find the information for January of 2018 through
 14 August of '18.

15 And then there was a supplemental
 16 response that provided '15, '16, '17 respectfully and
 17 I've attached that but what I had spoken to earlier
 18 was -- was a Staff workpaper that Staff had used in
 19 determining the current revenue in this case and in
 20 there it had February numbers and I took those and
 21 extrapolated the difference between the years and
 22 that's what I read into the record.

23 EXAMINER SANYAL: Thank you.

24 Q. (By Ms. Bojko) Isn't it true, sir, from
 25 2002 to 2007, Suburban saw 42 percent increase in the

1 southern system in the number of customers?

2 A. Perhaps. That's -- I don't know what
3 that has to do with my testimony but.

4 Q. Is it your understanding that companies
5 like Suburban may require more delivery system
6 capacity when they are serving additional customers?

7 A. Perhaps.

8 Q. So you would agree that if Suburban had
9 issues related to delivering gas to customers safely
10 in one year, the pressures were too low, those issues
11 could become worse in the following year if Suburban
12 is required to serve additional customers?

13 A. Well, you know, in 2005 the 20-mile
14 12-inch pipeline was constructed because of growth.
15 What I'm referring to is the extension -- what's
16 relevant to this case is this -- the 12-inch 4.9 mile
17 extension that's included in rate base that you are
18 asking existing customers to pay for.

19 Q. So you would agree if Suburban had issues
20 related to delivering gas to customers safely in one
21 year, those issues could become worse or exacerbated
22 in the following year if Suburban's required to serve
23 additional customers?

24 A. Well, I think that was the reason for
25 the -- you know, we spent a considerable amount of

1 time going over that and Suburban Exhibit 9 talking
2 about pressure and projected customers.

3 Q. So, yes, you would agree that the
4 situation could be exacerbated?

5 A. Could be.

6 Q. Mr. Willis, you worked for the Commission
7 Staff in 2008; is that correct?

8 A. Yes.

9 Q. And isn't it true that in 2008 the
10 Commission Staff after seeing the growth directed
11 Suburban to be vigilant during the next several years
12 to ensure it is adequately planning for the rapid
13 growth of its system?

14 A. I did not work on the Suburban 2008 rate
15 case. I worked on the Vectren case. I worked on
16 Waterville natural gas. I'm just referring to gas
17 cases. We were inundated in 2007 and 2008 and each
18 section chief took a case on their own and worked on
19 it and then I believe Ed Hess took Suburban and he
20 did Suburban. So I know I went back when the case
21 was filed and looked at the prior case to see if I
22 worked on it, if I worked on it, I did not, and so
23 there was nothing about that case that would have
24 jogged my memory, so I couldn't speak to it.

25 Q. So you don't know whether staff in the

1 rate case or in a GCR case, you don't know whether
2 Staff instructed Suburban to be vigilant during the
3 next several years to ensure that it's adequately
4 planning for its rapid growth?

5 A. I did not work on the case.

6 Q. You are saying you didn't work on the
7 rate case. Did you work on the GCR case?

8 A. In 2008, no.

9 Q. So you don't know whether that statement
10 is correct, correct?

11 A. I have no idea. I don't doubt that it
12 may have been made, but I don't recall it.

13 Q. Isn't it true that in 2010 the Commission
14 Staff directed Suburban to monitor its system growth
15 while at the same time evaluating opportunities to
16 align its capacity entitlements with its system
17 requirements?

18 A. I don't know.

19 Q. Suburban had an obligation and still does
20 have an obligation to safely deliver natural gas to
21 its customers in the southern system; is that
22 correct?

23 A. Yes.

24 Q. And it has an obligation to safely
25 deliver natural gas to future customers in its

1 southern system, does it not?

2 A. Yes, but that's not what we are talking
3 about. What my testimony is is used -- whether the
4 12-inch -- the 12-inch extension is not used and
5 useful as of date certain to the existing customers.
6 Has nothing to do with capacity requirements in the
7 future. It has to do with what's relevant on date
8 certain.

9 Q. Sure. And if on date certain that
10 pipeline extension is needed to safely serve
11 customers, then it is used and useful for existing
12 customers.

13 A. My testimony is that as of date certain,
14 the 12-inch extension is not used and useful to serve
15 existing customers.

16 Q. And if it is necessary to safely serve
17 those customers, you would have to find that it was
18 used and useful, correct?

19 A. But it is not.

20 Q. That's your opinion, sir, correct?

21 A. I believe that's my opinion, yes.

22 Q. Mr. Willis, are you familiar with the
23 National Association of Regulatory Utility
24 Commissioners or NARUC?

25 A. Yes.

1 Q. Do you find this association to be an
2 authoritative resource?

3 A. Yes.

4 Q. And do you refer to documents produced by
5 NARUC?

6 A. Yes.

7 Q. So you know that NARUC's mission is to
8 serve the public interest by improving the quality
9 and effectiveness of public utility regulation,
10 correct?

11 A. Yes.

12 Q. And you would agree that NARUC advises
13 utility regulators to consider the reality that it
14 may not be cost effective to add small increments of
15 plant and equipment each year rather than building to
16 meet a long growth horizon?

17 A. I don't know what that has -- that's not
18 relative -- that's not what we are talking about.
19 We're talking about what's used and useful as of date
20 certain. If you would have filed a rate case in the
21 future to recover the extension and if it was used
22 and useful to serve those customers at that time but
23 that's not -- that's not what happened here.

24 Q. Mr. Willis --

25 MS. BOJKO: Actually at this time, your

1 Honor, may I mark an exhibit?

2 EXAMINER SANYAL: Sure.

3 MS. BOJKO: I am going to mark Suburban
4 Exhibit 10, a NARUC Rate Case and Audit Manual. May
5 we approach?

6 EXAMINER SANYAL: Yes, you may.

7 (EXHIBIT MARKED FOR IDENTIFICATION.)

8 Q. (By Ms. Bojko) We marked it for you at
9 this time.

10 EXAMINER SANYAL: Would it be okay if we
11 took a 3-minute break at the moment?

12 MS. BOJKO: Absolutely.

13 EXAMINER SANYAL: Let's go off the
14 record.

15 (Discussion off the record.)

16 EXAMINER SANYAL: Let's go back on the
17 record.

18 And, Ms. Bojko, you may proceed.

19 MS. BOJKO: Thank you.

20 Q. (By Ms. Bojko) Mr. Willis, do you have in
21 front of you what's been marked -- what's been marked
22 as Suburban Exhibit 10?

23 A. Yes.

24 Q. Is that a "Rate Case and Audit Manual
25 prepared by NARUC" --

1 A. Yes.

2 Q. -- "subcommittee on Accounting and
3 Finance"?

4 A. Yes.

5 Q. And, sir, are you familiar with these
6 types of documents that NARUC produces?

7 A. Yes, I am.

8 Q. Would you please turn to page 16 of the
9 document. The last paragraph on page 16 discusses
10 the concept of used and useful. Do you see that?

11 MR. HEALEY: Objection. Still lack
12 foundation here, your Honor. Counsel's question was
13 whether he was familiar with these types of
14 documents, but we haven't established he has seen
15 this particular document.

16 EXAMINER SANYAL: Ms. Bojko, would you
17 like to ask any additional questions to lay a
18 foundation?

19 MS. BOJKO: I will, your Honor. I don't
20 think with an authoritative resource -- resource as
21 NARUC that that is explicitly necessary, but I will
22 ask Mr. Willis if he's seen this NARUC document
23 before.

24 A. I have.

25 Q. On the bottom, I don't think you answered

1 that question, the last paragraph discusses the used
2 and useful. Do you see that?

3 MR. EUBANKS: What page?

4 MS. BOJKO: 16.

5 A. Yes.

6 Q. And isn't it true that paragraph states
7 that "the principle of used and useful is widely
8 adopted by regulatory commissions and requires that
9 the plant be functioning and necessary to be included
10 in the revenue requirement"?

11 A. Yes.

12 Q. And it states that the auditor -- well,
13 in all fairness it states "The plant, if it's
14 considered excessive, may not be appropriate for
15 inclusion in rates. However, the auditor should be
16 aware that utility investment is often lumpy in
17 nature, such that it may be cost ineffective to add
18 small increments of plant and equipment each year
19 rather than building to meet a longer growth
20 horizon."

21 A. That's what this says but, again, every
22 state has laws that are different from one another.
23 You know, some states allow plants to go in, and it's
24 audited, you know, and rates are set and they are
25 recovered later, but Ohio has -- is very specific in

1 its statute, and Ohio's statute is that it's -- has
2 to be used and useful as of date certain.

3 Q. Right. And Ohio's statute is the second
4 sentence which says that it requires the plant be
5 functioning -- functioning and necessary, correct?

6 A. No.

7 Q. So this statement is directly applicable
8 to Ohio's used and useful statute, correct?

9 A. Well, that statement is but before you
10 were talking about how appropriate it would be, you
11 know, that, you know, utility investment is lumpy in
12 nature and that it might be cost ineffective to add
13 small increments and, you know, that was the purpose
14 of my, you know -- I don't know the Ohio statute, you
15 know. It's -- you know, it might be cheaper in the
16 long run to run a -- run a pipeline from Cleveland to
17 Cincinnati, but it doesn't mean it's going to be
18 included in rate base.

19 Q. NARUC's recommendation is that that is a
20 consideration that you need to look to see if it
21 would be cost ineffective to add small increments
22 rather than building to meet longer growth horizons,
23 correct?

24 A. Again, NARUC is a group of nations,
25 regulatory commissioners, and certainly this

1 Commission is not bound by something that NARUC
2 publishes.

3 Q. And so as I'm understanding, you believe
4 the first two sentences apply to Ohio, but the last
5 sentence doesn't?

6 A. I don't disagree that it would be. You
7 know, utility investment is -- may be cheaper to do
8 everything at once but that doesn't mean that it's
9 going to be included in rate base in Ohio.

10 Q. This is definitely -- NARUC is suggesting
11 it should be a consideration, correct?

12 A. Again, NARUC does not take precedent over
13 the Public Utilities Commission or Ohio statute.

14 Q. Sir, have you proposed to disallow cost
15 recovery for other pipeline extensions in the past?

16 A. Oh, yeah.

17 Q. You personally have filed testimony?

18 A. I've recommended disallowances for --
19 based on used and usefulness in many cases.

20 Q. What pipeline extension did you make the
21 recommendation to disallow?

22 A. I didn't say pipeline extension. I said
23 used and useful criteria in many other cases.

24 Q. Okay. I'm sorry. The question I
25 intended to ask, and I apologize if I didn't ask this

1 correctly, was have you proposed to disallow cost
2 recovery for other pipeline extensions in the past?

3 A. I may have. I don't -- I can't -- I
4 don't know off the top of my head.

5 Q. Can we turn to page 9 of your testimony,
6 please. Page 9, this is question and answer 17.

7 A. All right.

8 Q. Here you recommend an additional
9 adjustment to property taxes and depreciation expense
10 to reflect the lower plant-in-service amount that
11 would result from your proposed adjustment for the
12 extension; is that correct?

13 A. Yes.

14 Q. To be clear this recommendation would be
15 contingent on the Commission accepting your other
16 adjustments with regard to the pipeline extension.

17 A. There was -- in my testimony, again,
18 there's two adjustments related to Del-Mar. One was
19 I think it was -- I think it's \$4.6 million, the
20 portion of the Del-Mar Pipeline that has been leased,
21 and according to that lease agreement, there was an
22 option to purchase at the end of November of 2020 for
23 \$4.1 million. It's my understanding that -- and I've
24 seen the documents that Suburban has purchased that
25 by the end of the test period. Again, I'm not an

1 attorney, so to the extent that the Commission finds
2 that that is legally permissible, then that would --
3 that would have to come back in if that was the case.

4 Q. You mean you would have to readjust for
5 the property taxes --

6 A. So depreciation of property taxes,
7 there's two portions. One was the lease, and one was
8 the extension.

9 Q. So your point is if the Commission
10 disagrees on either of those two allowances, you
11 would have to add back in, or not accept your
12 adjustment related to property --

13 A. Yeah. It's really just a flow through
14 the way the schedules are set up because the
15 depreciation of expenses just picks up the
16 plant-in-service, brings it over, and applies the
17 accrual rates to it. Same thing with property taxes,
18 it uses the plant-in-service so. To the extent the
19 Commission rules differently than what my testimony
20 is or, you know, accepts one, throws out the
21 extension, then, yes, the depreciation expense and
22 property taxes would need to be adjusted.

23 Q. Just so I'm clear on the two issues, that
24 we've talked enough about the Del-Mar extension, but
25 as long as the lease, you are not now proposing that

1 the lease that has been terminated and the lease
2 payments that have been removed from the GCR and the
3 pipeline that's been placed in rate base, you are not
4 suggesting to now disallow the -- the 20-mile
5 pipeline in rate base, are you?

6 A. At the time I wrote my testimony, that
7 was a projected. It was projected to be placed into
8 service according to the lease. The lease provided
9 for a \$4.1 million buyout of the lease at the end of
10 November of 2020. There was -- there was some
11 clauses in there that allowed -- allowed it to get
12 out of the lease prior to that.

13 And at the time I wrote my testimony, it
14 was included in plant-in-service, but at the same
15 time you had this lease, and so I -- since I have
16 filed my testimony, Suburban has provided documents
17 showing that it has merged the shares into Suburban
18 and I'm not sure that it doesn't meet Commission
19 approval, but to the extent that it doesn't or to the
20 extent that the Commission finds that it's
21 appropriate, then it's -- it should not be a lease
22 and it should be included in plant. It should be one
23 or the other.

24 Q. So then your -- your disallowance -- you
25 would revise your recommendation for a disallowance

1 under that situation.

2 A. Under -- yeah, yes.

3 Q. And then the associated property tax and
4 depreciation that you were talking about a minute ago
5 as well.

6 A. Yes.

7 Q. Let's turn to page 10 of your testimony,
8 sir, lines 12 through 13. You stated an objection to
9 inclusion of certain items in the business meal
10 subaccount for miscellaneous general expenses,
11 correct?

12 A. Yes.

13 Q. I am trying to understand your testimony
14 on page 11, line 6. You state that the business
15 meals subaccount should be excluded from the test
16 year in its entirety, but then on the same page,
17 lines 16 through 17, you recommend excluding 90
18 percent of the test year amount. Which
19 recommendation are you submitting to the Commission?

20 A. Oh, okay. In account business meals
21 account 91201, Staff looked at two months and
22 excluded 90 percent based on its analysis of those
23 two months. And what -- what Staff should have done
24 is carried the -- carried that analysis all the way
25 through and excluded 90 percent of the entire test

1 year based on that analysis. That was -- should have
 2 been the purpose of that analysis. Included in that
 3 was golf memberships, country club memberships.
 4 There was casino night that was included at a country
 5 club Staff didn't exclude. They just excluded the
 6 two months. I think they excluded the down payment,
 7 but then the actual Christmas party was -- they left
 8 out.

9 Q. To be clear here, the casino night was
 10 not at Hollywood Casino. It was a recreated casino
 11 night for employees for their holiday/Chris --
 12 holiday party, correct?

13 A. At a -- at a country club, yes, that's
 14 correct.

15 Q. That meeting room, that happened to be at
 16 a country club, correct?

17 A. It doesn't matter. Customers shouldn't
 18 be expected to pay for casino night at a country club
 19 for a Christmas party.

20 Q. This was for an employee holiday party,
 21 correct?

22 A. It doesn't matter.

23 Q. But are you aware that it was a holiday
 24 party? You keep using different words. It was an
 25 employee party, holiday party.

1 A. I think policy and precedent is very
2 clear that holiday/Christmas parties whether it's
3 casino night or not at a -- whether it's at a country
4 club is beside the point. I think policy and
5 precedent is clear that it should not be included.

6 Q. So your opinion is that employees should
7 not receive or attend a holiday business gathering
8 regardless of the location.

9 A. If shareholders want to throw a Christmas
10 party for their employees, that's certainly their
11 prerogative. But to expect customers to foot the
12 bill for a Christmas party is not appropriate.

13 Q. So you are deeming that not to be a
14 business expense of a company.

15 A. Absolutely.

16 Q. And you state that there were everyday
17 lunches for Suburban's officers. Do you see that?

18 A. Yes.

19 Q. Did you find a receipt for a lunch every
20 day?

21 A. What I meant by everyday lunches was, you
22 know, to run down to pick up a sandwich or I think
23 there's -- I found some receipts at a Dairy Queen. I
24 found a -- you know, I found a receipt for I think a
25 \$3.95 doughnut. You know, the officers of this

1 company, the reason why I bring this up, is just
2 egregious. It's everything in total. There's the
3 salaries are -- not only is it the salaries but just
4 the egregious, the cheapness of how you can expect
5 something that's -- why do you expect the customers
6 to pay for country club dues, beverages, golf
7 outings?

8 EXAMINER SANYAL: Mr. Willis, I am going
9 to stop you. I think we've gone beyond Ms. Bojko's
10 question. I think her question was related to
11 lunches so if you've concluded with that response,
12 let's move on.

13 MS. BOJKO: Yeah. I mean, your Honor, I
14 would move to strike his commentary about salaries.
15 That goes well beyond the scope of his testimony and
16 was beyond the scope of my question.

17 EXAMINER SANYAL: I'm denying the motion.
18 I've advised the witness to keep his answers brief.

19 May I ask a question, clarifying
20 question? I wasn't sure if this was ever -- if you
21 ever responded to this, Mr. Willis. So on page 11,
22 lines 6 and 7, you recommend that the entire business
23 meal subaccount should be excluded, but then in the
24 last sentence of the paragraph you recommend
25 excluding 90 percent.

1 THE WITNESS: I see that.

2 EXAMINER SANYAL: So could you just
3 clarify for the record which one your recommendation
4 is?

5 THE WITNESS: My recommendation was
6 that -- that we exclude 90 percent based on Staff's
7 analysis.

8 Q. (By Ms. Bojko) And just to clarify that,
9 the Staff did remove the two invoices that Staff
10 believed were objectionable, correct?

11 A. No. Staff reviewed two months in this
12 subaccount. And based on its analysis going through
13 all of the invoices determined that 90 percent of the
14 entire amount of those two months should be excluded.
15 They should have taken that further and based on that
16 analysis thrown out 90 percent for the entire test
17 period.

18 Q. And how do you know that those two months
19 were representative of the entire year?

20 A. Well, I -- I reviewed the invoices, and I
21 can tell you that the largest projection was the
22 casino night that probably would have made up half a
23 year of everything else.

24 Q. But the -- first of all, your testimony
25 implies there were two parties, a Christmas party and

1 casino night. Isn't it true that was the same event?

2 A. It was the same event. What Staff
3 reviewed -- and it was in their month. It was a
4 deposit. And they threw out the deposit but left in,
5 you know, the -- what was budgeted for the Christmas
6 party.

7 Q. So you would agree with me that a holiday
8 party would have happened one time a year, correct?

9 A. I don't know how many holidays -- parties
10 Suburban throws for their employees.

11 Q. Okay. Well, you used the word
12 "Christmas." I was trying to be more politically
13 correct. You would agree with me that a Christmas
14 party would have happened only one time a year.

15 A. Yes.

16 Q. Okay. And, again, given that a Christmas
17 party would have happened only one time a year, you
18 cannot state that the two months reviewed by Staff
19 were necessarily representative of the entire year,
20 can you?

21 A. Yeah, I believe I can.

22 Q. Isn't it true, sir, that the country club
23 dues were excluded in the adjustments to the test
24 year? Didn't the Company already take those out?

25 A. No.

1 Q. They weren't excluded in adjustments to
2 the test year?

3 A. There was one instance where there was a
4 golf outing or -- no, I'm sorry. There was some dues
5 that I believe in one month was excluded.

6 Q. So you're stating here today that the
7 Company did not exclude country club dues for the
8 entire test year.

9 A. No. I don't believe they did.

10 Q. I am going to come back to that point in
11 a second, but you never answered my one question
12 before there was an objection and a motion to strike.
13 I had asked you if you had looked at and found a
14 receipt for lunches for every day of the year for
15 Suburban's officers.

16 A. You asked that, and I think I answered it
17 that by everyday I didn't mean every day. Everyday
18 type thing was -- again, you know, a Dairy Queen
19 meal, I would consider that like an everyday meal
20 type of a meal. That -- or, again, I think, you
21 know, came across a \$3.95 doughnut. I would -- you
22 know, it's -- it's just.

23 Q. So now you are being critical because the
24 Company is cheap and they eat their business lunches
25 at Dairy Queen and a doughnut shop.

1 A. I think the standard is what's ordinary
2 and necessary and prudent and should customers, you
3 know -- I don't get my meals paid for. Why should
4 customers have to pay for an everyday type of a
5 lunch?

6 Q. So, sir, isn't it true that the doughnut
7 you are referring to was actually a box of doughnuts
8 for an entire employee staff meeting and
9 Mr. Sonderman happened to get them on sale at Kroger
10 for \$3.92?

11 MR. SONDERMAN: 95.

12 MR. HEALEY: We'll stipulate to that,
13 your Honor.

14 Q. Mr. Willis, do you have in front of you
15 what's been marked as Staff Exhibit 1? It's the
16 Staff Report.

17 A. Yes.

18 Q. Okay. Could you turn to page 14 of that
19 Staff Report, please. Page 14 of the Staff Report at
20 the very top "Social and Service Club Dues," doesn't
21 it state "Both Staff and the Applicant adjusted test
22 year operating expenses to remove social and service
23 club dues included in the test year"?

24 A. That's what this says.

25 Q. So to answer my previous question,

1 Suburban did, in fact, adjust its test year operating
2 expenses to remove social and service club dues;
3 isn't that correct?

4 A. Well, attached to my testimony as WRW
5 Attachment F, I believe, has all of the -- has the
6 invoices.

7 Q. I didn't hear you. Right. And then
8 isn't there an adjustment, corresponding adjustment
9 to account on Schedule C-3.6 to remove all social and
10 service club dues included in the test year?

11 A. Oh, I'm sorry. That's what this says but
12 I don't -- that's not what this is referring to.
13 Staff made their adjustment on 3.11 which is an
14 adjustment for miscellaneous expenses.

15 Q. Right. And both the Staff and the
16 Applicant per the Staff Report on page 14 removed
17 social and service club dues, made an adjustment for
18 those.

19 A. On 3.6.

20 Q. Yes.

21 A. What I am referring to is Staff's
22 adjustment on 3.11. And let's see what they say
23 there. Miscellaneous general expenses, Staff removed
24 rate case expense from miscellaneous and general
25 expenses and also disallowed several expenses in FERC

1 accounts 912, 912.01, 935.06, and those are the
2 accounts that I'm referring to.

3 Q. Right. And you are reading 3.11, and on
4 page 3.11 is for food and club -- for food at the
5 club, not the dues, correct, that was disallowed?

6 A. I'm sorry?

7 Q. 3.11 is referring to business meals at
8 the club, not club dues. You have to look at 3.6
9 which shows a disallowance or adjustment for social
10 and service club dues which the Applicant did, in
11 fact, make itself.

12 A. Well, I'm just -- no. Staff removed --
13 again, there were -- in travel expense they removed
14 about a \$500 casino deposit and then a \$381 golf
15 event that was at -- at a country club. Staff
16 removed that.

17 Q. Right. I am talking about -- could you
18 turn to Schedule 3.6 attached to the Staff Report.

19 A. Ms. Bojko, I can't tell you what -- 3.6
20 is not my testimony. My testimony has to do with
21 Schedule 3.11.

22 Q. But 3.11, sir, doesn't deal with club
23 dues.

24 A. Well, the Staff threw some out. They
25 threw a couple months' worth out, but they left the

1 remaining months in.

2 Q. Isn't it true that on Schedule 3.11 it
3 reflects adjustments for rate case expense, travel
4 expense, business meal, and building and shop
5 maintenance account but on 3.6 attached to the Staff
6 testimony -- Staff Report it explicitly excludes and
7 states that the Company made this adjustment, that
8 they took out social and service club dues in the
9 amount of \$18,710.

10 A. What I am referring to is WRW Attachment
11 F page 2 and that is where it shows up on 3.11. And
12 this is actually a staff workpaper from DR-29. And
13 what Staff excluded is down at the bottom. It
14 removed a deposit of \$485 in casino night at an
15 account 912 and a \$381 golf event. And then out of
16 account 912.01, it removed 109 -- I think it's 95,
17 it's kind of hard to read but \$195 was beverages at a
18 golf event and then \$289 in meals. There's the Taste
19 of Delaware for \$193. There's \$718 worth of meals.
20 There's \$383 worth of Brookside Golf and Country
21 Club, \$533 worth of lunches, and \$132 worth of Rotary
22 Club meals. So they threw out 240 -- \$2,443 which is
23 90 percent of the months that they looked at and what
24 they should have done was thrown -- based on that
25 analysis, they should have thrown out 90 percent of

1 the test, yeah.

2 Q. Mr. Willis, this is saying removed
3 business meals. This is purely talking about meals,
4 not the club dues, correct?

5 A. Well, I am looking at their -- this is
6 their writing, Ms. Bojko, and it says golf,
7 beverages, Brookside Golf and Country Club, casino
8 night, golf event.

9 Q. Those are meals at that location. They
10 are not dues. You do understand there is a
11 difference between club dues and meals that may have
12 occurred at the club, correct?

13 A. The beverages I believe were beverages
14 during a golf event. I think there was a -- there
15 was a golf event.

16 Q. And that was a scholarship foundation
17 event; is that true?

18 A. Well, the invoices are attached here. I
19 can find them. Here is a meal right here at the golf
20 club, Brookside Golf and Country Club, in March. I
21 don't think Staff excluded that.

22 EXAMINER SANYAL: Could you tell us what
23 page you are referring to in your attachment?

24 THE WITNESS: That is --

25 EXAMINER SANYAL: It's Attachment F.

1 THE WITNESS: It's Attachment F, page 23
2 of 202.

3 Q. (By Ms. Bojko) You don't need to look for
4 the scholarship golf outing.

5 A. What I think would be helpful is if I
6 found the casino night. That shows the deposit that
7 was thrown out but not the balance that was due and
8 then the hotel -- the hotel -- the rooms that were
9 booked.

10 MS. BOJKO: Your Honor, there is nothing
11 pending about the casino night. I was asking about
12 the scholarship, and I withdrew the question, that he
13 did not need to look for the scholarship fund, and I
14 am trying to move on. I don't need to --

15 EXAMINER SANYAL: Let's move on.

16 Q. (By Ms. Bojko) Mr. Willis, would you
17 agree that the Commission has in the past allowed for
18 the inclusion of business lunches in test year
19 expense?

20 A. That are ordinary, necessary, and
21 prudent.

22 Q. I'm sorry. Did you say "yes" at the end?
23 I just didn't hear. You trailed off.

24 A. That are ordinary, necessary, and
25 prudent, yes.

1 Q. And have you spoken -- or, Mr. Willis,
2 you have not spoken with any Suburban employees to
3 attempt to determine the reason why certain expenses
4 are included in the business meal subaccount; is that
5 right? Is that correct?

6 A. No.

7 Q. And you don't know whether any specific
8 expense was for meals purchased in the course of
9 conducting business, do you?

10 A. Ms. Bojko, my experience, 35 years' worth
11 of experience, is that if you are on a business trip,
12 those are typically covered. But rarely does -- they
13 may happen, but in the course of preparing the
14 application for an increase in rates, the utility
15 usually cleans it up and removes all of that, and so
16 you don't see it. And so you -- you know, that may
17 be a perk that's offered to the executives but -- and
18 I am just telling you there's probably been a handful
19 of times where this has occurred, in my 35 years of
20 experience that 9 times out of 10 a utility will --
21 will clean all of that out and not expect customers
22 to pay for it.

23 Q. You're not suggesting in any way -- in
24 any way or fashion that other utility companies do
25 not include in expenses expenses related to

1 meetings -- business meetings and meetings where food
2 was consumed for business purposes, are you?

3 A. If it was a business meeting or a
4 conference, yes. Travel, yes.

5 Q. And you too, sir, get your travel
6 expenses and meals paid for if you are traveling for
7 business; is that correct?

8 MR. HEALEY: Objection, relevance. The
9 expense procedures for the Office of the Ohio
10 Consumers' Counsel have no bearing on this rate case.

11 MS. BOJKO: I disagree. He is making
12 pretty broad statements "in my 35 years," and I am
13 exploring what he's expensed in 35 years.

14 EXAMINER SANYAL: The objection is
15 sustained.

16 Q. (By Ms. Bojko) Mr. Willis, have you ever
17 worked for a private company?

18 A. No.

19 Q. Let's turn to page 11, lines 19 through
20 22. Here you talk about director fees. Do you see
21 that?

22 A. Yes.

23 Q. Are you aware of any Commission rules or
24 any state law that prohibits members of the same
25 family from serving as directories -- directors of a

1 utility?

2 A. No.

3 Q. You are also not aware of any Ohio laws
4 that prevent members of the same family from serving
5 as directors for a utility?

6 A. No, but they are also employees of the
7 utility.

8 Q. Do you know of any situation where there
9 is a director that's not also an employee of a
10 utility?

11 A. No.

12 Q. And, sir, are you aware that -- are you
13 aware that the directors of Suburban -- that multiple
14 directors of Suburban are also employees of the
15 company?

16 A. Am I aware of that? Yes.

17 Q. Yes. You believe, however, that even
18 though they are directors and employees of the
19 company, that they should receive less money for
20 attending meetings; is that correct?

21 A. No. I just believe that it's not, you
22 know -- monthly meetings are not necessary. Just
23 taking in everything in total, the meals, country
24 club dues, the car, you know, the luxury cars, the
25 fact that the members, family members are also

1 employees, it's -- you know, is it really necessary
2 to the monthly -- it just seems excessive when it's
3 everything you look at. It's all in total. It just
4 seems excessive.

5 Q. Isn't it true other public utilities hold
6 monthly director meetings?

7 A. I don't know. Again, I'm just -- looking
8 at everything in total, it just seems excessive.

9 Q. And, sir, isn't it true that you don't
10 know how Columbia pays its directors?

11 A. No. I think Columbia had three meetings
12 last year.

13 Q. Do you know how much Columbia pays its
14 directors?

15 A. Well, I think there was quite a
16 difference between Suburban Natural Gas and Columbia
17 Gas of Ohio as far as a significant larger customer
18 base.

19 Q. I'm sorry. Let me ask the question
20 again. Isn't it true that you do not know how much
21 Columbia pays its directors?

22 A. That is true.

23 Q. Isn't it true that you do not know how
24 much Vectren pays its directors?

25 A. Yes.

1 Q. Isn't it true you do not know how much
2 Pike and Eastern pay its directors?

3 A. No. Or how many meetings that they have.

4 Q. Isn't it true Pike and Eastern is a
5 smaller company?

6 A. Yes.

7 Q. And is it true you do not know how much
8 Ohio Gas pays its directors?

9 A. That's correct.

10 Q. And isn't it true you do not know how
11 much Dominion East Ohio pays its directors?

12 A. Yes.

13 Q. Isn't it true that Suburban does not pay
14 stock grants to its directors?

15 A. I don't know.

16 Q. Isn't it true that Suburban does not pay
17 committee fees to its directors?

18 A. I don't know.

19 Q. Isn't it true that other utilities do, in
20 fact, pay both committee fees and/or issue stock
21 grants to directors in addition to their directors'
22 fees?

23 A. Stock grants wouldn't be recoverable
24 through rates.

25 Q. That's not what I asked. Is it true that

1 other utilities pay committee fees to directors in
2 addition to directors' fees?

3 A. Possibly.

4 Q. Isn't it true that other utilities pay --
5 excuse me, issue stock grants to the directors in
6 addition to directors' fees?

7 A. Possibly, but they wouldn't be expecting
8 customers to pay for them.

9 Q. Isn't it true that other utilities pay
10 incentive bonuses to their directors?

11 A. I don't know.

12 Q. Let's turn to page 10 of your testimony
13 starting on line 19. Let's talk about the luxury
14 cars that you keep referencing today. Are you there?

15 A. Yes.

16 Q. You're talking about two car leases, not
17 the purchase of cars. You are talking about two car
18 leases; is that correct?

19 A. Yes.

20 Q. And, sir, you made a change to your
21 testimony earlier today, so I want to make -- ask a
22 clarification question. The Genesis G80 that you
23 reference is actually built by Hyundai, correct?

24 A. I don't know.

25 Q. Isn't it true --

1 A. I'm looking at -- the reason why I
2 corrected my -- because I am looking at one of the
3 invoices. It's on page 13 of 202 Attachment B. And
4 it says 2018 Genesis G80, so just to clarify.

5 Q. Isn't it true that the use of these
6 vehicles for business purposes is considered part of
7 a compensation package that an employee receives?

8 A. I don't know.

9 Q. And isn't it true, sir, that an
10 alternative to providing an executive employee with a
11 lease would be to simply compensate those employees
12 with a higher salary level?

13 A. If that was the case.

14 Q. And you would not oppose that method of
15 compensation, correct?

16 A. I don't know. Compensation, it was
17 reviewed and it was noticed.

18 Q. You did not file testimony on that issue,
19 did you, sir?

20 A. I did not.

21 Q. And OCC did not file an objection on that
22 issue, did they?

23 A. No.

24 Q. Okay. Mr. Willis, you would agree that
25 the Commission has allowed recovery expenses for car

1 leases from utility company executives in the past,
2 correct?

3 A. And the Commission has already disallowed
4 luxury vehicle expenses in the past as well.

5 Q. Do you know what the threshold was for a
6 disallowance versus an acceptance?

7 A. What the threshold was? I recall one off
8 the top of my head. It was -- it was a Cadillac for
9 the chief executive officer for a smaller utility.
10 It also was used for personal and business. This
11 Commission -- the Commission at the time excluded
12 based on Staff's recommending the 50 percent,
13 eliminated 50 percent.

14 Q. So they did not exclude the entire
15 amount?

16 A. They excluded 50 percent.

17 Q. That means the Commission has accepted
18 luxury -- or has accepted car leases for utility
19 executives in the past, correct?

20 A. Yes. But, again, taking into account the
21 lease and the type of lease, is it ordinary? Is it
22 necessary? Is it really prudent to expect customers
23 to pay for that? And, you know, it's -- if -- if the
24 board or, you know, the -- the Company wants to
25 provide its shareholders, wants to provide that, then

1 perhaps they should pay 50 percent of it.

2 Q. What was the 50 percent level? What
3 amount was that the Commission allowed?

4 A. I believe -- I think it was around 400 or
5 450 a month.

6 Q. And what year was that?

7 A. I don't remember.

8 Q. What do you consider to be a luxury car?

9 A. A Lincoln Navigator.

10 Q. How about a Hyundai?

11 A. Genesis G80.

12 Q. How about --

13 A. The Lincoln Navigator --

14 Q. -- a BMW convertible?

15 A. -- \$899 a month and the Genesis G80 is
16 like \$800 a month.

17 Q. So is it -- is it the type of car you're
18 concerned about luxury or just the cost of the lease?

19 A. Both.

20 Q. So but are --

21 A. They go hand in hand, don't they?

22 Q. The only two luxury cars, you know,
23 happen to be the two that Suburban drives?

24 A. The Lincoln Navigator is driven by
25 Mr. Pemberton and the Genesis is driven by

1 Mr. Sonderman.

2 Q. Are there any our luxury cars?

3 A. No. None is offered.

4 Q. So I am hearing you -- I think I heard
5 you today say 450 has been approved at least at some
6 point, could have been 10 years ago, you don't
7 recall. But 450 has been approved by the Commission
8 previously, correct?

9 A. I don't -- I don't remember. I just rear
10 it was 50 percent of -- it was 50 percent of the
11 amount. And it was, you know, the fact that, one, it
12 was a luxury vehicle; and, two, you know, it was also
13 driven for personal use which are the same -- same
14 conditions that exist in this instance.

15 Q. Well, isn't it true that Suburban
16 executives account for and report their personal use?

17 A. They may but certainly that -- nothing --
18 Suburban didn't attempt to reduce the amount that
19 they were asking other -- the customers to pay for by
20 that amount.

21 Q. Well, isn't it true it's reported on the
22 executive's W-2?

23 A. Again, the Company did not reduce what it
24 was asking for by that amount.

25 Q. So you don't know whether it was reported

1 or not?

2 A. It's -- it was not included in this case.

3 Q. So isn't it also true that the Commission
4 has allowed recovery of 100 percent of car leases for
5 executives at utility companies in the past?

6 A. Perhaps.

7 Q. So I want to be clear about your
8 recommendation. Assume for a minute that \$450 has
9 been approved by the Commission.

10 A. Again, you know, maybe I shouldn't have
11 said 450. I really don't recall. All I recall was
12 that 50 percent, whether it was 350, 450, I don't
13 recall the exact number, but I recall that it was a
14 Cadillac, and it was for the president, CEO. It was
15 also used for personal business, and it was Staff
16 recommended that it was excessive, that it wasn't
17 ordinary, necessary, or prudent and the Commission
18 concurred and rates were established based on a 50
19 percent level.

20 Q. Do you recall which company that was for?

21 A. I do not.

22 Q. And, sir, this case Staff has not made a
23 50 percent recommendation; is that correct?

24 A. Staff did not, no.

25 Q. And isn't it true, sir, that you are not

1 making a 50 percent recommendation? You are saying
2 that the entirety of the lease should be disallowed?

3 A. I am, again, based on the totality of the
4 meals, all of the -- all of the expenses. It just
5 seems excessive and -- and, you know, I know you keep
6 bringing up that admittedly it's used for personal
7 business and that there's this -- they record their
8 time, that certainly it wasn't recorded in this case.
9 You want 100 percent on it.

10 Q. Have you asked the Suburban executives if
11 they drive the car on weekends?

12 A. No. I do recall reviewing the -- some of
13 the fuel purchases and recording miles. I thought it
14 was pretty obvious that there was personal use but --

15 Q. Because the executive reported their
16 personal miles, you're considering that they somehow
17 are not reporting their personal use? I'm confused.

18 A. I didn't say that. I just said there was
19 a recording of miles, so I know the -- for example,
20 the -- I think some of the -- some of the service
21 company employees also drive the service trucks or
22 whatever. They take them home but there was an
23 offset. That wasn't the case with the executive
24 cars.

25 Q. Let's turn to page 13 of your testimony,

1 lines 9 through 13. You state that Suburban did not
2 comply with the Commission's order in Case No.
3 18-47-AU-COI; is that correct?

4 A. I'm looking at Case No. 18-47-AU-COI, the
5 Finding and Order of October 24, 2018, and on page 20
6 under the order it says "It is, therefore, ORDERED,
7 That Ohio rate-regulated utilities file an
8 application not for an increase in rates, pursuant to
9 RC 4909.18, to reflect the impact of the TCJA on
10 their current rates by January 1, 2019, unless
11 exempted or otherwise directed in this Finding and
12 Order."

13 Q. Mr. Willis, can I stop you? Are you
14 reading -- for the purposes of identification and to
15 help out the Bench, we are going to get into the
16 order itself. I actually just asked you if your
17 testimony on pages 9 through 13 state that you
18 believe that Suburban did not comply with the order.

19 A. And I was trying to answer that.

20 Q. Well, does your testimony state that it
21 doesn't comply with the order?

22 A. The question is "Did Suburban comply with
23 the PUCO order and file an application 'not for an
24 increase in rates'?" The answer is "No. On November
25 27, 2018, Suburban filed a letter to notify the PUCO

1 of its intent to fully address the impact of the TCJA
2 on its rates through Suburban's pending application
3 for an increase in rates." And I was trying to
4 explain what the Commission order said and.

5 Q. Let's -- we will mark it. I am just
6 trying to help out. We are going to mark this.
7 That's why I just wanted you to answer the question
8 about your testimony, but we'll mark it.

9 MS. BOJKO: Your Honor, at this time may
10 I mark a Commission order just for identification
11 purposes as Suburban Exhibit 11?

12 EXAMINER SANYAL: Just for administrative
13 purposes might this -- I'm sorry.

14 MS. BOJKO: Go ahead.

15 EXAMINER SANYAL: Might this be a good
16 time to stop for --

17 MS. BOJKO: Actually, your Honor, I am
18 very close. I think we might be able to push through
19 to get done.

20 EXAMINER SANYAL: By 4:30?

21 MS. BOJKO: Yes.

22 EXAMINER SANYAL: Okay. Let's do it.

23 MS. BOJKO: Depending on the responses.

24 EXAMINER SANYAL: Okay. Yes, you may
25 approach.

1 (EXHIBIT MARKED FOR IDENTIFICATION.)

2 Q. (By Ms. Bojko) Just for clarity of the
3 record, Mr. Willis, when you were reading previously,
4 you were reading from the Commission's order in the
5 Tax Cuts and Jobs Act of 2017 that was issued on
6 October 24, 2018, correct?

7 A. Yes.

8 Q. Okay. And isn't it true in that same
9 order -- you read a couple of sentences out of that
10 order, but if you keep reading, isn't it true that
11 that order also states "Nonetheless, in keeping with
12 our case-by-case approach, the Commission is open to
13 any alternative proposals by utilities provided such
14 proposals pass all tax savings on to customers, have
15 the full agreement of Staff, and provide for input
16 from the other interested stakeholders"?

17 A. Yes. But you filed a rate case. You
18 didn't file an ALT rate case. You would have to file
19 another case which you just haven't done.

20 Q. Well, it doesn't say that they have to
21 file an ALT rate case. Isn't it true it says you can
22 propose an alternative and isn't that exactly what
23 Suburban did when it filed a letter saying -- stating
24 that it would address the tax issues related to the
25 TCJA in its rate case proceeding?

1 A. Well, it's not included in any of the
2 schedules. You didn't file a case not for an
3 increase in rates by January 1. So you've punted it,
4 but I don't -- you haven't -- it's sitting there. I
5 don't know what you are going to do. I mean, you are
6 not really complying with the Commission order.

7 Q. Sir, haven't you participated in several
8 other utility cases that have dealt with the TCJA?

9 A. I have. That were -- yes.

10 Q. And is it true, sir, those other cases
11 that dealt with the TCJA existed prior to the October
12 24, 2018, and did not specifically include an
13 application for the tax issue?

14 A. I believe the cases were settled.

15 Q. Sir, but let's just walk through them
16 quickly. FirstEnergy, it was a grid modernization
17 case. Isn't it true that in that case is where the
18 tax issues ultimately got settled? There was not a
19 pending tax case?

20 A. It was -- it was a settlement. It wasn't
21 a litigated case.

22 Q. And isn't it true that Duke's
23 distribution rate case ended up including a
24 settlement of the tax issues?

25 A. A portion of them through a settlement.

1 Q. And isn't it true that Dayton Power and
2 Light's distribution rate case included a settlement
3 of a portion of the tax issues?

4 A. Yes. Again, it was a settlement.

5 Q. And isn't it true that Vectren included a
6 portion of -- or included all the tax issues in its
7 distribution rate case that was litigated?

8 A. If they filed an ALT rate case that
9 allowed them to do that.

10 Q. Sir, didn't all these companies do
11 exactly what Suburban proposed to the Commission it
12 do which is settle the tax cases within its
13 distribution rate case?

14 A. We haven't seen anything from Suburban on
15 this. You filed a letter and that's it.

16 Q. You are saying --

17 A. TCJA has never come up in conversations.

18 Q. You're sitting here today saying that the
19 parties in this case have not discussed the TCJA in
20 any discussions?

21 MR. HEALEY: Objection, your Honor. This
22 is getting into discussion of settlement
23 communications. Mr. Willis's testimony is about what
24 Suburban has filed in this case. What we may or may
25 not have talked about in settlement is a different

1 story. What matters is what Suburban has filed.

2 MS. BOJKO: That's not what he said, your
3 Honor, and if he opens the door, then I'm allowed to
4 challenge his statements that are incorrect. If he
5 wants to clarify the state --

6 THE WITNESS: I would like to clarify.

7 EXAMINER SANYAL: Okay. Thank you.

8 A. There's nothing in the record other than
9 this letter that addresses the TCJA.

10 Q. In your -- let's turn to page 15 of your
11 testimony, lines 9 through 10. You support the use
12 of a projected customer account; is that correct?

13 A. Yes.

14 Q. Do you believe that there's a statutory
15 basis supporting the use of a projected customer
16 account one year beyond the end of the test year?

17 MR. HEALEY: Objection, calls for legal
18 conclusion.

19 Q. In your regulatory opinion.

20 MS. BOJKO: I would clarify, your Honor.

21 EXAMINER SANYAL: Objection overruled.

22 A. I do.

23 Q. And what statute is that do you believe?

24 A. It's the statute probably 4909.15. It's
25 the statute that allows gas and water companies to

1 project out their revenues and expenses beyond the
2 test of year one for -- for items that are reasonably
3 expected to occur and for the date certain to be
4 projected to the end of the test year.

5 Q. I'm sorry. You did say revenues and
6 expenses in that answer; is that correct?

7 A. Yes.

8 Q. You believe it applies to both.

9 A. I do.

10 Q. And you believe, as we've discussed I
11 think this morning many times, you -- you do -- would
12 agree with me that the projected customer account is
13 an estimate and merely a projection; is that correct?

14 A. Well, it's -- there's growth and -- and
15 what Staff I thought was very reasonable in what it
16 did in that it looked at the history and took an
17 average of the history in making its projection.

18 Q. Didn't you point out today numerous times
19 when you were going through the modeling that the
20 customer accounts included in the models were
21 projected incorrectly, that the actuals came out
22 lower than the projected numbers?

23 A. In the engineering model but what Staff
24 did is they took the actual customer count increases
25 from a historical perspective and averaged those. I

1 think it's -- I think it's a reasonable projection of
2 what is expected to occur.

3 Q. Just to be clear though, it's still a
4 projection so just like we looked at many models that
5 the engineers did and you said their projections were
6 wrong, Staff's projections could also be wrong.

7 A. Yes, but that would make your argument
8 for the used and usefulness even worse if that was
9 the case.

10 MS. BOJKO: I move to strike the last
11 part of that statement because I think that's
12 completely inaccurate, but it was not responsive to
13 the question.

14 EXAMINER SANYAL: Can I have the question
15 and the answer read back.

16 (Record read.)

17 EXAMINER SANYAL: I'll deny your motion.

18 Q. (By Ms. Bojko) Sir, if the projected
19 customer count ends up being too high, Suburban will
20 have rates set based on a customer count that is
21 higher than the numbers of customers who will
22 actually be paying gas service, correct?

23 A. Well, again, it all boils down to the
24 extension. And the extension was built to serve
25 4,000 additional customers, that you chose the test

1 year, and you're asking customers, existing
2 customers, to pay for something that may be used and
3 useful in the future, but it's not used and useful
4 today.

5 Q. I appreciate your opinion on that, but my
6 question went to a pure revenue requirement
7 calculation and a rate calculation. I am asking if
8 the projected customer count ends up being too high,
9 Suburban will have rates set based on a customer
10 count level that is higher than the number of
11 customers who are actually paying for gas service,
12 correct?

13 A. I'm not trying to avoid your question.
14 Again, I'm saying included in that revenue
15 requirement is this 12-inch extension that was built
16 to serve an additional 4,000 customers. They're not
17 in this case. You are asking the existing customers
18 to pay for that.

19 Q. So if you are projecting out a customer
20 count, you are assuming they will eventually take
21 service from the pipeline and, therefore, the
22 pipeline should be included in rate base at 100
23 percent, correct?

24 A. No. What I'm saying is the ex -- the
25 extension should be excluded from rate base.

1 Q. Okay. I am going to ask you a purely
2 mathematical equation. If there is a revenue
3 requirement set on X and based on Y number of
4 customers and there are less than Y number of
5 customers, isn't it true that the Company will
6 receive less revenue and will not meet its revenue
7 requirement?

8 A. If the revenue requirement was
9 constructed to serve a certain number of customers,
10 rates are going to be set at that level. If you have
11 4,000 additional customers, that rate is going to be
12 much lower because you still have the same revenue,
13 but it's going to be spread out over a larger number
14 of customers.

15 Q. And if those 4,000 customers do not show
16 up, then in your hypothetical Suburban would not
17 receive revenue related to those 4,000 customers.

18 A. It wouldn't make any difference to
19 Suburban under the application that you've filed.
20 You are asking existing customers to pay for
21 something down the road.

22 Q. Let's take -- let's ignore the pipeline
23 extension for a moment. If you have a test year and
24 you establish a revenue limit of \$100 and you have
25 four customers. Isn't it true that each of those

1 customers will pay \$25?

2 A. Under a straight fixed variable scenario,
3 yes.

4 Q. Thank you for that clarification. Under
5 that same hypothetical, if there are only three
6 customers, but the revenue requirement is still 100
7 and it was based on four customers, Suburban in that
8 scenario instead of receiving \$100 would only receive
9 \$75, correct?

10 A. Yes.

11 Q. You would agree with me that expenses
12 that are known and measurable should also be included
13 in the calculation of test year expenses, correct?

14 A. None measurable, ordinary, necessary,
15 prudent.

16 Q. Is there a yes in there with all those
17 qualifications?

18 A. With those qualifications. Just
19 because -- to take it a step further, if -- you know,
20 just because there's some written documentation that
21 Mr. Sonderman is going to get a half a million dollar
22 increase on April 1, you know, that doesn't
23 necessarily mean that Staff would recommend or should
24 recommend that as being included in the test year.

25 Q. Right. But just -- you do agree with me

1 that the statute allows meeting your qualifications,
2 known, measurable, prudently incurred --

3 A. Ordinary.

4 Q. -- ordinary?

5 A. Necessary.

6 Q. Yes. I don't think I got a yes. Yes,
7 they should be included with those clarifications or
8 conditions?

9 A. I think you would have to look at it on a
10 case-by-case basis but, yes, generally speaking, you
11 know, if there was documentation that these fees were
12 going to occur, that it just didn't -- it wasn't
13 forced to happen, that it was projected to happen,
14 that it was reasonable, ordinary, and necessary, and
15 prudent, yes.

16 Q. Such things you are talking about is
17 property expenses, if you know you are going to get
18 an increase in property expenses, those should be
19 included, correct?

20 A. Well, I believe Staff used the most
21 recent rates known at the time, and it's applied to
22 your rate base.

23 Q. And if new rates are known --

24 A. Your plant-in-service.

25 Q. And if new rates are known, measurable,

1 documented by the Federal Government, then those too
2 would classify as expenses that should be included,
3 correct?

4 A. I don't know what all went into the
5 rates. You know, that would have to be looked at.
6 Again, I mean, it has to be done on a case-by-case
7 basis but, again, with the qualifiers that I had
8 discussed earlier.

9 Q. Sir, on page 15 of your testimony you
10 talk about the payroll expenses based on November
11 2018 data; is that correct?

12 A. Yes.

13 Q. And even though the test year actually
14 ended on February 28, you -- strike that.

15 You are aware that test year actually
16 ended on February 28, 2018, correct?

17 A. Yes.

18 Q. And you've now received data through the
19 end of the test year, so you would be supportive of
20 updating the payroll to reflect February 28, 2019; is
21 that correct?

22 A. Yes.

23 MS. BOJKO: Your Honor, if I could have 2
24 minutes, I think I'm done.

25 EXAMINER SANYAL: Sure.

1 MS. BOJKO: Thank you.

2 (Discussion off the record.)

3 MS. BOJKO: Your Honor, I am pleased to
4 report we have no further questions.

5 EXAMINER SANYAL: Thank you. Staff may
6 have questions.

7 MR. EUBANKS: Staff has no questions.

8 EXAMINER SANYAL: Staff apparently has no
9 questions.

10 MR. HEALEY: I think we will have brief
11 redirect, but I would like to an opportunity to talk
12 to the witness.

13 EXAMINER SANYAL: Sure. Let's go off the
14 record.

15 (Discussion off the record.)

16 EXAMINER PARROT: Let's go back on the
17 record.

18 Mr. Healey, redirect?

19 MR. HEALEY: Yes, your Honor, briefly.

20 - - -

21 REDIRECT EXAMINATION

22 By Mr. Healey:

23 Q. Mr. Willis, you discussed during your
24 cross-examination with counsel for Suburban the
25 implementation of the Tax Cuts and Jobs Act. Do you

1 recall that?

2 A. Yes.

3 Q. And in your testimony you stated that
4 Suburban has not complied with the PUCO order to file
5 an application not for an increase in rates, correct?

6 A. Yes.

7 Q. Are you aware of any other utility in the
8 State of Ohio with more than 10,000 customers that
9 has yet to file an application not for an increase in
10 rates?

11 MS. BOJKO: Objection. I think it
12 mischaracterizes the state of affairs. Not every
13 single utility has filed an application for not
14 increasing rates.

15 MR. HEALEY: That's exactly what I asked
16 him, your Honor.

17 EXAMINER PARROT: Overruled.

18 A. I am not aware of any.

19 Q. Mr. Willis, do you have a copy in front
20 of you of what has been marked Suburban Exhibit 9?

21 A. Yes.

22 Q. And Suburban Exhibit 9, just as a
23 refresher, is various analyses performed by UTI which
24 is Suburban's engineering company, correct?

25 A. Correct.

1 Q. Sorry. Just to clarify, the company they
2 use for engineering. Let's look at the last page
3 which is the analysis performed by UTI dated August
4 31, 2018. Do you recall questions from counsel for
5 Suburban about the pressure numbers at Lazelle Road
6 for 2019?

7 A. Yes.

8 Q. And on that exhibit for 2019 there are
9 two numbers that are highlighted, 78.72 PSIG without
10 Del-Mar and 232.5 with Del-Mar. Do you see those
11 numbers?

12 A. Yes.

13 Q. And what does the 232.5 pressure number
14 tell you in terms of the need for the Del-Mar
15 Pipeline extension which is 5 miles long and a
16 12-inch pipeline?

17 MS. BOJKO: Objection. First of all,
18 that's a leading question.

19 EXAMINER PARROT: Is that the basis?

20 MS. BOJKO: Yes, that's the basis.

21 MR. HEALEY: My question is what does it
22 tell you.

23 EXAMINER PARROT: Overruled.

24 A. It tells me that based -- based on the
25 projected customer count, that it's vastly

1 overbelled. There's excess. If 100 PSI is the safe
2 zone, more than double that. That's what it tells
3 me. It would be excess capacity.

4 Q. And on this same exhibit there is two
5 columns for pressure without Del-Mar and pressure
6 with Del-Mar, correct?

7 A. Yes.

8 Q. And does this exhibit tell you anything
9 about what the pressure would be under any other
10 scenarios other than without the Del-Mar and with the
11 Del-Mar Pipeline?

12 A. No.

13 Q. So, for example, if you want to know what
14 the measure would be for other sizes of pipelines,
15 different lengths, you wouldn't be able to figure
16 that out from this exhibit, would you?

17 A. No. And really if -- what this would --
18 also tells me that if it's really just to serve the
19 existing customer base, then perhaps it would have
20 been designed differently.

21 MR. HEALEY: I have nothing further, your
22 Honor.

23 EXAMINER PARROT: Your recross,
24 Ms. Bojko?

25 MS. BOJKO: Yes, thank you.

RECROSS-EXAMINATION

By Ms. Bojko:

Q. Sir, Mr. Willis, do you know what the maximum pressure for a 6-inch pipeline is?

A. No.

Q. Do you know the maximum pressure for a 12-inch pipeline?

A. No.

Q. So you have no idea what the pressure is compared to the maximum pressure on this model that was produced, correct?

A. Again, the purpose is to have 100 PSI and what this shows is that with Del-Mar it's 232.5 for projected 2019 which is in excess of the 100 PSI that's considered the safe zone by UTI.

Q. And I think, as you stated, you have no idea what the model would have reflected had a different size of pipeline been modeled, correct?

A. No. What this tells me is that if this -- if this was modeled to serve the existing customers at the end of 2019 and I remind -- remind you that date certain in this case is February of 2019, that it's excess, that perhaps the -- something different would have been constructed to supply the point of deliveries.

1 Q. Isn't it true -- isn't it true this is
2 the actual -- or projected pressure of the entire
3 Suburban system?

4 A. This is the projected pressure at the
5 dead end of ARCO on Lazelle Road point of delivery.

6 Q. Which takes into consideration the entire
7 southern system of Suburban, correct?

8 A. Well, again, I think it speaks for
9 itself. It says Lazelle Road point of delivery dead
10 end of ARCO.

11 Q. Right. And do you know what MAOP is?

12 A. Could you point me to --

13 Q. Do you know what maximum allowable
14 operation pressure is?

15 A. No.

16 Q. And you're not a design engineer you
17 stated earlier, so you are not trying to tell us that
18 you -- you are not recommending a specific design
19 structure for the extension; is that correct?

20 A. No. What I'm suggesting is that the
21 pipeline was built to serve 4,000 additional
22 customers.

23 Q. And didn't you say previously that you
24 were not questioning the prudence of the extension
25 both in length, parameters, diameter, and inlet and

1 outlet pressure?

2 A. To serve the additional 4,000 customers,
3 no.

4 Q. But you're not making a design
5 recommendation to serve the existing customer base
6 either, are you?

7 A. I don't believe anything needed to be
8 done to serve the existing customer base as of
9 February 2019. They were served by the 6-inch line
10 adequately.

11 Q. Going back to the Tax Cuts and Jobs Act,
12 isn't it true that there -- that Vectren did not file
13 an application for not for an increase in rates?

14 A. I don't recall. I thought they did.

15 Q. Isn't it true that many of the case --

16 A. I think they did. I think there was --
17 there is a TCJA credit.

18 Q. Well, isn't that a credit case that was
19 filed after the rate case and a settlement was
20 arrived regarding and the settlement is what
21 instructed them to file that additional pleading; is
22 that correct?

23 A. But they proposed to do it in the filing.

24 Q. Didn't Suburban also propose to do it in
25 the filing?

1 A. No.

2 Q. Didn't Suburban propose to do an
3 alternative approach in its letter to the Commission
4 after the Commission order came out?

5 A. Your letter states "Suburban Natural Gas
6 Company hereby notifies the Commission of its intent
7 to fully address the impact of the TCJA on its rates
8 through Suburban's pending application for an
9 increase in rates." I think Commission's -- I think
10 the Commission was pretty clear that it was to file
11 an application not for an increase in rates. Then it
12 says Suburban proposed to address the majority of the
13 issues related to the TCJA including accumulate
14 deferred income tax and reconciling revenue
15 requirements for the purpose of calculating base
16 rates, but it hasn't been done.

17 Q. Well, isn't it true that the Commission
18 could -- could do a rider in an application for an
19 increase in rates and the language to file a not for
20 increase in rates was only for those companies that
21 didn't have a rate case pending and had no authority
22 to create a rider in the case?

23 A. Ms. Bojko, I am not an attorney, but I
24 don't believe the statute allows you to have a rider
25 in a base rate case without an ALT rate case that

1 accompanies it.

2 Q. Well, an ALT rate case is not an
3 application for not for increase in rates.

4 A. No, but it's single-issue ratemaking.
5 You didn't file that. You filed a rate case.
6 There's no statutory authority for a -- for a rider
7 in a base rate case.

8 Q. And isn't it true that the Commission --
9 you keep ignoring the next sentence in the Commission
10 order. It specifically said "Keeping with our
11 case-by-case approach, the Commission is open to any
12 alternative proposals by utilities provided such
13 proposals pass all tax savings on to customers, have
14 the full agreement of Staff, and provide for the
15 input from other interested stakeholders," correct?

16 MR. HEALEY: Objection, your Honor. We
17 are getting outside the scope of the redirect. My
18 single question on the tax issue was whether he was
19 aware of any other utility that had filed -- not
20 filed an application for an increase in rates. Now,
21 we are rehashing the exact same cross-examination
22 that Ms. Bojko already did earlier today, the 18-47
23 order.

24 MS. BOJKO: Your Honor, he is implying
25 that the Commission order directed only that and is

1 ignoring the alternative approach allowed by the
2 Commission order, so I can attack or question his
3 credibility by his misstatements on the record.

4 EXAMINER PARROT: Overruled.

5 THE WITNESS: I'm sorry. Can I have the
6 question reread.

7 (Record read.)

8 A. Yes, it does. The order does say that.

9 Q. And just to clarify one last question,
10 the application by Suburban was filed prior to -- the
11 rate case application was filed prior to the order
12 issued in October, correct?

13 A. Yes.

14 MS. BOJKO: Thank you. No further
15 questions, your Honor.

16 EXAMINER PARROT: Anything from Staff?

17 MR. EUBANKS: Staff has no questions.

18 EXAMINER PARROT: Thank you very much,
19 Mr. Willis. You are excused.

20 MR. HEALEY: Your Honor, OCC moves for
21 admission of OCC 1, the direct testimony of Ross
22 Willis.

23 EXAMINER PARROT: Are there any
24 objections?

25 MS. BOJKO: Your Honor, only subject to

1 my motions to strike that I already made.

2 EXAMINER PARROT: And consistent with the
3 earlier rulings, OCC Exhibit No. 1 is admitted into
4 the record in its entirety.

5 (EXHIBIT ADMITTED INTO EVIDENCE.)

6 EXAMINER PARROT: Ms. Bojko?

7 MS. BOJKO: Yes.

8 EXAMINER PARROT: At this time let's go
9 ahead with Company Exhibits 6 and go from there.
10 We'll reserve Company Exhibit 1.

11 MS. BOJKO: Thank you, your Honor. At
12 this time I move the admission of Company Exhibits 6
13 through 11.

14 EXAMINER PARROT: Are there any
15 objections?

16 MR. HEALEY: I object to Suburban Exhibit
17 8. This was the map that was provided to Mr. Willis
18 and there was never any foundation laid as to where
19 the map came from, what it is, and he had not seen it
20 before, so I object to Suburban Exhibit 8. The rest
21 I do not object.

22 MS. BOJKO: Your Honor, I'll withhold
23 admission of 8 until subsequent cross-examination.

24 EXAMINER PARROT: All right. Company
25 Exhibit 11 I think also is a Commission order.

1 MS. BOJKO: Sorry.

2 EXAMINER PARROT: Entirely proper to mark
3 it but I am going to withhold formally admitting it
4 as an exhibit in the case. So with that Company
5 Exhibits 7 -- I'm sorry, 6, 7, 9, and 10 are admitted
6 into the record.

7 (EXHIBITS ADMITTED INTO EVIDENCE.)

8 MS. BOJKO: Thank you, your Honor.

9 EXAMINER PARROT: Anything else?

10 All right. Hearing nothing we are
11 adjourned until May 20. Thank you all for your time
12 today.

13 (Thereupon, at 4:46 p.m., the hearing was
14 adjourned.)

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CERTIFICATE

I do hereby certify that the foregoing is
a true and correct transcript of the proceedings
taken by me in this matter on Thursday, May 9, 2019,
and carefully compared with my original stenographic
notes.

Karen Sue Gibson

Karen Sue Gibson, Registered
Merit Reporter.

(KSG-6745)



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Case No(s). 18-1205-GA-AIR, 18-1206-GA-ATA, 18-1207-GA-AAM

Summary: Transcript In the Matter of the Application of Suburban Natural Gas Company for an Increase in Gas Distribution Rates; In the Matter of the Application of Suburban Natural Gas Company for Tariff Approval and In the Matter of the Application of Suburban Natural Gas Company for Approval of Certain Accounting Authority, hearing held on May 9th, 2019. electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Spencer, Michael O. Mr.