

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. :

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PROCEEDINGS

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

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VOLUME II

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By Ms. Colleen Mooney  
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On behalf of the Ohio Partners for  
Affordable Energy.

Dave Yost, Ohio Attorney General  
By Mr. Werner L. Margard, III  
and Mr. Robert Eubanks,  
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On behalf of the Staff of the PUCO.

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1                   Wednesday Morning Session,  
2                   July 10, 2019.

3                   - - -

4                   EXAMINER SANYAL: Well, let's go on the  
5                   record.

6                   The Public Utilities Commission of Ohio  
7                   has assigned a hearing at this time and place for  
8                   Case Nos. 18-1205-GA-AIR, 18-1206-GA-ATA, and  
9                   18-1207GA-AAM which are captioned as in the Matter of  
10                  the Application of Suburban Natural Gas Company for  
11                  an Increase in Gas Distribution Rates for Tariff  
12                  Approval and for Approval of Certain Accounting  
13                  Authority.

14                  My name is Anna Sanyal, and I am along  
15                  with Sarah Parrot the Attorney Examiners assigned by  
16                  the Public Utilities Commission of Ohio to preside  
17                  over this hearing.

18                  Let's do appearances very quickly. I  
19                  will start with the Company.

20                  MS. BOJKO: Thank you, your Honor. On  
21                  behalf of Suburban Natural Gas Company, Kimberly W.  
22                  Bojko and Brian W. Dressel, the law firm of Carpenter  
23                  Lipps & Leland, 280 North High Street, Suite 1300,  
24                  Columbus, Ohio 43215. Also at the counsel table is  
25                  Mr. Sonderman, president and general counsel for

1 Suburban Natural Gas Company. Thank you.

2 EXAMINER SANYAL: Thank you, Ms. Bojko.

3 And we will go with OCC next.

4 MR. HEALEY: Good morning. On behalf of  
5 the Ohio Consumers' Counsel representing the  
6 residential customers of Suburban Natural Gas,  
7 Christopher Healey and Angela O'Brien, 65 East State  
8 Street, 7th Floor, Columbus, Ohio. Thank you.

9 EXAMINER SANYAL: Thank you.

10 MR. EUBANKS: Good morning, your Honors.  
11 Robert Eubanks, Werner Margard, Assistant Attorneys  
12 General, on behalf of Staff, 30 East Broad Street,  
13 16th Floor, Columbus, Ohio 43215.

14 EXAMINER SANYAL: And Ms. Mooney.

15 MS. MOONEY: Well, he doesn't go last  
16 when it's appearances.

17 On behalf of Ohio Partners for Affordable  
18 Energy, Colleen Mooney, Post Office Box 12455,  
19 Columbus, Ohio.

20 EXAMINER SANYAL: Thank you. Before we  
21 went on the record, Ms. Bojko indicated she had a few  
22 housekeeping matters. So would you want to just take  
23 care of them very quickly now?

24 MS. BOJKO: That would be great. Thank  
25 you, your Honor. At this time I would like to mark

1 some exhibits for identification purposes before  
2 introducing our witnesses. First, we would like to  
3 introduce Joint Exhibit 1 which is the Stipulation  
4 and Recommendation filed in this case on May 23,  
5 2019.

6 EXAMINER SANYAL: Okay. So marked.

7 (EXHIBIT MARKED FOR IDENTIFICATION.)

8 MS. BOJKO: May we approach?

9 EXAMINER SANYAL: Yes.

10 MS. BOJKO: Also at this time we would  
11 also like to mark as Joint Exhibit 2 the tariffs that  
12 were filed in this proceeding as a late-filed  
13 attachment to the Stipulation and those tariffs were  
14 filed on May 31, 2019. May we approach?

15 EXAMINER SANYAL: Yes. You may do so  
16 freely while you take care of this housekeeping  
17 matter.

18 MS. BOJKO: Thank you.

19 (EXHIBIT MARKED FOR IDENTIFICATION.)

20 MS. BOJKO: Your Honor, previously in our  
21 one day of hearing we had marked Suburban Exhibit 1  
22 as the Application for identification purposes. We  
23 reserved Suburban Exhibits 2 through 5 for testimony,  
24 so at this time we believe we are on Suburban No. 12,  
25 and so we would like to mark as Suburban No. 12 the

1 newspaper publications of the legal notices set forth  
2 in this matter.

3 EXAMINER SANYAL: So marked.

4 (EXHIBITS MARKED FOR IDENTIFICATION.)

5 MS. BOJKO: Those are all the  
6 housekeeping issues we had, your Honor.

7 EXAMINER SANYAL: Thank you. The floor  
8 is yours, Ms. Bojko, whenever you are ready to  
9 proceed with your first witness.

10 MS. BOJKO: Thank you, your Honor. At  
11 this time, your Honor, Suburban Natural Gas Company  
12 calls to the stand Nichole M. Clement.

13 (Witness sworn.)

14 EXAMINER SANYAL: You may be seated.

15 MS. BOJKO: Your Honor, would you like  
16 the witness to use the microphone?

17 EXAMINER SANYAL: It depends on whether  
18 you can hear. I'll leave it up to the audience.

19 - - -

20 NICHOLE M. CLEMENT

21 being first duly sworn, as prescribed by law, was  
22 examined and testified as follows:

23 DIRECT EXAMINATION

24 By Ms. Bojko:

25 Q. Ms. Clement, would you please state your



1 name and business address for the record.

2 A. Nichole Marie Clement, 551 Lake Cascades  
3 Parkway, Findlay, Ohio 45840.

4 Q. Could you turn your microphone on.

5 A. Is it on?

6 Q. Yes. Thank you. Ms. Clement, did you  
7 file or cause to be filed testimony regarding the  
8 Suburban Natural Gas Company's Application in this  
9 case?

10 A. Yes, I did.

11 MS. BOJKO: Your Honors, at this time I  
12 would like to mark as Suburban Exhibit 2 the direct  
13 testimony of Nichole M. Clement.

14 EXAMINER SANYAL: So marked.

15 (EXHIBIT MARKED FOR IDENTIFICATION.)

16 Q. This testimony was filed on September 14,  
17 2018; is that correct?

18 A. That's correct.

19 MS. BOJKO: Your Honor, may we approach?

20 EXAMINER SANYAL: Yes, you may do so.

21 Q. Ms. Clement, do you have in front of you  
22 what's been marked as Suburban Exhibit 2?

23 A. Yes, I do.

24 Q. Do you recognize this document as your  
25 direct testimony filed in this case?

1 A. Yes.

2 Q. Was this testimony prepared by you or  
3 under your direction?

4 A. Yes, it was.

5 Q. And on whose behalf are you testifying  
6 today?

7 A. On behalf of Suburban Natural Gas  
8 Company.

9 Q. Since the filing of your direct  
10 testimony, do you have any changes?

11 A. No, I do not.

12 Q. And do you have any -- if I were to ask  
13 you the same questions today as they appear in your  
14 testimony before you, would your answers be the same?

15 A. Yes, they would.

16 MS. BOJKO: At this time, your Honors, I  
17 would like to move Suburban Exhibit 2, subject to  
18 cross-examination with regard to the direct  
19 testimony.

20 EXAMINER SANYAL: Okay. I usually just  
21 admit it after cross so let's go ahead with cross.

22 MS. BOJKO: Before we do that, your  
23 Honor, I would like to mark one more piece of  
24 testimony of Ms. Clement. Ms. Clement -- or at this  
25 time, your Honors, I would like to mark as Suburban

1 Exhibit 3 the direct testimony in support of the  
2 Stipulation filed on June 7, 2019.

3 EXAMINER SANYAL: Direct testimony of?

4 MS. BOJKO: In support of the Stipulation  
5 of Nichole Clement.

6 (EXHIBIT MARKED FOR IDENTIFICATION.)

7 MS. BOJKO: May we approach?

8 EXAMINER SANYAL: Yes.

9 Q. Ms. Clement, do you have in front of you  
10 what's been marked as Suburban Exhibit 3 which is  
11 your district testimony in support of the Stipulation  
12 filed in this case?

13 A. Yes, I do.

14 Q. Do you recognize this document as your  
15 testimony?

16 A. Yes, I do.

17 Q. Was this testimony prepared by you or  
18 under your direction?

19 A. It was.

20 Q. On whose behalf is this testimony drafted  
21 on?

22 A. On behalf of Suburban Natural Gas  
23 Company.

24 Q. And since the filing of your direct  
25 testimony in support of the Stipulation, do you have

1 any changes or revisions to that testimony?

2 A. No, I do not.

3 Q. And if I were to ask you the same  
4 questions today as they appear in your district  
5 testimony in support of the Stipulation, would your  
6 answers be the same?

7 A. Yes, they would.

8 MS. BOJKO: At this time, your Honor, I  
9 would like to move, subject to cross-examination, the  
10 direct testimony in support of the Stipulation of  
11 Nichole M. Clement, and I tender the witness for  
12 cross-examination.

13 EXAMINER SANYAL: Perfect.

14 OCC?

15 MS. O'BRIEN: Yes.

16 - - -

17 CROSS-EXAMINATION

18 By Ms. O'Brien:

19 Q. Good morning, Ms. Clement.

20 A. Good morning.

21 Q. I would like to start at page 4 of your  
22 direct testimony in support of the Stipulation. If  
23 you could let me know when you are there, that would  
24 be great.

25 A. Okay.

1           Q.    Okay.  Great.  Now, here you discuss the  
2   implementation of Suburban's straight fixed variable  
3   rate design in accordance with Case No.  
4   17-594-GA-ALT; is that correct?

5           A.    Yes.

6           Q.    Now, as I understand it, the  
7   implementation of the straight fixed variable rate  
8   design occurred in two phases?

9           A.    That's correct.

10          Q.    Okay.  So Phase 1 involved increasing  
11   Suburban's monthly residential customer charge from  
12   \$9.18 to \$19.30; is that correct?

13          A.    Yes, it is.

14          Q.    Okay.  And the Phase I rate began in  
15   November 2017; is that right?

16          A.    That's correct.

17          Q.    Okay.  And then Phase II involved  
18   increasing Suburban's monthly residential customer  
19   charge from \$19.30 to \$29.42; is that correct?

20          A.    That's correct.

21          Q.    And that rate began in November 2018; is  
22   that right?

23          A.    That's correct.

24          Q.    Okay.  So within the time period of less  
25   than two years, Suburban's monthly residential

1 customer charge more than tripled; is that correct?

2 MS. BOJKO: Objection. Your Honor, this  
3 line of questioning is irrelevant to the case at  
4 hand. She's asking about rate changes that have  
5 already been approved by the Commission in November  
6 of 2017. They have nothing to do with the current  
7 rate proceeding.

8 EXAMINER SANYAL: Overruled.

9 A. Well, the -- well, the customer charge  
10 increased, it's important to take note that the  
11 volumetric rate decreased. In fact, in the second  
12 phase it decreased to zero. So they need to be  
13 looked at in conjunction with each other because  
14 essentially it's no increase at all with the straight  
15 fixed variable design.

16 Q. Okay.

17 MS. O'BRIEN: Your Honor, I would move to  
18 strike her answer as unresponsive to my question. My  
19 question was, I believe, within less than two years  
20 isn't it true that Suburban's monthly residential  
21 customer charge more than tripled.

22 MS. BOJKO: Your Honor, she cannot answer  
23 that yes or no because there's two components to the  
24 rate design, and the witness was merely explaining  
25 the two components.

1 MS. O'BRIEN: Your Honor, if I may.

2 EXAMINER SANYAL: Yes.

3 MS. O'BRIEN: I merely asked about the  
4 monthly residential customer charge. I didn't ask  
5 about the volumetric charge.

6 MS. BOJKO: Well, your Honor, one goes up  
7 as one goes down. There is two components to the  
8 total customer charge.

9 EXAMINER SANYAL: Ms. Clement, can you  
10 specifically answer the question asked.

11 A. The customer charge did increase over the  
12 two-year period.

13 Q. By more than threefold?

14 MS. BOJKO: Objection. Your Honor, you  
15 can't take it out of context. The whole customer  
16 charge did not increase by threefold. One component  
17 went up and one component went down and the witness  
18 explained that it remained static.

19 EXAMINER SANYAL: I'm --

20 MR. EUBANKS: I object as well just for  
21 the sake of clarity. I hate to help the other side,  
22 but I think what she's talking about is the fixed  
23 charge.

24 MS. BOJKO: Yes.

25 MR. EUBANKS: Yes, so, I mean, rephrase

1 your question or redo your answer and make that  
2 point, then I'm fine.

3 EXAMINER SANYAL: Okay. Ms. Clement, can  
4 you specifically answer that question and I will let  
5 you explain your answer.

6 THE WITNESS: Okay.

7 EXAMINER SANYAL: So let's try it one  
8 more time.

9 Q. (By Ms. O'Brien) Would you agree that  
10 within less than two years, Suburban's monthly  
11 residential customer charge increased more than  
12 threefold?

13 MS. BOJKO: Objection.

14 MR. EUBANKS: Objection.

15 MS. BOJKO: Again, I think what Staff's  
16 counsel tried to ask is that the question be  
17 clarified to say the fixed component of the whole  
18 customer charge increased, but then counsel also  
19 misrepresented the facts which is it was not done in  
20 less than two years.

21 EXAMINER SANYAL: I'll let you answer the  
22 question and clarify as you see fit, and then we will  
23 move on.

24 A. The total customer charge did not  
25 increase. The fixed component increased while the



1 volumetric decreased making the customer charge the  
2 same.

3 Q. Okay. Thank you.

4 A. Uh-huh.

5 Q. So, now, through the settlement with  
6 Staff, Suburban is proposing to increase the fixed  
7 monthly residential customer charge again to \$33.84;  
8 is that correct?

9 A. Yes, that's correct.

10 Q. Great. Thank you. Now I would like to  
11 move on to the settlement itself and if you could  
12 move to Section IIIA7b. Just let me know when you  
13 are there.

14 MS. BOJKO: Do you have a page number?

15 MS. O'BRIEN: Yes. It's page No. 7.

16 A. Okay.

17 Q. Okay. Now, this provision -- or this  
18 section, specifically Section IIIA7b as in boy  
19 provides that the test year revenue will assume that  
20 the Phase 2 rate, which is 29.42, monthly residential  
21 customer charge was in place for the entire test  
22 year, correct?

23 A. Yes, that's what the stipulation states.

24 Q. Okay. Great. And my understanding is  
25 that the purpose of doing this is to increase

1 Suburban's revenues for the test year and to decrease  
2 the revenue requirement in this case; is that  
3 correct?

4 A. The reason is to essentially annualize  
5 the revenue under the Phase 2 of the straight fixed  
6 variable rate design.

7 Q. Okay. And does Suburban view this as a  
8 benefit to customers?

9 A. Yes, in terms of the fact that the  
10 overall revenue requirement decreased as a result of  
11 it.

12 Q. Okay.

13 MS. O'BRIEN: Your Honors, may I  
14 approach?

15 EXAMINER SANYAL: Yes, you may.

16 MS. O'BRIEN: I would like to mark this  
17 document as OCC Exhibit 2.

18 (EXHIBIT MARKED FOR IDENTIFICATION.)

19 Q. (By Ms. O'Brien) Okay. So what I've  
20 marked as OCC Exhibit 2 is Suburban's discovery  
21 response to OCC Stipulation Interrogatory 3-12. And  
22 at the top of that do you see where it says "Persons  
23 Responsible"?

24 A. Yes, I do.

25 Q. Okay. And do you see where it says legal

1 and Clement?

2 A. Uh-huh.

3 Q. And does that mean you prepared the  
4 response to this interrogatory request?

5 A. Yes, in part in conjunction with legal.

6 Q. Okay. What part did you provide?

7 A. The last sentence.

8 Q. Okay. The last sentence, it says  
9 "Subject to, and without waiver of, these objections,  
10 Suburban states as follows: The requested  
11 calculations have not been performed"?

12 A. Correct.

13 Q. And is your response here accurate and  
14 complete?

15 A. Yes, it is.

16 Q. Now, as I just read, this document  
17 indicates that Suburban has not performed the  
18 calculation to determine by how much imputation of  
19 the Phase 2 straight fixed variable rate would  
20 actually increase revenues or decrease the revenue  
21 requirement; is that correct?

22 A. There was not a detailed calculation  
23 performed using precise numbers, that's correct.

24 Q. Okay. So sitting here today, you can't  
25 tell us what the actual impact of imputation would

1 be; is that right?

2 A. While I can't tell you the exact impact,  
3 I can tell you that it definitely decreased the  
4 revenue requirement, and the reason I can state that  
5 with certainty is simply because of the fact the  
6 Phase 2 design was not in effect for the entire year.  
7 Essentially the test year is straddling Phase 1 and  
8 Phase 2 of the design.

9 Q. But you can't say how much it decreased  
10 the revenue requirement.

11 A. That's correct, not with exact certainty.

12 Q. Okay. Thank you. Now, I would like to  
13 move on to your direct testimony in support of the  
14 Application which I believe was marked as Suburban  
15 Exhibit 2. And if you could turn to page 13 of that  
16 testimony.

17 EXAMINER SANYAL: Which page again?

18 MS. O'BRIEN: 13.

19 Q. And I will be referring to line 2 --  
20 lines 2 and 3.

21 A. Okay.

22 Q. Okay. And here you say that you are  
23 responsible for Schedule E-3.1, the customer charge  
24 rationale; is that correct?

25 A. I'm sorry. Is this the testimony in

1 support of the Stipulation or the Application?

2 Q. The application.

3 A. Okay.

4 Q. And now I would like to take a look at  
5 Schedule E-3.1, the customer charge rationale.

6 MS. BOJKO: I'm sorry, your Honor. I  
7 don't think the witness answered her last question.  
8 I think she was lost at which testimony we were on.  
9 Can we maybe back up two questions?

10 EXAMINER SANYAL: Sure. Do you need the  
11 question read back?

12 THE WITNESS: Yes, please.

13 MS. BOJKO: She didn't hear your page  
14 reference.

15 Q. I'm looking at page 13 of your testimony  
16 in -- your direct testimony in support of the  
17 Application.

18 A. Okay.

19 Q. Lines 2 and 3.

20 A. Okay.

21 Q. And there you state that you are  
22 responsible for Schedule E-3.1.

23 A. Yes.

24 Q. Thank you. And now if you could turn to  
25 Schedule E-3.1.

1 MS. BOJKO: I'm sorry, your Honor. Which  
2 Schedule E-3.1? The one attached to the Stipulation  
3 or the one attached to the Application? Because this  
4 testimony is regarding the Application.

5 MS. O'BRIEN: Yeah. It's the one to the  
6 Application, and if I'm correct, I don't believe  
7 there is a Schedule E-3.1 to the settlement.

8 MS. BOJKO: So does the witness have that  
9 schedule in front of her?

10 THE WITNESS: I do not.

11 Q. I have a copy if you would like one.

12 EXAMINER SANYAL: And we would like  
13 copies.

14 MS. O'BRIEN: Sure.

15 Q. (By Ms. O'Brien) Okay. If you can take a  
16 chance and just look that over and let me know when  
17 you're done.

18 A. Okay.

19 Q. Okay. And do you see the sentence in the  
20 second paragraph, I believe it's the third sentence,  
21 that says "With the straight fixed variable rate  
22 design customers are rewarded for their energy  
23 conservation practices"?

24 A. Yes, I do.

25 Q. Okay. So suppose you have a customer,

1 Customer A, who engages in energy conservation  
2 practices and, as a result, uses very little gas.  
3 Now, my understanding is that under the settlement  
4 Customer A will be paying a fixed monthly residential  
5 customer charge of \$33.84; is that correct?

6 A. Yes.

7 Q. Now, let's suppose that there is a second  
8 customer, Customer B, and Customer B doesn't  
9 particularly care about energy conservation at all.  
10 And during the winter he has a gas furnace that he  
11 blasts day in day out. And as a consequence, he uses  
12 a ton of gas or a lot of gas. Now, my understanding  
13 is that under the settlement, Customer B would also  
14 pay the fixed monthly residential customer charge of  
15 \$33.84; is that correct?

16 A. Yes. Well, they would. It's important  
17 to take into consideration the actual cost of gas  
18 that they would also be paying.

19 MS. O'BRIEN: And, your Honor, I would  
20 just move to strike everything after "Yes." It's a  
21 simple "yes" or "no" question.

22 EXAMINER SANYAL: Overruled.

23 Q. (By Ms. O'Brien) So for the Customer A  
24 who uses very little gas, how is he rewarded for his  
25 energy conservation practices?

1           A.    Well, first of all, the rate is known.  
2    It's fixed to him or her in that situation. And so  
3    there would be no volumetric rate. They can budget;  
4    they can plan for that. They know exactly what that  
5    rate is going to be.

6           Q.    But Customer B would also know what his  
7    rate is going to be as well.

8           A.    Only in terms of the monthly rate. They  
9    still would have a G -- a GCR rate that they're being  
10   applied for the actual cost of the gas, so they  
11   really would not be able to calculate their entire  
12   bill.

13          Q.    Okay. So are there any other ways that  
14   Customer A would be rewarded?

15          A.    Can you expand on that question?

16          Q.    I am asking you. I am just curious in  
17   what ways the customer who uses -- who engages in  
18   energy conservation practices, I'm just curious as to  
19   how they are rewarded aside from what you just  
20   testified to.

21               MS. BOJKO: Objection. Your Honor, may I  
22   have that question reread?

23               EXAMINER SANYAL: Sure.

24               (Record read.)

25               MS. BOJKO: Your Honor, I am going to



1 object at this time as of the term customer. I'm  
2 assuming we're talking about residential or an SGS  
3 customer. As you know, the LGS customers have a  
4 volumetric component, so I want to make sure the  
5 question -- we're talking about the right customers.

6 EXAMINER SANYAL: I will let you clarify  
7 the question.

8 Q. (By Ms. O'Brien) Yes. So how is the  
9 residential customer -- let's assume that Customer A  
10 and Customer B are both residential customers. So  
11 how is residential Customer A rewarded for engaging  
12 in energy conservation practices aside from knowing  
13 what his monthly fixed charge will be?

14 MS. BOJKO: Objection. I'm sorry. It's  
15 not just residential/commercial, your Honor. It's  
16 SGS versus LGS. There can be residential that are  
17 LGS customers depending on the amount of gas that  
18 they use.

19 EXAMINER SANYAL: I will give you one  
20 more opportunity to clarify your question.

21 Q. (By Ms. O'Brien) Let's assume the  
22 Customer A is an SGS residential customer who engages  
23 in energy conservation practices. Aside from knowing  
24 exactly what his bill will be every month, how is he  
25 rewarded for engaging in energy efficiency practices?

1           A.    Well, there's certainly other components  
2 of the bill such as various riders that are based on  
3 volume. That would also decrease for that SGS  
4 customer.

5           Q.    Okay. Anything else?

6           A.    Not that immediately comes to mind.

7           Q.    Now, I would like to move on back to the  
8 settlement and if we can turn to page 6.

9           A.    Of my testimony for the Stipulation or  
10 the actual Stipulation?

11          Q.    The actual settlement.

12          A.    Okay.

13          Q.    Okay. Great. And here specifically I am  
14 looking at the Section IIIA5e.

15               EXAMINER SANYAL: I'm sorry. Did you say  
16 page 6?

17               MS. O'BRIEN: Yes.

18          A.    I'm sorry, on page 6 I don't see Section  
19 IIIA5e.

20               EXAMINER SANYAL: It's this paragraph.

21          Q.    It's right before paragraph 6.

22               EXAMINER SANYAL: If you are on page 6,  
23 it's the paragraph beginning with e.

24          A.    Okay.

25          Q.    Okay. And this paragraph, this

1 settlement, references a revenue distribution  
2 percentage, excluding gas costs, as established in  
3 Year 1; is that correct?

4 A. The paragraph that I am looking at does  
5 not, but perhaps I am not on the right page yet.

6 Q. It's page 6. It's the last line of  
7 Subsection e before paragraph 6.

8 A. Okay.

9 Q. Okay. Do you see where it says "revenue  
10 distribution percentage, excluding gas costs, as  
11 established in Year 1"?

12 A. I do.

13 Q. Okay. Great.

14 MS. O'BRIEN: Your Honors, may I  
15 approach?

16 EXAMINER SANYAL: Yes, you can.

17 MS. O'BRIEN: And I would like to mark  
18 this document as OCC Exhibit 3.

19 EXAMINER SANYAL: Thank you.

20 (EXHIBIT MARKED FOR IDENTIFICATION.)

21 Q. (By Ms. O'Brien) Okay. So what we've  
22 marked as OCC Exhibit 3 is Suburban's discovery  
23 response to OCC Stipulation Interrogatory 1-2. And  
24 at the top do you see where it says "Persons  
25 Responsible"?

1 A. Yes, I do.

2 Q. And next to it it says "Legal and Nichole  
3 Clement"?

4 A. Yes.

5 Q. And does that mean that you assisted in  
6 preparing the response?

7 A. Yes, it does.

8 Q. And is -- did you specifically prepare  
9 the response to Subpart a) of that interrogatory?

10 A. Yes.

11 Q. And is your response here accurate and  
12 complete?

13 A. Yes, it is.

14 Q. Okay. So, now, this sets forth the  
15 specific revenue distribution percentages excluding  
16 gas costs that are established for year one, I'm  
17 sorry, correct?

18 A. That's correct.

19 Q. Okay. Great. And just to clarify these  
20 exact same percentages, these will be applied to the  
21 customer accounts for both years two and years three?

22 A. That's correct.

23 Q. Okay. Now I would like to move on to  
24 page 13 of the settlement. Are you there?

25 A. I am.

1 Q. Okay. Great. And here I will be  
2 referring to paragraph 3 entitled "Tax Credit Rider."

3 A. Okay.

4 Q. And this section refers to Suburban's  
5 future application for a tax credit rider; am I  
6 correct?

7 A. Yes.

8 Q. And specifically Section IIID3c provides  
9 that "The application shall include a one-time  
10 carrying charge in the initial rate based upon the  
11 long-term debt rate"; is that correct?

12 A. Yes.

13 Q. Okay. Now, my understanding is that the  
14 long-term debt rate set forth in Schedule D-1 to the  
15 settlement is for .53 percent?

16 A. That's correct.

17 Q. Okay.

18 MS. O'BRIEN: Your Honors, may I  
19 approach?

20 EXAMINER SANYAL: Yes. And you may do so  
21 freely while you continue your examination of this  
22 witness. You don't need to ask me every time.

23 MS. O'BRIEN: Okay. That's fine.

24 EXAMINER SANYAL: Yeah.

25 MS. O'BRIEN: And I would like to mark

1 this document as OCC Exhibit 4.

2 (EXHIBIT MARKED FOR IDENTIFICATION.)

3 Q. (By Ms. O'Brien) Okay. What I've handed  
4 you and marked as OCC Exhibit 4 is Suburban's  
5 response to OCC's Stipulation Interrogatory 1-8. And  
6 do you see at the top where it says "Persons  
7 Responsible"?

8 A. Yes, I do.

9 Q. And next to that do you see legal and  
10 Clement -- or just "Nichole Clement" in this case?

11 A. Yes.

12 Q. So does this mean you prepared the  
13 response?

14 A. Yes, it does.

15 Q. And is your response accurate and  
16 complete?

17 A. Yes, it is.

18 Q. Okay. Now, this response indicates that  
19 the carrying charge that will be used in the tax  
20 proceeding will be established in that proceeding; is  
21 that correct?

22 A. That's correct.

23 Q. So then is it true that Suburban is not  
24 committing to a particular long-term debt rate for  
25 purposes of the settlement?

1           A.    The settlement speaks to the fact that  
2   there will be a one-time carrying charge based upon  
3   the long-term debt rate but does not specify what  
4   that long-term debt rate will be.

5           Q.    So is that a "yes"?

6           A.    That's correct.

7           MS. O'BRIEN:   Okay.   Thank you.   I have  
8   no further questions.   Thank you.

9           EXAMINER SANYAL:   Ms. Mooney?

10          MS. MOONEY:   I have no questions.

11          EXAMINER SANYAL:   Staff?

12          MR. EUBANKS:   I have no questions.

13          EXAMINER SANYAL:   Any redirect?

14          MS. BOJKO:   I think so, your Honor.   May  
15   we have a moment, please?

16          EXAMINER SANYAL:   Sure.   Let's just go  
17   off the record for that.

18          (Recess taken.)

19          EXAMINER SANYAL:   Let's get back on the  
20   record.

21          MS. BOJKO:   Thank you, your Honor.   We do  
22   have a few redirect questions.

23          EXAMINER SANYAL:   Sure.

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REDIRECT EXAMINATION

By Ms. Bojko:

Q. Ms. Clement, do you have in front of you what has been marked as OCC Exhibit 3?

A. Yes.

Q. Do you recall counsel for OCC asking you about your calculations in Section a)?

A. Yes.

Q. The calculations in Section a) for the allocation between customer classes specifically states it applies to year one; is that correct?

A. That's correct.

Q. Under the Stipulation, is it your understanding that the year two calculation and year three calculation would be determined by the revenue requirement established per the Stipulation?

A. Yes, that's correct. This Stipulation establishes a set revenue requirement for year two and three of the phasing.

Q. So if the settlement establishes a fixed revenue requirement, depending -- let me back up.

Does the settlement also provide that the revenue requirement will be recalculated or redistributed depending on the customer count at the time?



1           A.    Yes, that's correct.

2           Q.    So in years two and three, if the revenue  
3 requirement is fixed and the customer count is taken  
4 into consideration, may the actual percentages vary  
5 in years two and three than what is listed on OCC  
6 Exhibit 3?

7           A.    They may vary slightly.

8           Q.    So is it your testimony that the cost  
9 allocation or the revenue allocation would be  
10 approximately the 77 percent and 16 percent and 4  
11 percent as listed in year one on Stipulation  
12 Interrogatory 1-2?

13          A.    Yes, it is.

14          Q.    And, Ms. Clement, is that consistent with  
15 Staff Snider Witness -- Witness Snider's testimony?

16          A.    Yes, it is.

17          Q.    Do you also recall questions from OCC's  
18 counsel regarding straight fixed variable revenues  
19 received by Suburban during the test year?

20          A.    Yes, I do.

21          Q.    And she was referring to the Stipulation  
22 Section IIIA, IIIA7b; is that correct?

23          A.    Yes, I believe so.

24          Q.    Make sure. And in Section IIIA7b, do you  
25 recall questions regarding whether you performed

1 calculations?

2 A. Yes, I do.

3 Q. And is it your -- could you explain why  
4 you didn't perform the calculations with regard to  
5 the discovery response?

6 A. Yes.

7 Q. At what date?

8 A. During the course of settlement  
9 discussions and the Staff Report preparations, Staff  
10 actually had also -- they had performed that  
11 calculation, so while we did not perform that --  
12 reperform that calculation, Staff did perform that  
13 calculation.

14 Q. And why -- well, did Suburban in its  
15 application filed in this case account for the  
16 revenues for the straight fixed variable Phase 2  
17 rates?

18 A. It accounted for the Phase 2 of the rates  
19 for the months that Phase 2 was actually in effect  
20 but not for -- it did not annualize the Phase 2  
21 revenue.

22 Q. And when you say "annualize," are you  
23 stating that Suburban did not actually receive  
24 straight fixed variable rates for all 12 months  
25 during the test year for Phase 2 straight fixed

1 variable rates?

2 A. That's correct. Phase 2 went into effect  
3 on November 10 of 2018 so there would have only been  
4 four months of Phase 2 revenue in the test year.

5 Q. So do you view the Stipulation provision  
6 attributing 12 months of the straight fixed variable  
7 Phase 2 rates as a concession from the Company in  
8 favor of the customer or to the customers' benefit?

9 A. Yes. Essentially the Stipulation is  
10 almost protecting it as if that revenue was received  
11 by Suburban for the entire test year when, in fact,  
12 only four months of Phase 2 was received.

13 Q. So it almost attributed phantom revenue  
14 to the Company that the Company never received.

15 A. That's correct.

16 Q. Do you recall a hypothetical stated by  
17 counsel regarding the straight fixed variable and  
18 conservation efforts?

19 A. Yes, I do.

20 Q. Counsel said if a residential customer or  
21 S -- isn't it GS? An SGS customer uses a ton of gas,  
22 I think was her terminology, uses a ton of gas, could  
23 that customer stay an SGS customer and not have a  
24 volumetric rate?

25 A. There's a certain threshold where that

1 customer, even though they are a residential  
2 customer, if they use over a certain amount of gas,  
3 would become an LGS customer and would indeed have a  
4 volumetric rate.

5 Q. So it is beneficial to a customer to stay  
6 on SGS rate class and that attributes to the  
7 conservation efforts that you were speaking of.

8 A. That's correct.

9 Q. Did you have another basis for including  
10 that sentence in -- in the exhibit that was shown to  
11 you by OCC?

12 A. Yes. I believe it's actually in a Staff  
13 Report.

14 Q. Is there another basis -- would it have  
15 been in the Commission order adopting the Staff  
16 Report?

17 A. Yes.

18 MS. BOJKO: Your Honor, at this time may  
19 we approach?

20 EXAMINER SANYAL: Yes, you may.

21 Q. Do you have in front of you --

22 MS. BOJKO: Well, your Honor, for  
23 identification purposes could we mark this as  
24 Suburban Exhibit 13, please?

25 EXAMINER SANYAL: Yes.

1 (EXHIBIT MARKED FOR IDENTIFICATION.)

2 Q. Do you have in front of you what's been  
3 marked as Suburban Exhibit 13 which is a Finding and  
4 Order issued in Case No. 17-594-GA-ALT?

5 A. Yes, I do.

6 Q. First of all, is it your understanding  
7 that this is the order that adopted Suburban's  
8 straight fixed variable rate design on November 1,  
9 2017?

10 A. Yes.

11 Q. And is this the Order that you just  
12 referenced that was the basis of your -- one of the  
13 basis for your conservation statement?

14 A. Yes, it is.

15 Q. And could you explain to us where you got  
16 that information?

17 A. Yes. Paragraph 32 on page 9 reads "The  
18 Commission notes that the institution of an SFV rate  
19 design and the proposed EEP pilot promote the state  
20 policies set forth," it goes on to indicate to  
21 "promote the availability of adequate, reliable, and  
22 reasonably priced natural gas services and goods to  
23 consumers and to promote the alignment of natural gas  
24 company interests with consumer interest in energy  
25 efficiency and energy conservation."

1 MS. BOJKO: Thank you. Your Honor, I  
2 have no further questions.

3 EXAMINER SANYAL: Is there any recross?

4 MS. O'BRIEN: Just a couple questions on  
5 recross.

6 - - -

7 RECROSS-EXAMINATION

8 By Ms. O'Brien:

9 Q. First of all, with respect to paragraph  
10 32 in the Commission Order about which you just  
11 testified, you would agree with me that Commission  
12 orders should be based on the facts and circumstances  
13 of each particular case, wouldn't you?

14 A. Yes, I would. However, I would note both  
15 cases that we are referring to are for Suburban  
16 Natural Gas Company, so they are definitely related.

17 Q. Okay. But certainly if the facts were  
18 different in this case, you are not suggesting that  
19 the Commission should be bound to any particular  
20 finding in this Order; is that correct?

21 A. I would need to understand what facts  
22 you're exactly referring to in order to answer that  
23 question properly.

24 Q. Okay. Well, let me put it another way.

25 A. Okay.

1           Q.    If facts were different, you're not  
2   saying that the Commission can't -- can't change its  
3   mind and order something different.

4           MS. BOJKO:  Objection, your Honor.  I am  
5   not sure what facts we are talking about.  This is  
6   the issue that she stated in her testimony that she  
7   relied upon in drafting the section.

8           EXAMINER SANYAL:  I will sustain your  
9   objection because I believe the witness has answered  
10  the question so maybe try a different.

11          MS. O'BRIEN:  I'll withdraw the question.  
12  I have no further ques -- cross.

13          MS. MOONEY:  Your Honor, may I have  
14  recross?

15          EXAMINER SANYAL:  Yes.  Sure.

16          MS. MOONEY:  Thank you.

17                                 - - -

18                                 CROSS-EXAMINATION

19  By Ms. Mooney:

20          Q.    On the redirect with Ms. Bojko, you were  
21  talking about the fact that if a customer -- an SGS  
22  customer used over a certain amount of gas, they  
23  would be converted or would change over to another  
24  rate schedule; is that correct?

25          A.    Yes, that's correct.

1 Q. They would change over to? What was the?

2 A. An LGS customer.

3 Q. A large general service customer. Do you  
4 know what is that amount of gas?

5 A. I believe it's 300 Mcfs but there's  
6 obviously documentation that would support that.

7 Q. It would be 300 Mcf a month and then at  
8 that point for just like one month and you would  
9 switch over from an SGS customer to an LGS customer,  
10 large general service?

11 MS. BOJKO: Objection. I think counsel's  
12 misstating the facts.

13 MS. MOONEY: I was trying to say exactly  
14 what she said.

15 EXAMINER SANYAL: Okay.

16 A. I actually didn't get that question, so  
17 can you repeat the question, or we can have it read  
18 back.

19 Q. (By Ms. Mooney) If a customer in a  
20 certain month uses over 300 Mcf, that customer  
21 becomes a large general service customer; is that  
22 what you said?

23 MS. BOJKO: Objection. Assumes facts not  
24 in evidence. It's not per month.

25 MS. MOONEY: Oh, that's exactly what my



1 question was.

2 Q. (By Ms. Mooney) Is it per month?

3 A. I believe that it's annually.

4 Q. Annually what? That --

5 A. 300 Mcf usage annually.

6 Q. So the 300 is a reference to annual  
7 usage?

8 A. I believe that's correct.

9 Q. And you would -- how would Suburban know  
10 that a certain SGS customer had used over 300 Mcf  
11 annually in the last year, say -- well, let's say in  
12 the last year. So they switch that customer to be a  
13 large general service customer?

14 A. There would essentially need to be --  
15 they would need to be tracking the customer usage to  
16 be able to determine, you know, once that customer  
17 reaches a threshold and becomes an LGS customer.

18 Q. Does Suburban do that tracking?

19 A. I believe so but that may be a question  
20 more appropriate for a representative from the  
21 Company such as Mr. Sonderman.

22 Q. Do you know if, in fact, any customer,  
23 SGS customer, since the Phase 2 of the straight fixed  
24 variable has been in effect has been switched over  
25 from being an SGS to a large general service

1 customer?

2 A. I don't have that information. Again,  
3 that would be a question more appropriate for a  
4 representative from the company.

5 Q. Are you a representative of the company?

6 A. I am but not an employee of the company.

7 MS. MOONEY: Oh, okay. That's all the  
8 questions I had. Thank you.

9 EXAMINER SANYAL: Okay.

10 MR. EUBANKS: I have no questions.

11 EXAMINER SANYAL: Any?

12 MS. BOJKO: No, your Honor.

13 EXAMINER SANYAL: You may step down.

14 MS. BOJKO: Your Honor, at this time  
15 Suburban calls Mr. Grupenhof.

16 MS. O'BRIEN: Your Honors --

17 MS. BOJKO: I'm sorry. At this time we  
18 would like to move exhibits. I apologize.

19 MS. O'BRIEN: No worries.

20 MS. BOJKO: The Company moves Exhibits --  
21 Suburban Exhibits 2 and 3.

22 EXAMINER SANYAL: Any objections?

23 MS. O'BRIEN: No objection. And also at  
24 this time OCC would like to move for admission of OCC  
25 Exhibits 2 through 4.

1 EXAMINER SANYAL: Okay. So no -- any  
2 other parties have any objections to 2 and 3 for  
3 Suburban?

4 MR. EUBANKS: No objection.

5 MS. BOJKO: No objection, your Honor.

6 EXAMINER SANYAL: And then OCC 2, 3, and  
7 4?

8 MS. O'BRIEN: Yes.

9 EXAMINER SANYAL: Any objections to  
10 the -- to those exhibits being admitted?

11 Okay. Hearing none, OCC 2, 3, and 4 are  
12 admitted and Suburban 2 and 3.

13 (EXHIBITS ADMITTED INTO EVIDENCE.)

14 MS. BOJKO: Your Honors, given that the  
15 Suburban Exhibit 13 was a Commission order, I don't  
16 think it's necessary to move that.

17 EXAMINER SANYAL: Correct.

18 MS. BOJKO: Your Honor, are we ready for  
19 the next witness?

20 EXAMINER SANYAL: Yeah.

21 MS. BOJKO: Your Honor, at this time  
22 Suburban calls witness Mr. Kyle Grupenhof.

23 (Witness sworn.)

24 EXAMINER PARROT: Please have a seat.

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KYLE GRUPENHOF

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

DIRECT EXAMINATION

By Ms. Bojko:

Q. Mr. Grupenhof, could you please state  
your name and business address.

A. My name is Kyle Grupenhof. My business  
address is 4700 Homer Ohio Lane, Groveport, Ohio  
43125.

Q. And who are you employed by?

A. Utility Technologies International.

Q. Did you file or cause to be filed  
testimony regarding the Stipulation filed by Suburban  
Natural Gas Company in this case?

A. Yes, I did.

MS. BOJKO: Your Honors, at this time I  
would like to mark as Suburban Exhibit 4 the direct  
testimony of Kyle Grupenhof in support of the  
Stipulation.

EXAMINER PARROT: So marked.

(EXHIBIT MARKED FOR IDENTIFICATION.)

Q. Do you have in front of you what's been  
marked as Suburban Exhibit No. 4?

A. I do, yes.

1           Q.    And is this your direct testimony in  
2 support of the Stipulation filed on June 7, 2019?

3           A.    Yes.

4           Q.    Was this testimony prepared by you or  
5 under your direction?

6           A.    Yes, it was.

7           Q.    And on whose behalf are you testifying  
8 today?

9           A.    Suburban Natural Gas Company.

10          Q.    Since the filing of your testimony, do  
11 you have any changes to your testimony?

12          A.    No, I do not.

13          Q.    And if I were to ask you the same  
14 questions today as they appear in your testimony,  
15 would your answers be the same?

16          A.    Yes, they would.

17               MS. BOJKO:  At this time, your Honor, I  
18 would like to move Suburban Exhibit 4, subject to  
19 cross-examination, and I tender the witness for  
20 cross-examination.

21               EXAMINER PARROT:  Thank you, Ms. Bojko.

22               OCC?

23               MR. HEALEY:  Your Honor, at this time  
24 would you entertain a single motion to strike?

25               EXAMINER PARROT:  Go ahead.

1 MR. HEALEY: Thank you, your Honor. OCC  
 2 moves to strike Mr. Grupenhof's testimony at page 8  
 3 starting on line 23. The sentence beginning -- I  
 4 will, in fact, read the sentence that I am moving to  
 5 strike. "Even if it were possible for us to design  
 6 and construct a pipeline extension that serves the  
 7 precise number of existing customers as of the date  
 8 of completing construction, it would not be a  
 9 logical, economical, or sensible way to build out and  
 10 improve a gas pipeline system," so ending on page 9  
 11 with the words "pipeline system" in line 1.

12 Here Mr. Grupenhof is testifying that it  
 13 would not be "logical, economical, or sensible way to  
 14 build...a pipeline." This testimony is irrelevant  
 15 under Rule of Evidence 401 and is, therefore,  
 16 inadmissible under the Rule of Evidence 402. The  
 17 reason it is irrelevant is as follows: Here what  
 18 Mr. Grouponhoff is arguing is Suburban should be  
 19 allowed to charge customers for the 4.9 mile Del-Mar  
 20 Pipeline extension because it was a prudent business  
 21 decision for Suburban to build that pipeline.

22 This case is not about prudence of  
 23 Suburban's business decision to build the pipeline in  
 24 a base rate case. The prudent standard applies to  
 25 operations and maintenance expenses under Revised

1 Code 4909.154, but the relevant question with regard  
2 to the pipeline is whether it was used and useful  
3 under Revised Code 4909.15.

4 And importantly those are not the same  
5 question, whether Suburban made a "prudent decision"  
6 to install the pipeline has absolutely nothing to do  
7 with whether that pipeline was, in fact, used and  
8 useful on the date certain in this case, February 28,  
9 2019.

10 The Commission has already addressed this  
11 issue in a previous case. In Case No.  
12 83-1130-EL-AIR, the utility argued that it was being  
13 penalized for making "prudent management decisions  
14 when it wasn't allowed to charge customers for  
15 certain plant." The Commission's response was  
16 simple, and this is a quote, "What does all this have  
17 to do with the question of whether the units should  
18 be regarded as used and useful at the date certain,"  
19 and the answer is "Nothing. It has nothing to do  
20 with used and useful standard." Therefore, any  
21 testimony by Mr. Grupenhof, or any other witness for  
22 that matter, regarding the prudence of Suburban's  
23 decision to build the 4.9 mile pipeline extension is  
24 irrelevant and admissible -- and inadmissible. Thank  
25 you.

1 MS. BOJKO: Thank you, your Honor. I  
2 think this testimony is very relevant. First of all,  
3 Mr. Grupenhof is not speaking to Suburban's prudence.  
4 He never says "prudence." He never says "Suburban."  
5 He's speaking from his engineering perspective and  
6 how the pipeline is built. And from an engineering  
7 expert point of view what is logical, economical, and  
8 sensible.

9 This absolutely goes to the used and  
10 useful standard and actually we have a more recent  
11 case which is Columbus Southern Power Company that  
12 was issued in 1993 that talks about capacity and the  
13 construction of excess capacity. And the Commission  
14 stated that it is a very relevant consideration of  
15 what is economical and sensible in the construction  
16 of pipelines, and Mr. Grupenhof is also not speaking  
17 to what Suburban did or did not do from a cost  
18 recovery perspective. He is testifying to the  
19 prudence of the pipeline to serve existing customers.  
20 And that was -- I'm sorry. Well, that was a Supreme  
21 Court case, not a PUCO case. And for the record I  
22 will give you the case number. It is 67 Ohio State  
23 3d 535. Thank you, your Honor.

24 EXAMINER PARROT: Anything else,  
25 Mr. Healey?



1 MR. HEALEY: Nothing further, your Honor.

2 EXAMINER PARROT: Anyone else wish to  
3 weigh in?

4 MR. EUBANKS: Your Honor, I would just  
5 like to state that to the extent that the case that  
6 is cited by OCC does not involve a pipeline, then the  
7 case they cite is irrelevant.

8 MR. HEALEY: Your Honor, I would note,  
9 therefore, unless Suburban's case involves a  
10 pipeline, which it doesn't, then Staff has just  
11 admitted that Suburban's case is irrelevant.

12 MS. MOONEY: I would agree with Ohio  
13 Power building a pipeline.

14 MR. EUBANKS: If I could revise my  
15 statement, to the extent that the case that is cited  
16 by OCC doesn't involve building -- adding capacity,  
17 it's irrelevant to this case.

18 EXAMINER PARROT: All right. With that,  
19 Mr. Healey, your motion to strike is denied. The  
20 Commission will determine the relevancy of  
21 Mr. Grupenhof's testimony.

22 - - -

23 CROSS-EXAMINATION

24 By Mr. Healey:

25 Q. Mr. Grupenhof, counsel for Suburban just

1 suggested that in your testimony you are not  
2 rendering any opinion on the proper ratemaking with  
3 respect to the pipeline extension; is that correct?

4 A. I mean, my testimony was in, you know,  
5 regard to the Stipulation and how that was  
6 structured. But I'm an engineer. I am not an  
7 accountant or anything like that, so I don't -- my  
8 testimony is just in relation to the engineering  
9 aspects of that.

10 Q. Are you familiar with the term used and  
11 useful as it is used in the context of utilities'  
12 regulation?

13 A. Yes.

14 Q. But you are not a lawyer, correct?

15 A. No, I am not.

16 Q. And you are not rendering any opinion  
17 today as a legal expert on whether the pipeline  
18 extension was used and useful on date certain; is  
19 that correct?

20 A. No, not as a legal expert. From an  
21 engineering perspective, I am.

22 Q. Are you familiar with the Commission's  
23 three-prong test that it considers when there is a  
24 stipulation filed?

25 A. Very briefly just having read through

1 some of the testimony in depositions.

2 Q. But you are not specifically testifying  
3 you in your expert opinion believe the entire  
4 Stipulation passes the three-prong test?

5 A. I wouldn't have any knowledge of that.

6 Q. Do you agree that when a natural gas  
7 distribution company is building a pipeline, cost is  
8 one factor that should be considered, correct?

9 A. Sure, yes.

10 Q. And all else equal, the utility should  
11 try to minimize the cost; is that right?

12 A. Yeah. I mean, that's in everybody's best  
13 interest, I think.

14 Q. And you would also agree that keeping all  
15 other variables the same, the longer a pipeline is  
16 the more it will cost to build that pipeline,  
17 correct?

18 A. All else being equal, yes, that would be  
19 the typical case.

20 Q. And similarly, all else being equal, it  
21 would cost more to build a 12-inch diameter pipeline  
22 than a 6-inch diameter pipeline, correct?

23 A. Yes, that would be correct.

24 Q. And steel pipelines are generally more  
25 expensive than plastic pipelines; is that correct?

1           A.    Yes.

2           Q.    Let's look at your testimony.  Do you  
3 have a copy of it in front of you?

4           A.    Yes.

5           Q.    And if you could turn to page 5, please.  
6 And page 5 beginning on line 6, you state that "At  
7 this location in the system," which is the Lazelle  
8 Road point of delivery, "we determined that the  
9 pressure needs to be maintained above a minimum of  
10 100 PSIG."  Do you see that?

11          A.    I do, yeah.

12          Q.    And the determination that it needs to be  
13 above 100 PSIG was made before you joined UTI,  
14 correct?

15          A.    Yeah, that's correct.  It was made by one  
16 of our senior engineers who actually -- he's still  
17 sort of at the company but in a smaller role.  But he  
18 has years of experience modeling pipeline systems.  
19 He actually modeled for Columbia Gas for many years  
20 back 40, 50 years ago so.

21          Q.    So you yourself did not do any analysis  
22 to determine that -- to determine whether you agree  
23 with the 100 PSIG number, correct?

24          A.    No, I did not.  I mean, the engineer that  
25 determined that number taught me basically everything

1 I know about this modeling stuff, so I wouldn't feel  
2 any need to question it. I believe he made a prudent  
3 decision.

4 Q. And that engineer is not testifying in  
5 this case, is he?

6 A. He is not.

7 Q. He or she? So the Commission's not going  
8 to have any opportunity to consider that engineer's  
9 opinions, expert or otherwise, correct?

10 A. No. I can just speak to their vast level  
11 of experience.

12 Q. Can you turn to page 8 of your testimony,  
13 please, and start on line 16 you state "We  
14 determined, through our modeling, that Suburban could  
15 experience dangerously low system pressure in the  
16 winter of 2018 to 2019." Do you see that?

17 A. I do, yes.

18 Q. And under that modeling -- I guess we  
19 will take a step back. That was modeling that you  
20 performed, correct?

21 A. Correct, yes.

22 Q. And under that model, this dangerously  
23 low system pressure that you referred to could have  
24 occurred in December of 2018, correct?

25 A. It could have, yes. I mean, there was no

1 like certain date that the model is based on. It is  
2 based on the customer count through December 31 and  
3 then a negative 5 round about design degree day.

4 Q. You said a customer count of December 31?

5 A. Correct.

6 Q. That would be December 31 of 2018?

7 A. In this case, yes.

8 Q. And what are the potential consequences  
9 if there were to be dangerously low system pressure?

10 A. If the pressure was too low, we could  
11 basically lose the entire customer base. I don't  
12 know how much. It would depend on how that would  
13 work out and a million other variables but that's --  
14 that's the concern is that we are going to have too  
15 low a pressure in the rest of the system and houses  
16 start going out of gas.

17 Q. And if somebody doesn't have gas in the  
18 dead of winter, you would consider that to be unsafe,  
19 correct?

20 A. Absolutely.

21 Q. Potential for death, in fact, if you have  
22 no heat?

23 A. Could be, yeah. You know, if you  
24 consider an elderly person in a home or something  
25 like that and they don't realize it or what have you,

1     yeah, the temperatures could drop pretty quickly in a  
2     home, sure.

3             Q.     The 4.9 mile pipeline extension was not  
4     put in service until February 22, 2019, correct?

5             A.     I believe that date is correct.

6             Q.     So is it your testimony then that  
7     Suburban put its customers at risk of potential death  
8     even in December 2018 by failing to install and put  
9     the pipeline into service by that date?

10            MS. BOJKO:  Objection, mischaracterizes  
11     his testimony and also mischaracterizes the December  
12     31, 2018, date.

13            MR. HEALEY:  I am asking for his opinion  
14     based on my question.  I am not mischaracterizing  
15     anything.

16            EXAMINER PARROT:  Overruled.

17            A.     So I would say that -- I'm sorry.  Can  
18     you just repeat the question?

19            MR. HEALEY:  Can I have it reread,  
20     please.

21            (Record read.)

22            A.     So I would say, yeah, there is that  
23     potential.  We saw it in the modeling that the  
24     pressure could go too low.  Unfortunately for  
25     Suburban the pipeline extension project didn't go as

1 planned. There were a lot of weather delays,  
2 landowner issues. We did not get started as fast as  
3 we had hoped to, and they didn't get it completed as  
4 quickly as they hoped. So I guess that's my opinion  
5 on it is, yes, there could have been some  
6 catastrophic issues that happened last winter.

7 Q. You mentioned certain construction  
8 delays. You would agree that Suburban is the one  
9 that's responsible for building its pipelines in a  
10 timely fashion, wouldn't you?

11 MS. BOJKO: Objection. We are getting  
12 argumentative. He is not a representative of the  
13 company, and he's now asked two questions about  
14 Suburban's obligations to its customers and  
15 obligations to the Commission and reliability issues  
16 which is not what he's testifying to today.

17 MR. HEALEY: Your Honor, he is testifying  
18 on behalf of the company. He is their primary  
19 witness on the need for a pipeline. That's a key  
20 issue in this cases.

21 EXAMINER PARROT: And I think his  
22 testimony makes clear that he was involved in at  
23 least the siting aspects of the project so overruled.

24 MS. BOJKO: Can I have the question  
25 reread, please, your Honor?



1 (Record read.)

2 A. So I would say yes. That's ultimately  
3 Suburban's responsibility. Every company I have  
4 worked with has deadlines. They have, you know,  
5 whether they are legal or financial or whatever they  
6 are, and nobody can control the weather. The weather  
7 did what it did. It was a lot of rain. It was a  
8 harsh winter. Just happens. This is the nature of  
9 the business. It's -- it's a risk to do any sort of  
10 construction project this scale when you are going to  
11 run into delays from time to time.

12 Q. Couldn't Suburban have built a shorter  
13 pipeline and got it built sooner?

14 A. All else being equal, if it was the same  
15 diameter, material, yes, they probably could have.  
16 It had to have been the same location.

17 Q. Let's turn to page 5 of your testimony,  
18 please. And in response to the first question on  
19 this page you reference something that you call a  
20 check valve. Are you familiar with the check valve?

21 A. Yes, I am.

22 Q. And according to your testimony, the  
23 check valve "permits gas supply to enter the system  
24 from Columbia Gas of Ohio's medium pressure system";  
25 is that right?

1           A.     That is correct.

2           Q.     And so when pressure drops 2 -- or below  
3     200 PSIG at the Lazelle Road location, natural gas  
4     automatically starts to flow from Columbia's system  
5     into Suburban's system, correct?

6           A.     It's not an exact number. There's some  
7     play in that number. It depends on what their  
8     regulators are set at and the type of check valve and  
9     weight of it and things like that. But generally,  
10    yes, somewhere around 100 PSIG gas will start flowing  
11    assuming Columbia has, you know, adequate pressure  
12    and volume.

13          Q.     And so it's not -- it's not something  
14    Suburban has to pull a lever to open the check valve,  
15    right? It opens automatically if there is a  
16    difference in pressure on the two sides?

17          A.     That's correct. That was the point of  
18    it. It could take over in the middle of the night if  
19    needed to. It's a backup system.

20          Q.     This backup system when the pressure does  
21    drop below 100 does help to get the pressure back up  
22    above 100, correct?

23          A.     Ideally, yeah. There was a scenario  
24    where that doesn't always occur if the usage is too  
25    large. I mean, the Lazelle POD is much smaller in

1 comparison to their main feed at the  
2 Somerlot-Hoffman, so it's not going to completely  
3 satisfy the system's demands. It's going to  
4 supplement and try to do -- you know, it is what it  
5 is. It's a smaller load. It's a smaller supply  
6 point, yeah.

7 Q. But prior to the installation of the 4.9  
8 mile extension, are you aware of any instances where  
9 the pressure at Lazelle dropped below 100 and the  
10 check valve was unable to get it back up to 100?

11 A. I mean, eventually it came back up, yeah.  
12 If the pressure drops below 100 or whatever that  
13 number is, it's going to start flowing gas, and I  
14 don't know -- we don't have enough resolution in our  
15 pressure check data to tell you, yes, it started  
16 flowing, and it stayed at 100 pounds for 10 minutes  
17 or something like that or below 100 pounds for 10  
18 minutes and then came back. I can't tell you that.

19 Q. But your answer is, no, you are not aware  
20 of any instances where the pressure dropped below 100  
21 and the gas from Columbia started flowing and it  
22 stayed below 100 and never got back up?

23 MS. BOJKO: Objection. That wasn't his  
24 testimony at all. He says he doesn't have data. He  
25 doesn't know.

1 MR. HEALEY: That's exactly why I am  
2 asking him to clarify, your Honor.

3 EXAMINER PARROT: Overruled.

4 A. Yeah. So you are asking me that I don't  
5 know that, correct? Yes, I don't know. It very well  
6 could have happened. I just don't have the data to  
7 prove it.

8 Q. Let's turn to page 8 of your testimony,  
9 please. I am going to start on line 18 with the  
10 words "we," and I will read it for you. It says "We  
11 believed that the Del-Mar extension would alleviate  
12 the pressure -- the potential for low pressures at  
13 the Lazelle point of delivery for several more years  
14 and could sustain the addition of 4,000 customers.  
15 Meaning, Suburban would not experience any potential  
16 low pressure scenarios until 4,000 additional  
17 customers were added to the system beyond the winter  
18 of 2018 to 2019." Do you see that language?

19 A. I do, yes.

20 Q. And you made the determination that  
21 Suburban could add 4,000 customers beyond the winter  
22 of 2018 to '19 using the GASWorkS modeling, correct?

23 MS. BOJKO: Objection.

24 A. It was done --

25 EXAMINER PARROT: Hold on. Basis?

1 MS. BOJKO: I think that misstates his  
2 testimony. He's missing the word "and," that there  
3 was two points.

4 MR. HEALEY: I am not sure I understand  
5 the objection.

6 MS. BOJKO: Well, I don't want to say it.

7 EXAMINER PARROT: Overruled. Go ahead,  
8 Mr. Grupenhof.

9 A. So to answer your question, yes, it was  
10 done with GASWorkS, and I think you were asking about  
11 that 4,000 customers so what that was is, you know,  
12 we recognize at the end of 2018 that we had to get  
13 something built. That obviously was delayed by two  
14 months but it is what it is. We recognize we had to  
15 get this thing done by the winter of 2018-2019 to  
16 serve those existing customers because we recognize  
17 that the pressures could get too low, and it could  
18 cause catastrophic failure on the system.

19 So beyond that, yes, we thought that once  
20 this thing is done and those customers are taken care  
21 of and we don't have those low pressure concerns any  
22 more, we can then be out of the woods, so to speak,  
23 for another 4,000 customers.

24 And that was a very high level modeling  
25 situation. We obviously don't know where 4,000

1 customers are going to be placed. If they are placed  
 2 at the south end, it could be 2,000 customers. If  
 3 they are placed at the north end, it could be 20,000.  
 4 It was a very high level kind of guess. It gives  
 5 Suburban some kind of comfort level that when we  
 6 build this thing, we're not going to have to come  
 7 back out next year and start on the next phase.

8 Q. So were you -- were you targeting 4,000  
 9 customers as the amount above the current customers  
 10 that you wanted when deciding how long to make the  
 11 pipeline?

12 A. No, we were not.

13 Q. Okay. So you decided on the 4.9 mile  
 14 pipeline and then backed into about how many extra  
 15 customers it would handle?

16 A. That is correct. That was primarily  
 17 based on some of the OPSB rules and the approval and  
 18 permitting process in order to get the pipeline  
 19 built.

20 Q. You reference OPSB rules. Your  
 21 understanding is that the regulatory approval process  
 22 is more onerous when a pipeline is 5 miles long or  
 23 longer; is that correct?

24 A. That is correct, yes.

25 Q. And so you didn't want to build a

1 pipeline longer than 5 miles because it would have  
2 taken longer to get through the regulatory process?

3 A. Not only the length of time but the cost  
4 associated with it. It's much, much more expensive  
5 to build past that. I believe it's -- I can't  
6 remember the terminology for it is. We did a Letter  
7 of Notification under 5 miles. So to go beyond that,  
8 yeah. It was public hearings. There was a lot of  
9 additional things that would have to be done that  
10 Suburban didn't necessarily have the capability to do  
11 in house. They would have a contractor with UTI or  
12 another firm which is obviously a big expense.

13 Q. So going from just that little  
14 incremental bit from 4.9 miles to 5 miles, for  
15 example, would increase the costs significantly?

16 A. I believe so, yes.

17 Q. And you agree that compared to a 4.9 mile  
18 pipeline though, if you had done a shorter pipeline,  
19 say 2 miles, the regulatory approval process would  
20 have been basically the same through the Letter of  
21 Notification, correct?

22 A. Not necessarily. I mean, because there  
23 were some wetlands at the south end that we had to  
24 work around and do things so potentially the shorter,  
25 if we had less environmental impact and things like

1 that, less road crossings, for instance, that process  
2 could have been shorter.

3 Q. So shorter pipeline could have been even  
4 easier than the 4.9 mile pipeline under the  
5 regulatory process; is that what you are saying?

6 A. That's correct.

7 Q. And so is it your testimony then that 4.9  
8 miles was the precise reasonable length of the  
9 pipeline from an engineering standpoint, or did you  
10 just acknowledge that 5 miles would make it more  
11 expensive, pick a number just slightly below that?

12 A. It was a culmination of all those things.  
13 We didn't -- it's not like the -- us as the  
14 engineers, you know, just didn't pay attention to  
15 length at all. We obviously modeled it. We  
16 obviously ran calculations on it and determined to  
17 make sure it was going to meet Suburban's needs and  
18 for, you know, enough time that they weren't going to  
19 be back the next year building another line. So,  
20 yes, that was a big part of it was the OPSB permit  
21 and application but, you know, engineering aspects  
22 weighed in, financial aspects weighed in. There were  
23 numerous other factors.

24 Q. Was there any engineering reason, for  
25 example, to build a 4.9 mile pipeline as compared to



1 say a 4 mile pipeline?

2 A. Not that we specifically discussed, no.

3 Q. What about 4.9 versus 3 miles?

4 A. Same thing. We didn't really discuss,  
5 you know, exactly 3 what the engineering aspects  
6 would be. We did look at a 2 mile pipeline and then  
7 doing a 3 miles soon after just to break it up some  
8 but that's all we really looked at.

9 Q. I would like to come back briefly to the  
10 4,000 customers, additional customers, we discussed.  
11 Do you recall that?

12 A. Yeah.

13 Q. And that was based on the 4.9 mile  
14 pipeline extension, correct?

15 A. That was, correct.

16 Q. Did you run the model to determine how  
17 many extra customers you could add with the 2 mile  
18 pipeline?

19 A. I don't believe we did, no.

20 Q. Did you run the model to determine how  
21 many extra customers you could add with a 1 mile  
22 pipeline?

23 A. No. Can I clarify the previous answer?  
24 I'm sorry. We did -- I don't believe we got an exact  
25 customer count on the 2 mile pipeline. But we did

1 look at that and see how much time it would buy  
 2 Suburban. Obviously the 4.9 bought them 4,000  
 3 customers. And you can pick whatever kind of  
 4 duration in terms of years that might be. We did  
 5 look at the 2 mile and determine basically as soon as  
 6 we got done with it and completed and was tied in and  
 7 flowing gas, we would be starting the approval  
 8 process and everything else to start the next phase  
 9 of it.

10 So in that respect we didn't -- I don't  
 11 believe we calculated exact customer count, but we  
 12 did look at, you know, how long it was going to last.

13 Q. So the 2 mile pipeline you felt would  
 14 have been sufficient at year end 2018 based on your  
 15 analysis of customers at that time?

16 MS. BOJKO: Objection. I mean, he is  
 17 putting words in his mouth.

18 MR. HEALEY: I am asking him a question,  
 19 your Honor. That's what a leading question is.

20 EXAMINER PARROT: Overruled.

21 A. Yes. From our calculations the 2 mile  
 22 option would have satisfied Suburban's system at the  
 23 end of 2018, so they would have been good this  
 24 winter. I don't recall exactly when that pipeline  
 25 would have been deficient, and we would have been

1 back in the same situation, but it was pretty soon  
2 after.

3 MR. HEALEY: Your Honor, I would like to  
4 mark a new exhibit, if I may. It would be OCC  
5 Exhibit 5. And may I approach the witness?

6 EXAMINER PARROT: You may.

7 MR. HEALEY: This exhibit for reference  
8 is marked by Suburban as OCC Fourth Set of Discovery  
9 Attachment E.

10 EXAMINER PARROT: So marked.

11 (EXHIBIT MARKED FOR IDENTIFICATION.)

12 Q. (By Mr. Healey) Mr. Grupenhof, I have  
13 just handed you what's now been marked OCC Exhibit 5,  
14 and it's a document that Suburban provided to OCC  
15 through discovery. You've seen this document before,  
16 correct?

17 A. I have, yes.

18 Q. And this document is an e-mail chain  
19 between the Ohio Power Siting Board Staff and certain  
20 individuals at UTI in the Del-Mar Pipeline extension  
21 Power Siting case, correct?

22 A. That is correct.

23 Q. I would like you to turn to page 4 of  
24 this document. And you'll see on that page there are  
25 seven questions in black and then responses in red,

1 and the red responses are provided by UTI, correct?

2 A. Yes, that is correct.

3 Q. And you personally assisted, you believe,  
4 with questions 2 through 7; is that right?

5 A. That's my recollection, yes.

6 MS. BOJKO: I'm sorry. You personally  
7 assisted with the responses on behalf of UTI for  
8 those questions or the questions themselves?

9 Q. You personally assisted with providing  
10 the responses to questions 2 through 7 on behalf of  
11 UTI, correct?

12 A. That is correct, yes.

13 MR. HEALEY: Thank you, counsel.

14 Q. Under question 2 UTI states in the last  
15 sentence that the maximum throughput of the 4.9 mile  
16 Del-Mar extension was 842 Mcfh, correct?

17 A. That's what we stated, yes.

18 Q. And then looking at question 3, the last  
19 sentence says that the expected peak hourly  
20 throughput of the extension at the time it enters  
21 into service is 457 Mcfh, correct?

22 MS. BOJKO: I'm sorry. Can I have that  
23 question reread.

24 (Record read.)

25 MS. BOJKO: I am going to object, your

1 Honor. It mischaracterizes the document. It  
2 actually says "Based on these conditions," so it is  
3 tied to specific conditions.

4 MR. HEALEY: I will reask it, your Honor.

5 Q. (By Mr. Healey) Under question 3 it says  
6 "Based on these conditions" -- in the last sentence,  
7 "Based on these conditions, SNG calculated the  
8 anticipated peak hourly throughput of the new Del-Mar  
9 Extension, at the time it enters into service, to be  
10 457 Mcfh," correct?

11 A. That is correct. However, I would point  
12 to the beginning of our answer here to estimate daily  
13 and annual, I think we are referring to load here, is  
14 difficult due to the seasonal and annual variations  
15 in gas usage. So, yes, that was what we calculated  
16 based on the very specific conditions but as the  
17 situations changed, that 457 could go up or down or  
18 all over the place so.

19 Q. Well, the first sentence there refers to  
20 daily and annual variations, but the last sentence  
21 refers to -- sorry, the first sentence refers to  
22 daily and annual, and the last sentence refers to  
23 peak hourly so those would be different things,  
24 wouldn't they?

25 A. They would not, no.

1           Q.    So estimating annual -- so estimating the  
2 amount of natural gas that Suburban flows through a  
3 pipeline on an annual basis is the same as  
4 determining what the peak hourly throughput is?

5           A.    They're -- they're mutual in that  
6 estimating the daily or annual or hourly or whatever,  
7 I think the spirit of the answer here is that it's  
8 difficult to estimate the loads whether it's on an  
9 annual basis, monthly basis, or daily or hourly or by  
10 the second. It's difficult to estimate those loads.  
11 So having to do that in this question -- in this  
12 answer, we got a pretty good set of conditions we  
13 felt were relevant and probably somewhat reasonable,  
14 and we calculated 457.

15           Q.    And 457 was the best estimate that your  
16 engineering firm provided, correct?

17           A.    That is correct. That's what we felt was  
18 a reasonable number.

19           Q.    And you would agree then that with  
20 anticipated weak hourly throughput estimated by your  
21 engineering firm with your help of 457 and a total  
22 possible throughput in that extension of 842, that  
23 the 4.9 mile pipeline extension can handle nearly  
24 double the anticipated peak hourly throughput; isn't  
25 that right?

1           A.    Based on those very specific set of  
2 conditions, yes.

3           Q.    And, in fact, if we look at question 4,  
4 we see a similar number provided for 10 years out,  
5 2028, of 737 Mcfh, correct?

6           A.    That is correct.

7           Q.    And so even nine years from now the  
8 current 4.9 mile Del-Mar Pipeline extension will have  
9 enough capacity to handle the peak capacity all the  
10 way out in 2028, correct?

11          A.    That's a very high level estimate.  
12 Obviously I can't tell you what Suburban's system is  
13 going to do in 10 years, but based on discussion with  
14 their staff, that's what we felt was a reasonable  
15 number. It could be much higher, could be much  
16 lower.

17                   And that being said as well, the process  
18 to get the Del-Mar extension pipeline completed took  
19 four years. So, yeah, we're good for another nine  
20 years but that just means in four or five years we  
21 are going to have to start this process all over  
22 again and find another solution. So it buys us some  
23 time, but these projects don't happen overnight. It  
24 takes some time.

25           MR. HEALEY: Your Honor, I would like to

1 approach the witness and provide him with a copy of  
2 what has already been admitted into the record as  
3 Suburban Exhibit 9.

4 EXAMINER PARROT: You may approach.

5 Q. (By Mr. Healey) Mr. Grupenhof, I've  
6 handed you what has been admitted into the record in  
7 this case and marked as Suburban Exhibit 9. You're  
8 familiar with this document, correct?

9 A. I believe, yes.

10 Q. In fact, you created each of the five  
11 pages of this document, correct?

12 A. That is correct, yes.

13 Q. And the information in these documents is  
14 derived from your GASWorkS modeling, correct?

15 A. The pressures and loads are, yes. The  
16 customer counts were provided by Suburban.

17 Q. And those customer counts were input into  
18 the GASWorkS model, correct?

19 A. That is correct.

20 Q. I would like to focus for now on the last  
21 page of this document, or the last page with any  
22 writing on it which is August 31, 2018. And I am  
23 going to direct you to the bottom chart where there  
24 was a row for Lazelle Road POD. Do you see that row?

25 A. I do, yeah.



1           Q.    My questions are going to focus on that  
2   row so just keep -- you know, keep your focus there.  
3   Under this analysis that you performed with your  
4   GASWorkS model, it shows that the projected pressure  
5   at Lazelle Road at the year end 2018 is 104.27  
6   without the Del-Mar extension, correct?

7           A.    That is correct, yes.

8           Q.    And moving over one more column we see  
9   that you project a pressure for 2019 without the  
10  Del-Mar extension of 78.72, correct?

11          A.    Correct.

12          Q.    And then once you add the 4.9 mile  
13  Del-Mar Pipeline extension it goes up to 232.5,  
14  correct?

15          A.    That's correct.

16          Q.    If you wanted to right now, could you go  
17  back into GASWorkS and recreate these exact documents  
18  with all the same assumptions?

19          A.    I believe so, yeah. I believe we saved  
20  each one of these so we can go back and rerun them  
21  and modify them if needed.

22          Q.    So, for example, you could go back into  
23  the GASWorkS model and change the length of the  
24  Del-Mar extension and see what the resulting pressure  
25  would be, correct?

1           A.    That is correct.

2           Q.    When you were running the GASWorkS model,  
3    did you have a target pressure that you were aiming  
4    for at Lazelle Road?

5           A.    No, not necessarily. We wanted obviously  
6    to stay well above 100. You know, we didn't want to  
7    get close to that just based on the accuracy of the  
8    model and the conditions can change and things like  
9    that in the field. We didn't really have a specific  
10   number in mind. We were basically just looking at  
11   getting Suburban enough longevity out of the pipeline  
12   that they wouldn't have to come back the next year  
13   and start building again.

14          Q.    So when you got the result of 232.5, you  
15   felt fairly confident that would provide enough  
16   pressure?

17          A.    Yeah. I think that's a solid number for  
18   the winter, yeah.

19          Q.    Is there any number lower than 232.5 that  
20   you would consider to be a solid number?

21          A.    I am sure there is, but I don't know  
22   where that cutoff would be.

23          Q.    And so you didn't run any analysis or  
24   make any decision on what that lowest number should  
25   be, correct?

1           A.    No, I did not.

2           Q.    And you didn't run the model with shorter  
3 pipelines to see what the resulting pressure would  
4 be, for example -- let me start over.

5                   Did you run the model to determine what  
6 the resulting pressure would be with a 4 mile  
7 pipeline, for example?

8           A.    I believe we did with a 2 mile pipeline,  
9 but I don't specifically recall any other footages or  
10 mileage.

11           Q.    Did you run the model to determine what  
12 the minimum length Del-Mar extension would need to be  
13 to keep the pressure above 100 PSIG at Lazelle Road?

14           A.    Not specifically because like, you know,  
15 we talked about before, we didn't have a certain  
16 pressure in mind that we tried to target. That being  
17 said the 2 miles seemed to work for 2018 but, like I  
18 said, we were right back in the same situation where  
19 we would be basically building Phase 2 of the Del-Mar  
20 extension right afterwards.

21                   MR. HEALEY: Your Honor, I would like to  
22 mark another exhibit. This will be OCC Exhibit 6 for  
23 identification purposes. It is Suburban's response  
24 to OCC's STIP-INT-3-10. May I approach the witness,  
25 please?

1 EXAMINER PARROT: You may. So marked.

2 (EXHIBIT MARKED FOR IDENTIFICATION.)

3 Q. (By Mr. Healey) Mr. Grupenhof, you have  
4 now been handed what's been marked OCC Exhibit 6 and  
5 this is a discovery response. You see that you and  
6 legal are identified as the persons responsible for  
7 this response, correct?

8 A. That is correct, yes.

9 Q. And I would like to direct you to  
10 question b) which is OCC asked "Based on UTI's  
11 modeling, and assuming all the same assumptions that  
12 UTI used when it 'determined, through [its] modeling,  
13 that Suburban could experience dangerously low system  
14 pressure in the winter of 2018 to 2019,' what is the  
15 minimum length pipeline extension that would maintain  
16 pressure of at least 100 PSIG at the Lazelle Road  
17 point of delivery during the winter of 2018 to 2019."  
18 Your response is "UTI did not calculate a minimum  
19 length." Do you see that?

20 A. I do, yeah.

21 Q. Is that response accurate and complete?

22 A. Yes. I mean, it would have been kind of  
23 a moot point for us to determine that simply because  
24 if we -- if we built a pipeline to just satisfy what  
25 happened in 2018, 2019, we would be building the same

1 pipeline the next year for those customers and, you  
2 know, so it was never -- it never entered our thought  
3 to ever design the pipeline to its absolute minimum  
4 length.

5 Q. Did you -- did you use the GASWorkS model  
6 to determine what the resulting pressure at Lazelle  
7 Road would be if the Del-Mar Pipeline extension were  
8 2 miles long?

9 A. Yes. I don't recall which dates we  
10 calculated it for off the top of my head. It may  
11 have been a couple or a few or just one. I don't  
12 recall specifically; but, yes, we did look at that.

13 Q. Do you know if the results of that  
14 analysis showed that the pressure at Lazelle Road  
15 would be above 100 PSIG for the winter of 2018 to  
16 2019?

17 A. Yes, just barely. It would have been --  
18 it would have satisfied the need for that winter;  
19 and, like I said, we would have been basically back  
20 in the same situation planning for the next one.

21 MS. BOJKO: Your Honor, is it a good time  
22 to take a break? We've been going almost two hours.  
23 I need a personal health break.

24 EXAMINER PARROT: Do you have a ways to  
25 go still, Mr. Healey?

1 MR. HEALEY: Yeah, maybe another 20  
2 minutes.

3 EXAMINER PARROT: Okay. Yes. Let's take  
4 a short 5-minute break.

5 (Recess taken.)

6 EXAMINER PARROT: Let's go back on the  
7 record.

8 Go ahead, Mr. Healey.

9 MR. HEALEY: Thank you, your Honor.  
10 Before I continue my cross-examination I would ask  
11 your Honor for a potential guidance on during the  
12 break counsel for Suburban was conferring with the  
13 witness. It's my understanding that it's one thing  
14 to confer with the witness to prepare and plan for a  
15 redirect, but it's another to guide the witness in  
16 the middle of a cross-examination on a bathroom  
17 break. I am not familiar with that being allowed  
18 typically in Commission proceedings.

19 MS. BOJKO: Your Honor, I have been doing  
20 this for 23 years, and it's been allowed in every  
21 Commission proceeding that I've been in. Every  
22 witness has talked to their counsel during any kind  
23 of break including OCC's witnesses. Same could be  
24 said about lunch break, et cetera.

25 EXAMINER PARROT: Mr. Healey, I am going

1 to ask you to go ahead and proceed with your cross.

2 MR. HEALEY: Thank you, your Honor.

3 Q. (By Mr. Healey) Mr. Grupenhof, sitting  
4 here today you don't know what it would have cost to  
5 build a 2 mile Del-Mar extension, correct?

6 A. That is correct. I believe UTI to a very  
7 high level looked at it, but I was not involved in  
8 that.

9 MR. HEALEY: Your Honor, I would like to  
10 mark my next exhibit, please. This would be OCC  
11 Exhibit 7 and this is a document that Suburban  
12 provided to OCC and is marked as Supplemental  
13 Responses to OCC Fourth Set of Discovery Attachment  
14 F. May I approach?

15 EXAMINER PARROT: You may. It has been  
16 marked as OCC Exhibit 7.

17 (EXHIBIT MARKED FOR IDENTIFICATION.)

18 Q. Mr. Grupenhof, I have now handed you  
19 what's been marked OCC Exhibit 7. Are you familiar  
20 with this document?

21 A. I am, yes.

22 Q. And this is a memo that you drafted,  
23 correct?

24 A. That is correct.

25 Q. And it's dated April 18, 2019?

1           A.     Correct.

2           Q.     So it was drafted after the 4.9 mile  
3 pipeline extension was already put into service,  
4 correct?

5           A.     That is correct.

6           Q.     What made you decide to draft this memo  
7 in April of this year?

8           A.     Mr. Sonderman had reached out and asked  
9 for some of the engineer analysis behind the need for  
10 the Del-Mar Pipeline extension.

11          Q.     And why does the subject line reference  
12 the Ohio Consumers' Counsel?

13          A.     I believe at that time Suburban and their  
14 counsel were discussing with OCC. You guys were in  
15 some preliminary discussions on that kind of stuff.  
16 I am not really sure what all that was about. It was  
17 prior to my involvement, but he had asked that, you  
18 know, to give him some backup information on this  
19 based on what you guys were talking about.

20          Q.     And I think you testified a minute ago,  
21 and correct me if I am wrong, your memo is intended  
22 to explain the need for the pipeline extension; is  
23 that right?

24          A.     I believe so, yeah.

25          Q.     And does anything in this memo say



1 anything about low pressure at Lazelle Road?

2 A. I would have to read through it. I don't  
3 recall exactly. It's been a few months.

4 Q. I would like you to read through it and  
5 confirm whether there is anything about low pressure  
6 at Lazelle Road in this memo.

7 A. I don't see anything specifically talking  
8 about pressure but there are several instances where  
9 it referred to capacity, especially down at the  
10 Lazelle POD, and in this situation the two kind of go  
11 hand in hand.

12 Q. They go hand in hand, but they are not  
13 the same thing, correct?

14 A. They're related.

15 Q. Related. Things that are related are not  
16 identical, correct?

17 A. If -- they are not identical, but  
18 pressure is one major, major factor in capacity.

19 Q. Right. So the -- they are two variables;  
20 when you are doing some kind of mathematical  
21 equation, one changes, the other will change,  
22 correct?

23 MS. BOJKO: Objection, asked and  
24 answered.

25 A. What I'm saying --

1 EXAMINER PARROT: Hang on.

2 THE WITNESS: Oh, I'm sorry.

3 EXAMINER PARROT: Did you want to say  
4 anything, Mr. Healey?

5 MR. HEALEY: No, your Honor.

6 EXAMINER PARROT: Overruled. Go ahead.

7 A. Okay. What I am saying is when you talk  
8 about the pressure being too low at Lazelle, we are  
9 talking about there is not enough capacity down to  
10 that point. So in this situation I am talking about  
11 the same thing.

12 Q. Let's look at page --

13 MR. HEALEY: Actually I would like to  
14 mark -- actually I don't need to mark. I have got a  
15 copy of the Letter of Notification that was filed by  
16 Suburban in Case No. 18-54. This has already been  
17 admitted as Suburban Exhibit 7. I did not print out  
18 the whole thing because it's voluminous, but for  
19 purposes of this witness, I printed the relevant  
20 portions. May I approach?

21 EXAMINER PARROT: You may.

22 MS. BOJKO: Your Honor, may we just have  
23 a minute to obtain the document?

24 EXAMINER PARROT: Yes.

25 MS. BOJKO: Your Honor, and to the extent

1 that he is going to be questioning, I would actually  
2 prefer if the witness had the entire document because  
3 we did run into some issues during the deposition  
4 about not having an entire document. May we provide  
5 an entire?

6 EXAMINER PARROT: You may.

7 MS. BOJKO: Thank you. The entire  
8 document, just for the record, was admitted already.  
9 I just want him to have an entire copy.

10 EXAMINER PARROT: Yes.

11 Q. (By Mr. Healey) Mr. Grouponhoff, you are  
12 familiar with this document, correct?

13 A. Very generally, yes.

14 Q. Do you recall I asked you some questions  
15 about it at your deposition?

16 A. That's correct, yeah.

17 Q. Can you turn to page 2 which is actually  
18 about the tenth page in. You see in the middle of  
19 that page there is a bold underlined heading  
20 "4906-6-05(B) (2): Statement of Need for the Proposed  
21 Facility," do you see that?

22 A. I do, yes.

23 Q. And underneath that heading, which  
24 purports to provide the statement of need for the  
25 facility, it says nothing about Lazelle Road,

1 correct?

2 MS. BOJKO: Your Honor, if I could just  
3 have a minute. I'm lost. I was at page 2 of the  
4 intro. I believe I am at page 2 of the letter.  
5 Thank you.

6 MR. HEALEY: Sure.

7 Q. (By Mr. Healey) I'll start over. So  
8 we're looking under the heading "Statement of Need  
9 for the Proposed Facility." Do you see that heading?

10 A. Yes.

11 Q. And the response below says "Due to the  
12 growing demand for natural gas in homes and  
13 businesses in southern Delaware County, SNG," which  
14 is Suburban, "is in need of increasing the amount of  
15 gas that it can supply to its customers. The current  
16 six-inch gas line will not provide enough volume for  
17 the amount of growth that is planned. As such, the  
18 new 12-inch line is needed to provide additional  
19 capacity." Do you see that language?

20 A. I do, yeah.

21 Q. It doesn't mention the Lazelle Road point  
22 of delivery, correct?

23 A. Not specifically but, you know, the  
24 Lazelle POD is sort of a health point in the entire  
25 system so by providing enough pressure down there,

1 enough capacity at that location, we are in turn  
2 getting enough capacity to the rest of the customers  
3 on the system.

4 Q. And the statement likewise doesn't use  
5 the word pressure at all, does it?

6 A. It does not. It does use capacity, I  
7 believe. Did I just read that? Volume.

8 Q. And this paragraph doesn't say anything  
9 about risk of catastrophic system failures if the  
10 pipeline isn't built, does it?

11 A. No. I believe at this point in time we  
12 didn't feel that was necessary to explain in the OPSB  
13 application.

14 Q. So in this case that we are currently in,  
15 the key reason for the pipeline is to avoid low  
16 pressure and outages, but at the time of the Power  
17 Siting case, you didn't think that was relevant?

18 MS. BOJKO: Objection, your Honor. That  
19 was not what he said. He said volume is in this  
20 answer, and he's mischaracterizing the witness.

21 EXAMINER PARROT: Overruled.

22 THE WITNESS: Can you read back the  
23 question? I'm sorry.

24 (Record read.)

25 A. The result of the low pressure is the

1 same whether we are in the OPSB case or the current  
 2 case. I think at this time we just didn't feel it  
 3 was relevant to tell OPSB, hey, if we don't build  
 4 this, there is going to be catastrophic failures and  
 5 everything else. We believed at the time, and I  
 6 think we were correct, that just simply by saying we  
 7 had some pressure issues or volume issues in this  
 8 case, and we felt this was the fix for it, and here  
 9 is what we are doing. We didn't need to further  
 10 explain that out.

11 Q. Let's look at page 7 of your testimony,  
 12 please. And starting on line 5, you are discussing  
 13 alternatives that you considered, correct? Or  
 14 line -- really basically -- start over.

15 On page 7 of your testimony, you discuss  
 16 in response to the first question some alternatives  
 17 to the 4.9 mile extension, correct?

18 A. That is correct.

19 Q. And then on line 5 you say "We also  
 20 looked at pipeline extensions of different lengths  
 21 and determined, in conjunction with Suburban, that  
 22 the 4.9-mile extension would be the best option given  
 23 costs, regulatory approvals, timeline, and the  
 24 benefit to customers," correct?

25 A. That is correct.

1           Q.    Now, when you say "different lengths"  
2 here plural, the only other length I've heard that  
3 you considered was 2 miles. Was there another one?

4           A.    2 miles is the only one we really vetted  
5 and ran specific scenarios on and in turn discussed  
6 that with Suburban. I believe we very generally ran  
7 1 mile, 3 miles, you know, something like that,  
8 probably early on, to kind of just get a feel for  
9 what each situation would give us; but, you know, we  
10 didn't formally maybe even give that to Suburban. We  
11 were just sort of running through some iterations to  
12 see what the results would be.

13          Q.    You recall -- well, let's look at your  
14 line 7. You identify several factors. The first is  
15 that you felt the 4.9 mile extension would be the  
16 best option given costs. Do you see?

17          A.    That I do.

18          Q.    Do you recall when you testified earlier  
19 today that all else equal, a shorter pipeline costs  
20 less than a longer pipeline, correct?

21          A.    That's correct.

22          Q.    If you were considering just the cost  
23 factor, a shorter pipeline would be even better than  
24 a 4.9 mile pipeline, correct?

25          A.    At the end of the day, no, because if we

1 have to build 2 miles and then the next year we had  
2 to start building 3 miles, it's going to be much more  
3 costly than just building all 5 right now.

4 Q. And in your testimony here you also  
5 reference "timeline." Your reference to "timeline"  
6 here refers to the time it takes to build the  
7 pipeline, correct?

8 A. Generally speaking, yeah. I mean, the  
9 entire approval process, construction, engineering,  
10 design, all of that, yes.

11 Q. So, for example, if Suburban had decided  
12 to build the 2 mile extension, that would have been  
13 completed faster than the 4.9 mile extension,  
14 correct?

15 A. That is correct, yeah.

16 MR. HEALEY: That's all I have, your  
17 Honor.

18 EXAMINER PARROT: Ms. Mooney?

19 MS. MOONEY: I have no questions, your  
20 Honor.

21 EXAMINER PARROT: Mr. Eubanks?

22 MR. EUBANKS: Can I have one second?  
23 We have no questions.

24 EXAMINER PARROT: Any redirect?

25 MS. BOJKO: Yes, your Honor.



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REDIRECT EXAMINATION

By Ms. Bojko:

Q. Mr. Grupenhof, do you have before you Suburban Exhibit 9?

A. I do, yeah.

Q. Counsel, do you recall questions from counsel from OCC about the last page which is the August 31, 2018, model?

A. Yes, I do.

Q. First of all, the column that counsel referred to as 2019, could that be January 1, 2019?

A. No. That would be the end of the year 2019.

Q. So even under the August 31, 2018, model, there was a concern that in -- sometime in 2019 that the pressure could drop below the 104 that was at the end of 2018, correct?

MR. HEALEY: Objection. Your Honor, these are leading questions on redirect.

EXAMINER PARROT: Overruled as to that question anyway. See where she goes.

Go ahead, Mr. Grupenhof.

THE WITNESS: I'm sorry. Can I have the question reread?

(Record read.)

1           A.     So that is correct. The end of the year  
2     2018 just refers to the customers that were in the  
3     model and their associated loads. The pressures  
4     refer to the entire winter so that was, you know,  
5     whatever you want to define the winter as. Typically  
6     we see the peak usages around February, maybe end of  
7     January. So in this situation if you, you know, had  
8     to twist my arm about it, I would probably say the  
9     104 is going to happen in late January, early to mid  
10    February.

11           Q.     And you keep referring to -- I think in  
12    your testimony you refer to the winter of 2018 and  
13    '19. Do you recall counsel asking about December 31,  
14    2018?

15           A.     I do, yeah.

16           Q.     What is the time period that UTI  
17    recommended that the 4.9 pipeline extension go into  
18    place?

19           A.     Originally we were hoping to get it in  
20    October 31, 2018, so we would be more than prepared  
21    for the upcoming winter when we expected to see low  
22    pressures at Lazelle Road.

23           Q.     When did you determine there was a need  
24    for December 31, 2018, as referenced by counsel or  
25    another period?

1           A.     That was all the way back, I believe, on  
2     the first page of the exhibit. Yeah, so this would  
3     have been late 2015 we did our first model, December  
4     9, 2015. And we identified at the winter of  
5     2018-2019 we would have 76.3 PSI so obviously that  
6     was a concern at that point that we recognized we had  
7     to build something prior to the winter of 2018.

8           Q.     So you took me back to a different model.  
9     Before we leave the last model, what was occurring in  
10    August 31, 2018, with regard to the pipeline  
11    extension?

12          A.     We were -- I don't believe we were  
13    completely into construction, but the construction  
14    was mobilizing. The pipe was at the yard. We were  
15    getting ready to start construction.

16          Q.     So could you have waited until August 31,  
17    2018, to run your model in order to place something  
18    into service for the winter of 2018 and '19?

19          A.     Absolutely not. We had to make the  
20    decision well in advance to this date.

21          Q.     And so you referenced the prior models  
22    that counsel didn't refer you to. The first model  
23    you did was when?

24          A.     December 9, 2015.

25          Q.     And in that model you stated that the

1 need was when?

2 A. The winter of 2018-2019.

3 Q. And when was the decision made to do the  
4 pipeline extension?

5 A. I think probably in Suburban's mind that  
6 date, December 9, 2015, is probably when Aaron Roll,  
7 who was in our office, reviewed this with us, walked  
8 them through everything. He probably -- I am sure  
9 that he said, well, we've got to do something soon.  
10 He probably brought that back to Suburban, so in  
11 Suburban's mind I think the decision was made pretty  
12 early on. We started looking at it probably mid-2016  
13 just giving cost estimates and start the conversation  
14 what this is going to take. And then really by 2017,  
15 we were fully in the design process and permitting  
16 process.

17 Q. So you just referred to 2016. You ran  
18 subsequent models, and those are included in Suburban  
19 Exhibit 9; is that correct?

20 A. That is correct, in addition to just  
21 Suburban's general planning of their system and just  
22 outlooks and internal reviews. We continually looked  
23 at this situation each year as much as we could to  
24 make sure that that 76.3 pounds that we saw on the  
25 model dated December 9, 2015, wasn't going down or,

1 you know, the situation wasn't changing essentially.

2 Q. So when you ran your model February 20,  
3 2016, did it confirm your recommendation that there  
4 was a need for the pipeline in the winter of 2018-19?

5 A. Yes, it did.

6 Q. And what was the pressure that was --  
7 resulted from the model for December 2018 in the  
8 February 26 model.

9 A. The February 26?

10 Q. The February 3, 2016, modeling, what was  
11 the projected pressure at Lazelle Road POD at the end  
12 of 2018?

13 A. So for the winter of 2018-2019, that  
14 would have been 71.85 PSI.

15 Q. And you did a subsequent analysis a  
16 couple weeks later, or I guess it was a week later,  
17 on February 10, 2016?

18 A. That is correct, yeah.

19 Q. And did the February 10, 2016, model  
20 confirm the necessity of the pipeline extension for  
21 the winter of 2018 and '19?

22 A. Yes, it did. I believe at that point  
23 Suburban had some -- some subdivisions coming and  
24 going and so we revised the numbers there and it  
25 again confirmed we would need it.

1           Q.    Okay.  Explain that a bit.  You revised  
2   what?  You revised the customer count or base load  
3   calculation in the model assumptions?

4           A.    I believe so, yeah.  Or maybe -- I am  
5   trying to recall exactly why we ran the model a week  
6   later.  I don't recall exactly.  It would have  
7   been -- it looks like it was the customer count in  
8   the base model so that may have been something that  
9   Suburban was able to provide us some updated customer  
10   listing, so we updated the base model.

11          Q.    And just so the record is clear, the  
12   updating would have been based upon whether  
13   subdivisions that were projected to be added to  
14   Suburban's system were in the development phase or  
15   construction process?

16          A.    I don't think it was referring to  
17   actually future subdivisions.  It was referring to  
18   things that had already been built, so it would have  
19   been a fact that we didn't account for a couple, few  
20   subdivisions that were added prior to this model that  
21   were already existing customers as of February 2016.

22          Q.    So in your analysis you took into account  
23   customers that would be added before the pipeline  
24   would be constructed so that they would actually be  
25   existing customers when the pipeline was constructed?

1 MR. HEALEY: Objection, your Honor. This  
2 is one leading question after another. I am trying  
3 to give counsel leeway, but every single question is  
4 her feeding him information, and he says yes or no.

5 MS. BOJKO: I'll rephrase, your Honor. I  
6 am not trying to. I am trying to take what he says  
7 and make this faster but.

8 Q. (By Ms. Bojko) I will rephrase. So in  
9 your modeling what time period of customer growth did  
10 you consider?

11 A. Each one was based on the existing model  
12 either of that month, month prior to the date we ran  
13 the model, or the end of the year, and then we did a  
14 three-year forecast based on Suburban's projections  
15 for customer growth.

16 Q. And in that three-year forecast, were  
17 customer count numbers changed?

18 A. From year to year?

19 Q. Yes.

20 A. Yes.

21 Q. Through the month?

22 A. We revised those once a year, if not  
23 more.

24 Q. And then there was an additional model in  
25 this Suburban Exhibit 9. There is an additional

1 model that occurred after the February 10, 2016,  
2 modeling?

3 A. That is correct, yes.

4 Q. And what year was that, date was that  
5 performed?

6 A. April 6, 2017.

7 Q. And what were the results of the April  
8 16, 2017, model with regard to the pressure at  
9 Lazelle Road in the winter of 2018 and '19?

10 A. That we would have 80.83 PSIG at the  
11 Lazelle Road.

12 Q. So did this model confirm or change your  
13 opinion about the need for the pipeline in the winter  
14 of 2018 or '19?

15 A. No, it did not. It showed the same  
16 thing. It was slightly higher than we projected in  
17 the past, but it did not change the need. We were  
18 still well below our 100-pound threshold.

19 Q. And, again, counsel kept referring to  
20 December 2018 as -- rephrase.

21 Did your testimony specify December 31,  
22 2018, as the needed date for the timeline?

23 A. No. It had been the winter of 2018-2019.

24 Q. And when was the pipeline actually put  
25 into service?



1           A.    I believe it was February 22, 2019.

2           Q.    So within the winter period that you --

3           A.    Yes.

4           Q.    And under the modeling that we just  
5 referenced, was the 4.9 mile extension the assumption  
6 for all of the modeling results that we just  
7 discussed?

8           A.    That is correct, yes.

9           Q.    Do you recall discussions with counsel  
10 for OCC about the Columbia Gas supply at the Lazelle  
11 point of delivery and the check valve?

12          A.    I do, yeah.

13          Q.    Do you know what the contracted pressure  
14 is that Columbia is supposed to supply that at?

15          A.    I don't off the top of my head.  
16 Oftentimes they will give a minimum contractual  
17 pressure just because they can't control exactly what  
18 happens on their system so.

19          Q.    So in response to me, you said it may  
20 depend. Does Columbia's pressure -- would that be  
21 contingent upon variables as well, Columbia's  
22 pressure they could provide to Suburban?

23          A.    Yes. I mean, it depends on just like  
24 Suburban, the weather and usage, and all the other  
25 millions of variables that are going on on their

1 system.

2 Q. So if Suburban was having an extreme  
3 event like in February 2015, what would you expect to  
4 be occurring on Columbia's system at the same time?

5 MR. HEALEY: Objection. Your Honor, this  
6 witness has no foundation to have any engineering  
7 knowledge of Columbia's system as opposed to  
8 Suburban's witness. The Suburban witness hasn't  
9 worked on that, and they are asking him to speculate  
10 on something that's outside his area of expertise.

11 MS. BOJKO: Your Honor, he is an expert  
12 in the field, and actually I think his credentials  
13 speak that he has worked for many Ohio utility  
14 companies specifically in designing and the structure  
15 of gas pipelines, so his expertise takes him well  
16 beyond Suburban. He is not a Suburban employee.

17 MR. HEALEY: Your Honor, it takes him  
18 beyond Suburban but not to Columbia. Columbia is not  
19 mentioned on his CV.

20 EXAMINER PARROT: Overruled.

21 To the extent you know Mr. Grupenhof,  
22 answer the question.

23 A. I would expect that the pressure there at  
24 Lazelle on Columbia's side of the system would be  
25 lower than normal.

1           Q.    Would that fact -- did that fact play  
2   into the decision making of UTI and Suburban  
3   regarding the pipeline?

4           A.    In some respects, yes, just because we  
5   had concerns about the Lazelle Road POD to be able to  
6   adequately keep the system online in a low pressure  
7   scenario both from just a capacity issue through  
8   Columbia and how much they can give Suburban as well  
9   as the pressure that they can deliver in there. And  
10   then the fact that it has to go up a 6 inch line to  
11   feed the northern part of the system.

12          Q.    Do you recall -- before we get off of  
13   that, let me ask you on page 7 of your testimony,  
14   counsel for OCC asked you about your sentence on  
15   lines 5 through 7 about the best option given costs.  
16   Do you see that?

17          A.    I do, yeah.

18          Q.    He specifically asked you about the costs  
19   with regard to the length of the pipeline. What  
20   other costs would there be with regard to  
21   constructing a pipeline other than length?

22          A.    The duration, the number of  
23   mobilizations, as we call it, where the contractor  
24   has to get all their guys and all their equipment  
25   outside, pick them up and move them, and pick them

1 back up so we can build it all at once. That's  
2 obviously advantageous to minimize that back and  
3 forth, diameter of material play a big role in that,  
4 just the location.

5 Q. When you say -- when you say material  
6 costs, could you explain -- are you talking about the  
7 cost of steel? What are you talking about? For  
8 material costs?

9 A. Correct, yes, the cost of the pipe itself  
10 and how much you need, also the time when you are  
11 buying it. Just last year when we were buying the  
12 pipe for Suburban we had a quote that within four  
13 days went up like 26 percent or something like just  
14 due to some of the tariff activity that was going on.  
15 So it was a very volatile market. Our quotes were  
16 good for two or three hours. It was a very tough  
17 time to buy pipe, you know, just outside of the  
18 actual pipeline itself and the location. Yeah, there  
19 is a lot of other variables that play into it.

20 Q. Okay. So you said location. What would  
21 be the variable costs with regard to location?

22 A. I mean, for instance, just out the window  
23 if we laid a 12-inch pipeline through downtown  
24 Columbus here, it would be a lot more costly than up  
25 in Delaware. Currently that route is mostly open

1 farm fields. There's a few road crossings, very  
2 little utilities. The further south you go you get  
3 more into backyards and water lines and everything  
4 else you have to work around which adds a lot of  
5 costs and a lot of duration to the project.

6 So, you know, another point had we waited  
7 on the remaining 3 miles, we just built the 2, you  
8 know, there's a subdivision that's going in right at  
9 the tail end of the current pipeline extension. Had  
10 that have sped up in construction or hit at the same  
11 time, we might have been battling that and putting a  
12 pipeline in at the same time, a major subdivision is  
13 going in in the same spot. So it was advantageous in  
14 the fact we could get it through open farm fields  
15 where it's cheap and quick to build relatively  
16 speaking.

17 Q. And do you recall or do you have up there  
18 what's been identified as OCC Exhibit 5? It's the  
19 e-mail string with --

20 A. Okay, yeah.

21 Q. -- Chris Lanka name at the top?

22 A. Uh-huh. I do have it.

23 Q. I don't think this question was asked.  
24 Did you actually draft the answers in this e-mail?

25 A. I did not physically type this e-mail. I

1 sat in Chris Lanka's office for a period of time and  
2 helped talk through some of them together, and he  
3 drafted it, I guess. I mean, I guess I did have a  
4 part in drafting it in that respect, but I did not  
5 physically write it.

6 Q. Do you recall discussions about the  
7 different variations and gas usage with Mr. Healey?

8 A. I do, yes.

9 Q. What variables could change with regard  
10 to Suburban's customer load or customer usage?

11 A. There are a lot, the biggest factor being  
12 temperature, wind chill, you know, the day of the  
13 week. Obviously Mondays are bigger usage days than  
14 on a weekend where businesses are typically closed.  
15 The time of the day can play a big factor. We  
16 usually see a big peak right around 6:00 a.m. when  
17 everyone is kicking the showers on, turning the  
18 furnaces up. I mean, there's countless other ones  
19 but those would -- I would point to as being the  
20 major ones.

21 Q. In -- Mr. Healey was focused on the  
22 capacity, called it doubling capacity, I am not sure  
23 I agree that mathematically that's what this comes  
24 out to, but he called it doubling capacity. Was that  
25 the purpose of the pipeline extension?

1           A.    No, it wasn't.  That's just kind of the  
2   way it worked out.

3           Q.    So what was the purpose?

4           A.    The purpose of the pipeline extension?

5           Q.    Yes.

6           A.    The main purpose of building it was to  
7   supply the customers at the end of 2018, early '19,  
8   with gas to make sure we didn't see the scenarios,  
9   you know, shown in Exhibit 9 with the modeling  
10   results, that we didn't see low pressures at Lazelle  
11   Road.

12          Q.    And when you say to serve the customers,  
13   are you talking about existing or future customers?

14          A.    Existing customers.

15          Q.    Can you -- go back to Suburban Exhibit 9,  
16   if you would, the August 31, 2018, so in August 31,  
17   2018, when the pipeline extension was decided to be  
18   built and I believe the -- had been decided to be  
19   built and the Power Siting Board approval had been  
20   given; is that correct?

21          A.    That's correct.

22          Q.    During that time period, you ran the  
23   model, and in 2019 as we discussed, this is  
24   foundational, 2019 as we discussed, there -- there  
25   was still a pressure that was under 100; is that

1 correct?

2 A. For winter of 2019-2020?

3 Q. Yes.

4 A. Yes, that's correct.

5 Q. And, in fact, did the concern come to  
6 fruition with regard to the winter of 2019 of  
7 Suburban's system becoming I think you called it with  
8 counsel a catastrophic event occurring?

9 A. In the winter of 2018-2019?

10 Q. Yes.

11 A. Yeah, there was some situations that  
12 happened prior to the tie-in of the Del-Mar pipeline  
13 extension where Suburban did have very low pressures  
14 down at Lazelle Road.

15 MS. BOJKO: Your Honor, at this time I  
16 would like to mark as Suburban Exhibit 14 a document  
17 titled "Dead End Pressure Checks."

18 EXAMINER PARROT: So marked.

19 (EXHIBIT MARKED FOR IDENTIFICATION.)

20 MS. BOJKO: May we approach?

21 EXAMINER PARROT: You may.

22 Q. (By Ms. Bojko) Okay. Do you have in  
23 front of you what's been marked as Exhibit 13 -- 14.

24 A. I do, yes.

25 Q. What is this document?



1           A.     This is a document that Suburban's field  
2 personnel fill out on very cold days or days where  
3 they expect the pressures to be low. And they record  
4 pressures at various locations throughout the system  
5 on a 30-minute basis.

6           Q.     And how would the locations of the system  
7 be selected? Is it random or what goes into play?

8           A.     No. They are typically at the dead ends  
9 of the system, so the locations where you expect the  
10 pressure to be lowest in the system. So essentially  
11 if we see these pressures get down to unacceptable  
12 pressures, we know that the system is in danger of  
13 crashing essentially.

14          Q.     And so before you -- you have multiple  
15 days where Suburban recorded the pressures. Is that  
16 a fair statement of what the Suburban Exhibit 14 is?

17          A.     Yes. This shows, I believe, four  
18 different dates in 2019 is reflected.

19          Q.     And you are familiar with this document,  
20 and you've seen similar documents in the past from  
21 Suburban?

22          A.     Yes.

23          Q.     On January 21, 2019 -- and why -- we are  
24 just going to focus on Lazelle Road. Would you  
25 explain why I would just focus on Lazelle? I think

1 you did a little bit to Mr. Healey.

2 A. Yeah. Lazelle Road is sort of the --  
3 it's the health of the 6-inch pipeline and now kind  
4 of the 12-inch pipeline. So that main trunk, it's  
5 really the backbone of the system or the artery of  
6 the system. If we lose that, we lose basically all  
7 the system or massive chunks of it so that's one key  
8 point that we always look at to say we don't have  
9 enough pressure here. That means we are in danger of  
10 going down.

11 Q. And why does -- or does Lazelle Road need  
12 a different pressure, higher pressure than other dead  
13 end points on the system?

14 A. Yeah. So the way it's set up is the  
15 6-inch and 12-inch pipelines that terminate down  
16 at -- I'm sorry, the 6 inch terminates down at  
17 Lazelle Road but those two pipelines together operate  
18 300 PSIG MAOP so that's their maximum allowable  
19 operating pressure.

20 The rest of the system is plastic and  
21 steel. It's lower pressure, and it can only go up to  
22 60. So that backbone or that main artery sort of has  
23 high pressure and it gets the gas where it needs to  
24 go and then it trickles off into the lower pressure  
25 systems.

1 Q. And MAOP means?

2 A. Maximum allowable operating pressure.

3 Q. And PSIEG means?

4 A. I'm sorry. It was PSIG.

5 Q. PSIG, excuse me.

6 A. Pound per square inch gauge.

7 Q. And what did -- does January 21, 2019,  
8 what does this dead end pressure check -- check sheet  
9 show to UTI and Suburban?

10 A. You are showing the 21st?

11 Q. Yes.

12 A. So we see it like at 7 o'clock and 7:30,  
13 the pressure at the dead end of Lazelle Road was 110  
14 PSIG which is obviously above the 100 pound threshold  
15 that we kind of rely on, but it's getting very close.  
16 And I will mention as well that this date was Martin  
17 Luther King Day, so several of the banks were closed,  
18 several of the schools were closed, things like that  
19 so there was actually, I would expect, a smaller  
20 usage on this date than if we had the same weather  
21 and climate conditions on the following Monday.

22 Q. And does this sheet also record a  
23 temperature for the day?

24 A. It does, yes.

25 Q. So on this day it was what temperature?

1           A.    I believe they recorded negative 7  
2 degrees.

3           Q.    And so you just mentioned that this was a  
4 holiday, so different businesses would be closed. Do  
5 you have an expectation of what may have happened had  
6 it not been a holiday on this cold day?

7           MR. HEALEY:  Objection, your Honor.  We  
8 are getting into speculation and well outside the  
9 scope of his cross-examination into forecasting usage  
10 on holidays.

11           MS. BOJKO:  Your Honor, he focused on  
12 August 31, 2018, and kept focusing on December 31,  
13 2018.  And we discussed that the modeling shows  
14 January 2019 that the pressure was projected to be  
15 78.72 PSIG, and we are asking whether his projections  
16 came to fruition, whether they were good projections  
17 or bad projections.  Mr. Healey seems to be  
18 questioning the projections with and without the  
19 Del-Mar extension and the timing of the Del-Mar  
20 extension.

21           EXAMINER PARROT:  Overruled.

22           THE WITNESS:  I'm sorry.  So can we have  
23 the question reread?

24           MS. BOJKO:  I forget the question too.  
25 I'm sorry.

1 (Record read.)

2 A. So I can say I don't know exactly what it  
3 would be. It would obviously depend on a lot of  
4 other variables, and we would have to run modeling,  
5 but I would expect it would be lower just because of  
6 the fact the schools are running. They are going to  
7 be running the furnace, hot water tanks, everything  
8 else like that. The banks are going to be running.  
9 I am sure several businesses were closed, so the  
10 overall usage in the Suburban system I would have  
11 expected would be higher and, thus, that number would  
12 have been lower.

13 Q. And does the change from 6:30 -- is there  
14 a change from 6:30 to 7:00 a.m.?

15 A. There, yes. It goes from 150 PSI to 110  
16 PSI.

17 Q. And what does that tell you?

18 A. That a lot of furnaces and hot water  
19 tanks and things like that kicked on at 7 o'clock or  
20 right around there.

21 Q. And had the temperature dropped below 100  
22 on this particular day, what may have happened?

23 MR. HEALEY: Object just because she said  
24 temperature.

25 Q. Oh, I'm sorry. Had -- let me rephrase.

1 I withdraw.

2 Had the pressure changed or dropped at or  
3 below 100 on this day, what would have happened on  
4 Suburban's system in your expert opinion?

5 A. I mean, immediately the Lazelle Road POD  
6 would have kicked on and tried to supplement it and  
7 get that pressure back up or maintain it somewhere  
8 right around there. Ultimately if that wasn't  
9 enough, they could have dropped well below 100, and  
10 we could have had catastrophic failures.

11 Q. So would it be your understanding that  
12 the 110 included or didn't include the backup supply  
13 from Columbia Gas?

14 A. I couldn't say for sure in this  
15 situation. We would have to look at some additional  
16 data if we even have any. Or sometimes Suburban  
17 personnel have that sort of knowledge, and they are  
18 out there on a daily basis. Obviously they were  
19 standing at this location at 7:00 a.m. They can see  
20 that and record it.

21 Q. Okay. And so continuing on to the next  
22 dead end pressure check recorded sheet that you have  
23 in your packet, these were all attached to OCC  
24 Witness Ross Willis's testimony is your  
25 understanding; is that correct?

1           A.    I believe so, yeah.  I recall seeing  
2   these at some point.

3           Q.    Up in the right-hand corner does it say  
4   WRW Attachment 2, page 2 of 4?

5           A.    I don't believe so.

6           Q.    Oh, you might have a different.  Oh.  I  
7   think you've reviewed Mr. Willis's testimony and  
8   these were attached to his testimony; is that  
9   correct?

10          A.    I believe so, yeah.  I do have it in  
11   front of me.

12          Q.    So page 2 of 4, this day was January 30,  
13   2019; is that correct?

14          A.    Correct, yeah.

15          Q.    What was the temperature on that day?

16          A.    Negative 2 degrees.

17          Q.    So it was warmer than the prior day?

18          A.    That is correct, yep.

19          Q.    And on that day on Lazelle Road, what  
20   happened to the pressures?

21          A.    It looks like they were pretty good early  
22   in the morning at 6:00 a.m., 175.  That's pretty  
23   good.  And then as the day went on, the morning went  
24   on, I should say, at 7:00 a.m., they dropped to 135,  
25   and then at 7:30 down to 125.  It appears they

1 maintained that until at least 9:00 a.m. Actually it  
2 looks like until 10:00 a.m. if I am reading this note  
3 on the side correctly.

4 Q. And so maintained at 125 for a sustained  
5 period, it looks like two and a half hours?

6 A. Yeah. I believe that's correct.

7 Q. And does that provide UTI any concern or  
8 information?

9 A. I mean, it shows that -- I would have  
10 expected past 8 o'clock that most people would have  
11 gotten to work and most furnaces had kicked on, and  
12 we will start to see this peak in the morning  
13 decline. The fact that the pressure didn't come back  
14 up is somewhat concerning. I can't point to exactly  
15 why that is, but it's not -- expect that like some of  
16 the other situations to come back up.

17 Q. And what was the temperature on this day?

18 A. Negative 2 degrees.

19 Q. And if you look at the third data  
20 recorded, dead end pressure check sheet, what day is  
21 this?

22 A. January 31, 2019, this is the day after.

23 Q. Okay. And what was the temperature?

24 A. Negative 2 as well.

25 Q. And what happened on this Lazelle Road



1 point of delivery system with regard to pressure?

2 A. So it looks like around 6:30 the pressure  
3 dropped all the way down to 105 PSI. And it stayed  
4 there for it looks like an hour and came up to 107  
5 and 110 over the next hour. So obviously that's --  
6 we had two different days with negative 2 degrees,  
7 and it was much lower. There is a 20-pound delta  
8 there between the pressures on the same weather day.

9 Q. And did this provide UTI and Suburban any  
10 information about the system and the sustainability  
11 at these pressure levels?

12 A. Well, it showed for one that kind of  
13 confirms our -- what I've tried to be saying this  
14 entire time that you can't just look at a specific  
15 scenario and saying the pressure is going to be this.  
16 There is a lot of variables.

17 That is a perfect example. We had  
18 negative 2, negative 2 back-to-back days, and the  
19 pressures are wildly different. So even if our  
20 models are calculated and it's going to be 120, it  
21 could very well be 105 under the same situation we  
22 were predicting just because of all the other various  
23 variables. And it also says that had this January 21  
24 day been here in the 30th or 31st, we would have had  
25 negative 7 instead of negative 2, we would have seen

1 this 105 PSI, probably lower, more than likely below  
2 100 pounds.

3 Q. So how do you think that these pressure  
4 checks relate to your modeling that occurred on  
5 August 31, 2018?

6 A. I think they sort of confirm what we were  
7 expecting. I mean, those totals up on our design day  
8 we were expecting 104.27 PSIG in the winter of  
9 2018-2019 on a very cold day. January 31 was not an  
10 abnormally cold day but obviously there was some  
11 other factor, wind chill or whatever, that was  
12 causing the pressures to drop, and they dropped  
13 pretty much right in line with what we were  
14 expecting.

15 MS. BOJKO: Your Honors, I have no  
16 further questions. Thank you.

17 EXAMINER PARROT: Mr. Healey?

18 MR. HEALEY: Yes, your Honor.

19 - - -

20 RECROSS-EXAMINATION

21 By Mr. Healey:

22 Q. Let's stick with the current document,  
23 what's now been marked Suburban Exhibit 14 and go  
24 back to the first page, please. And that's dated  
25 January 21, 2019, correct?

1           A.     That's correct.

2           Q.     And the temperature on that day was  
3 negative 7 degrees?

4           A.     Yes.

5           Q.     And that's, in fact, colder than your  
6 design day temperature you used in your modeling  
7 which was minus 5, correct?

8           A.     That's correct, yeah.

9           Q.     So your modeling used minus 5, and this  
10 page shows that even at a colder temperature than  
11 that the pressure stayed at a minimum of 10 at  
12 Lazelle Road, correct?

13          A.     I'll say that I wouldn't get too hung up  
14 on the temperatures. Our model was based on negative  
15 5. Some parts of Delaware County were seeing  
16 negative 12 or 15. Other parts were seeing negative  
17 2. That was sort of the average in the heart of the  
18 system was negative 5. The same thing with this  
19 number negative 7, I believe that's taken off the  
20 guidance of the field personnel's pickup trucks. So  
21 they are just looking at the temperature on the  
22 dashboard saying it's negative 7. I don't know how  
23 accurate that is.

24                 All things being equal, you know, this  
25 could have been negative 2 and this could have been

1 negative 20. You know, I don't know. It's -- that  
2 was our best estimate and average on our model and  
3 this is sort of a skewed number, I would say.

4 Q. Isn't the model supposed to be designed  
5 to figure out what happens in a worst case scenario  
6 where you have the highest potential usage?

7 A. It is, yeah. So what that was based on  
8 was that cold, cold day in February 2015 where, you  
9 know, we saw negative 2, negative 2, negative 10,  
10 whatever it was, that was one of the colder days  
11 Suburban had experienced in years. They had pressure  
12 checks that, you know, they were seeing low pressures  
13 throughout the system. And that's what kind of  
14 raised the alarm and we need to do something.

15 So that's when we started doing our  
16 modeling. We base it on that day. The temperature  
17 itself is sort of irrelevant in the fact we are not  
18 looking what if it was negative 10, negative 2. We  
19 know this is based on a really cold day Suburban saw  
20 that kind of worried them.

21 Q. You are not suggesting that inputting  
22 different temperatures into your model has no impact  
23 on the results, are you?

24 A. No, I am not stating that. I am just  
25 stating we don't do that. We don't -- we don't feel

1 comfortable enough with that data and the  
2 temperatures to say, you know, I wouldn't expect Andy  
3 to ask me what's it going to be negative 12, what's  
4 it going to be negative 13, 14, 15. It's not that  
5 precise of a temperature in our model.

6 Q. But it would be different if you used  
7 different temperature numbers, correct?

8 A. I can't use different temperature numbers  
9 simply based on the fact it's -- it's based on  
10 negative 5, but the temperature was different.

11 Q. So your model doesn't allow you to change  
12 the variable of the temperature.

13 A. It's not a variable in the model, no.

14 Q. It's not a variable in the model. It's  
15 part of the calculation leading up to the model. We  
16 use design degree days, so I guess in that situation,  
17 yeah, you could tweak the data and try to fool it  
18 into looking at a colder day, but at the same time we  
19 wouldn't have any real life data to back it up and  
20 corroborate that model or calibrate it, if you will.

21 The nice thing about this model and this  
22 date was that we had real life data, we had real life  
23 temperatures, we had real life everything else that  
24 we could run the model and then check it against what  
25 Suburban actually saw pressurewise in the system and

1 say, yep, this thing is accurate or it's as accurate  
2 as we can get it, and we are going to run with that.

3 Q. On examination by counsel for Suburban,  
4 you testified that you believe that these dead end  
5 pressure checks confirm your analysis from Suburban's  
6 Exhibit 9; is that a fair characterization?

7 A. Yeah. I think they show that we were  
8 expecting to see 105 pounds on a really cold day, and  
9 we saw 105 pounds on a really cold day in January.

10 Q. And does -- do the dead end pressure  
11 checks say anything about whether the pipeline needs  
12 to be 4.9 miles or some shorter length?

13 A. No, because at this point the extension  
14 was not concerning us on these three pressure checks.  
15 Is that what you are asking?

16 Q. No. What I am asking is does -- do the  
17 dead end pressure checks tell you anything about how  
18 long the pipeline should be? Should it be 4.9 or 2  
19 or 3 or some other number?

20 A. Not any more than it confirmed the fact  
21 we had to do something pretty quick and that January  
22 31 we could have potentially gotten below 100 pounds  
23 and lost parts of the system -- we could have lost  
24 parts of the system at 105 pounds. I don't know. It  
25 just depends on how it all played out; but, no, it

1 didn't affect that need for the pipeline.

2 Q. Sure. You testified just now that there  
3 was a need to do something. You are not testifying  
4 that there was a need for the full 4.9 miles to  
5 address the pressure concerns of the dead end  
6 pressure checks, correct?

7 A. Yeah. Again, like I said before, we  
8 could have built 2 miles in 2018, and the pressure  
9 could have been high enough in the winter of  
10 2018-2019, but we would have been right back building  
11 the next 3 miles very quickly afterwards to the point  
12 it would just cost more to Suburban. It would have  
13 been a longer project and who knows what else could  
14 have happened between those time periods.

15 Q. Sure. Are you an expert on forecasting  
16 future steel prices?

17 A. I am not, no.

18 Q. You testified earlier about potential for  
19 higher costs of steel pipelines. It's possible the  
20 costs could go down; isn't that right?

21 MS. BOJKO: Objection. He didn't testify  
22 to the possible. He actually testified to a quote  
23 that was received, so you are mischaracterizing his  
24 testimony.

25 MR. HEALEY: Sure. I will reask, your

1 Honor.

2 Q. (By Mr. Healey) Is it possible steel  
3 prices will be lower in the future than they are  
4 right now?

5 A. It's entirely possible, yep.

6 Q. Let --

7 A. It's not the trend, I would say.

8 Q. I'm sorry. Are you finished?

9 A. I would say that's not the trend. We  
10 typically see those go up or become very volatile and  
11 go up in spikes.

12 Q. And have you done any analysis to compare  
13 trends in steel pricing as compared to the rate of  
14 inflation?

15 A. Not necessarily in relation to inflation.  
16 I mean, just at a quick glance, you know, in the  
17 spring of 2018 when we were trying to order the pipe  
18 and get it under quote, I can tell you it was  
19 increasing much, much quicker than inflation was just  
20 from very high level engineering, not accountant  
21 background.

22 Q. Let's go back to Suburban Exhibit 9,  
23 please. Do you still have that in front of you?

24 A. Yes.

25 Q. And back to the August 31 sheet and



1 focusing on the 2018 EOY, I believe, and correct me  
 2 if I am wrong, you testified in response to a  
 3 question from your counsel that the customer account  
 4 numbers in that column are for 2018 end of year, but  
 5 the pressure numbers apply for the whole winter of  
 6 2018 to '19; is that correct?

7 A. That is correct. The pressures apply to  
 8 a design day, a very, very cold day in that winter so  
 9 whether it happened in, you know, December or  
 10 February or even March or whatever, it's irrelevant.  
 11 It's basically just based on the fact that it's this  
 12 customer count from up to December 31, 2018.

13 Q. Sure. You would agree that February 28,  
 14 2019, was during the winter of 2018 to '19, correct?

15 A. That is correct.

16 Q. So 104.27 would apply on that date,  
 17 correct?

18 A. Correct.

19 MR. HEALEY: Thank you.

20 Nothing further, your Honor.

21 EXAMINER PARROT: Ms. Mooney?

22 MS. MOONEY: Oh, no questions.

23 EXAMINER PARROT: Mr. Eubanks?

24 MR. EUBANKS: A couple just for  
 25 clarification.

CROSS-EXAMINATION

By Mr. Eubanks:

Q. The day that the model was based off of, the modeling was based off of, do we know what the temperature was on that day?

A. That's what I was saying before it kind of varied. We have kind of said negative 5 was sort of the average that we found kind of in the heart of the system. That's kind of what we put on our reports and the things like that. But some of the Suburban field personnel saw negative 20 on their trucks and we see other points in the system where data shows negative 2, negative 12, or negative 15, so it varies widely just given Suburban's large footprint on the area.

Q. Okay. So the range was somewhere between negative 20 and minus 2?

A. Yeah.

Q. What was the timeline from the modeling stage to the conclusion of construction?

A. You mean like the point at which we said we need to do something?

Q. No. I guess what I am asking you is how long did it take Suburban to start with modeling and then go all the way through to completing

1 construction?

2 A. That would have been -- so we finished  
3 the first modeling December 9, 2015. And we  
4 completed construction February 22 of 2019. So it  
5 would have been a little over three years.

6 Q. How much of that time period was consumed  
7 by modeling?

8 A. As far as UTI's involvement, you know, we  
9 did a modeling essentially each year but that was  
10 typically like a week or so. We didn't really get  
11 full -- fully started on the construction aspects of  
12 it and design and permitting until 2017, I would say,  
13 so we were starting mid-2017 maybe or about there,  
14 and UTI was heavily involved.

15 But leading up to that, we were  
16 supporting Suburban with cost estimates and  
17 recommendations and how we should approach this and  
18 how we should approach that, and I am sure there was  
19 a lot of internal conversations about it leading up  
20 to this.

21 Q. So that's the planning stage.

22 A. What's that?

23 Q. So you are talking about the planning  
24 stage?

25 A. Correct, yeah.

1 Q. How long was the planning stage?

2 A. I don't know. I would guess maybe a  
3 year. I don't know exactly. I think you would have  
4 to ask Mr. Sonderman just simply because the fact we  
5 weren't involved in those conversations. But we kind  
6 of really kicked the project off in 2017 as far as  
7 UTI is concerned and from the permitting design  
8 aspect of it.

9 Q. Would the planning stage have been longer  
10 if the pipeline was longer?

11 MR. HEALEY: Objection, your Honor. This  
12 is outside the scope of the redirect. These are  
13 questions that would have been asked if counsel had  
14 pursued his first opportunity to cross this witness.

15 MR. EUBANKS: This is well within the  
16 scope. When he was being asked on redirect  
17 questions, he was talking about how designing and  
18 planning for one pipeline system as opposed to two  
19 varyings. I mean, how there is some redundancy, if  
20 you do it in two separate stages instead of just one  
21 stage. This was clearly -- and it was also covered  
22 by you as well so.

23 MR. HEALEY: That's my point. It was  
24 done by me.

25 MR. EUBANKS: I am talking about on

1     redirect.

2                   MR. HEALEY:   Sorry.   Apologize.

3                   MR. EUBANKS:   So this is -- they  
4     basically went through their whole skit again on  
5     redirect anyway but this was covered.

6                   EXAMINER PARROT:   Overruled.

7                   A.     So you are saying -- I'm sorry.

8                   Q.     So I am asking you would your planning  
9     stage -- you said it was roughly a year.   Would that  
10    have increased if the pipeline was 2 miles versus 4  
11    miles?

12                  A.     I would expect so, yes.

13                  Q.     Would it --

14                  A.     If we went from 2 miles to 4 miles, yes,  
15    that Suburban's internal planning and budgeting and  
16    all that kind of stuff would have taken a little bit  
17    longer.

18                  Q.     Would it have increased proportionately  
19    to the size of the pipeline?   So, in other words,  
20    just because the length of the pipeline more than  
21    doubled, does that mean that your planning more than  
22    doubles?

23                  MR. HEALEY:   Objection, your Honor.   Now  
24    this is friendly cross.

25                  MR. EUBANKS:   This is -- he spoke

1 generally about how it would take a lot of extra  
2 time. I am just trying to get on the record  
3 specifically how much the time would increase.

4 EXAMINER PARROT: Overruled.

5 A. I don't know that it would be  
6 proportionate necessarily. I think if it doubled in  
7 length and that caused the pipeline to be routed  
8 through, you know, a subdivision or a city or a town  
9 or something like that, then, yeah, the planning  
10 would go up much more than double but.

11 Q. Now, to be clear I am talking  
12 specifically about this case we know now where the  
13 pipeline is going, right?

14 A. Uh-huh.

15 Q. I am just asking based off of where it  
16 has been sited, does the fact that it would increase  
17 from 2 miles to 5 miles or 4.9 miles.

18 A. Sure.

19 Q. How much would that have affected the  
20 planning, the time, the length of the pipe?

21 A. Well, I mean, we built the 4.9 and that's  
22 what we had planned for essentially in the beginning.

23 Q. And that took a year.

24 A. And that took about a year. I don't know  
25 that it would have taken necessarily six months to do

1 2 or 2-1/2.

2 Q. Okay.

3 A. I think that's more of a question for  
4 Suburban, to be honest with you, just because that  
5 would be an internal thing that they would do. From  
6 a design perspective, I can speak to that but from  
7 planning I don't have a great feel for it just  
8 because we weren't involved in it.

9 Q. You were involved in the design and  
10 the -- what part of it were you involved in?

11 A. The design, the permitting, and the  
12 construction were UTI's roles.

13 Q. Okay. How long did that take?

14 A. The design probably took I would say nine  
15 months, around there, at least the engineering  
16 design. I am not really sure about the permitting  
17 just because I wasn't heavily involved in that. I  
18 was more involved at the tail end but not the  
19 upfront.

20 Q. Would the design have been half of that  
21 time had the pipeline only been 2 miles?

22 A. Maybe not half but it would have  
23 definitely been shorter due to the fact we don't have  
24 to cut as many alignment sheets and don't have to  
25 survey as much and all these other things but, yes.

1 Q. Mobilization, you spoke about that.

2 A. Uh-huh.

3 Q. Are you able to discuss how much time?

4 A. Just due to kind of the late start we had  
5 because some of the easement issues, I think it took  
6 longer than it probably should. I think typically  
7 within a project like that we might see mobilization  
8 in a week and that's just contractor pulling semi  
9 trucks with, you know, dozers and excavators and  
10 things like that to the site, this one took a little  
11 longer just because the nature of how it kind of  
12 kicked off. But so you are asking for a 2 mile  
13 pipeline versus a 5 mile pipeline, would it take  
14 longer?

15 Q. Yes.

16 A. Yeah. I mean, we were trying to build it  
17 in the same time, then, yes, because we would want to  
18 get double excavators and double the dozers and  
19 double everything out there. All else things being  
20 equal, I think it would take a little bit longer just  
21 because it's a bigger project, and they had more  
22 people on it.

23 Q. Okay. And is the construction  
24 proportionate -- obviously the construction would be  
25 proportionate to the length of the pipe?



1           A.    Yeah, assuming you have the same crew  
2           sizes or generally speaking like that. Oftentimes on  
3           a project like that, you want to get it done in half  
4           the time, you know, two or three times the  
5           construction personnel at it and dozers and the  
6           operators and things like that, you can get it done  
7           quicker obviously. But all else being equal, yes, it  
8           would have taken, you know, roughly a proportionate  
9           amount of time.

10          Q.    Is construction the only -- we went  
11          through modeling and planning approval, mobilization,  
12          and construction. Is construction the only stage at  
13          which it would be pretty much proportionate to the  
14          length?

15          A.    I would say the engineering is somewhat,  
16          the permitting not so much. Sometimes you impact  
17          additional resources or something as you lengthen the  
18          line and that can add to your permitting period. But  
19          generally speaking when you impact 1 stream or 200,  
20          you know, it's kind of all the same at the end of the  
21          day. So, yeah, I would say construction absolutely  
22          is proportionate. Engineering is somewhat, and then  
23          the permitting sometimes is, sometimes isn't.

24          Q.    Okay. When you were performing the dead  
25          end checks, had -- had the pressure dropped below 100

1 on one of those days, what would Suburban have done  
2 to increase the pressure?

3 A. So you're saying had Suburban personnel  
4 gone out and seen a pressure below 100 pounds, what  
5 would they have done?

6 Q. Yes. To increase pressure.

7 A. I mean, as far as UTI's recommendation, I  
8 don't know that we have ever actually discussed that,  
9 what we would do. We've been trying to learn more  
10 about avoiding more than anything. It says the first  
11 thing that would happen they would probably call  
12 Columbia and try to see if they could increase the  
13 pressure coming through Columbia if they had it  
14 available. If it's a cold day like some of these  
15 data pressure checks are, Columbia may not have it  
16 available. They may be able to give you 5 pounds or  
17 something like.

18 I am sure at that point Suburban would  
19 take whatever it could get. Beyond that there's --  
20 there's another point of delivery on the east end,  
21 Big Walnut, that they maybe could get a little more  
22 gas out of, at least try to save that side of the  
23 system. But beyond that there is not many other  
24 options.

25 Q. So the main thing that Suburban -- let me

1 just ask you, is the main thing that Suburban could  
2 do in order to ensure that there are proper pressures  
3 in the system is basically to be proactive and build  
4 additional pipe?

5 A. That's what we identified was the best  
6 scenario. There are other scenarios but none of them  
7 seem to be cost effective or practical or reasonable.

8 MR. EUBANKS: I have no other questions.

9 - - -

10 EXAMINATION

11 By Examiner Parrot:

12 Q. Mr. Grupenhof, I have one last issue for  
13 you. If you could turn to page 6 of your testimony.

14 A. Okay.

15 Q. Line No. 6 there you refer to modeling  
16 results -- or reports, I should say, that are  
17 attached to your testimony as Attachment KDG-1 that I  
18 don't believe are, in fact, attached to your  
19 testimony. Is the reason for that that those results  
20 are Suburban Exhibit 9? Is that the same set of  
21 modeling reports?

22 A. I believe so, yes.

23 Q. Just trying to make sure the Commission  
24 has what you've referenced in your testimony.

25 A. Yes. That's my belief is that that's

1 what that's referring to.

2 EXAMINER PARROT: All right. Thank you.

3 - - -

4 EXAMINATION

5 By Examiner Sanyal:

6 Q. I have one clarification question too.  
7 On page 5, line 11, what is Columbia Gas's pressure  
8 in their system? What is their PSIG? Do we know?

9 A. I believe we do. I don't know that off  
10 the top of my head.

11 Q. Okay. That's fine for my curiosity.  
12 Based on my Co-AE, what is standard industry practice  
13 for that kind of pressure system?

14 A. The medium pressure?

15 EXAMINER PARROT: What's considered  
16 medium pressure? Is there a range that would be?

17 THE WITNESS: It probably depends on the  
18 Company to be honest with you.

19 EXAMINER SANYAL: Okay.

20 THE WITNESS: Some companies separate at  
21 high end pressures, maybe 500 pounds, and they call  
22 that high pressure, and they call medium 100 to 200  
23 or something like that. I'm not sure. I think in  
24 this situation we are referring to more like  
25 operating between 100 and 300 maybe is what I would

1 guess the range is.

2 EXAMINER SANYAL: Thank you. This is  
3 actually probably a question for Ms. Bojko. On  
4 Exhibit 14, this date down here, is this just like a  
5 date for the form, when the form was created? There  
6 is a date that says December 14, 2017.

7 MS. BOJKO: Your Honor, we believe that's  
8 accurate.

9 EXAMINER SANYAL: Okay.

10 EXAMINER PARROT: Thank you very much.  
11 You are excused.

12 THE WITNESS: Thank you.

13 EXAMINER PARROT: All right. I believe  
14 Ms. Bojko has already moved for the admission of  
15 Suburban Exhibit 4. Would you also like to move  
16 Exhibit 14?

17 MS. BOJKO: Your Honor, I would like to  
18 speak to both of these. I did move Exhibit 4. Given  
19 your Honors' question, which is a very fair point, I  
20 would like to get a new copy of Mr. Grupenhof's  
21 testimony with the attachment attached for clarity  
22 purposes so that the entire document is in the  
23 record.

24 MR. HEALEY: I have no objection to that  
25 as long as the document is the same as we have

1 already seen. If there is anything in there, I  
2 obviously haven't had a chance to cross him on that,  
3 so I would object if it's anything different than  
4 Suburban 9.

5 MS. BOJKO: Of course not. That wouldn't  
6 be our intention.

7 EXAMINER PARROT: Any other issues with  
8 that proposal?

9 All right. Hearing none, it's acceptable  
10 to the Bench.

11 MS. BOJKO: And then, your Honor, I do  
12 recognize that Suburban Exhibit 14 may also be  
13 attached to another witness's testimony but given  
14 that we've referred to it as Suburban Exhibit 14 and  
15 given that that other person's testimony has not yet  
16 been admitted, my preference is to go ahead and move  
17 that as Suburban Exhibit 14 at this time.

18 EXAMINER PARROT: And that's fine. I  
19 believe that also applies with respect to OCC Exhibit  
20 5 which was also, I think, attached to Mr. Willis's  
21 supplemental testimony so that's fine if we go with  
22 that approach.

23 MS. BOJKO: Thank you.

24 EXAMINER PARROT: With that are there any  
25 objections to Suburban Exhibits 4 or 14?

1 MR. HEALEY: No, your Honor.

2 EXAMINER PARROT: Seeing none, they are  
3 admitted.

4 (EXHIBITS ADMITTED INTO EVIDENCE.)

5 EXAMINER PARROT: Mr. Healey, your  
6 exhibits?

7 MR. HEALEY: Yes, your Honor. OCC moves  
8 for the admission of OCC Exhibits 5, 6, and 7.

9 EXAMINER PARROT: Are there any  
10 objections?

11 MS. BOJKO: No, your Honor.

12 EXAMINER PARROT: Hearing none, OCC 5, 6,  
13 and 7 are also admitted into the record at this time.

14 (EXHIBITS ADMITTED INTO EVIDENCE.)

15 EXAMINER PARROT: All right. At this  
16 time we will take a lunch recess and reconvene at  
17 1:45. Thank you.

18 (Thereupon, at 1:06 p.m., a lunch recess  
19 was taken.)

20 - - -

21

22

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24

25

1 Wednesday Afternoon Session,  
2 July 10, 2019.

3 - - -

4 EXAMINER SANYAL: Let's get on the  
5 record.

6 Mr. Sonderman. Thank you for being so  
7 prepared. I will just swear you in.

8 (Witness sworn.)

9 EXAMINER SANYAL: Thank you. And you may  
10 proceed whenever, Ms. Bojko.

11 MS. BOJKO: Thank you, your Honor. At  
12 this time Suburban calls to the witness stand Andrew  
13 J. Sonderman.

14 EXAMINER SANYAL: He is already there.

15 THE WITNESS: Hi.

16 EXAMINER SANYAL: I swore him in.

17 - - -

18 ANDREW J. SONDERMAN  
19 being first duly sworn, as prescribed by law, was  
20 examined and testified as follows:

21 DIRECT EXAMINATION

22 By Ms. Bojko:

23 Q. Mr. Sonderman, could you please state  
24 your name and business address for the record.

25 A. I'm Andrew J. Sonderman. My business



1 address is Suburban Natural Gas at 2626 Lewis Center  
2 Road, Lewis Center, Ohio 43035.

3 Q. Sir, did you file or cause to be filed  
4 testimony in support of the Stipulation in this case?

5 A. Yes.

6 MS. BOJKO: Your Honors, at this time I  
7 would like to mark as Suburban Exhibit 5 the direct  
8 testimony of Andrew J. Sonderman in support of the  
9 Stipulation filed on June 7, 2019.

10 EXAMINER SANYAL: So marked.

11 (EXHIBIT MARKED FOR IDENTIFICATION.)

12 MS. BOJKO: Your Honor, may we approach?

13 EXAMINER SANYAL: Yes.

14 Q. (By Ms. Bojko) Mr. Sonderman, do you have  
15 in front of you what has been marked as Suburban  
16 Exhibit No. 5?

17 A. Yes.

18 Q. Do you recognize this document as your  
19 direct testimony in support of the Stipulation?

20 A. Yes, I do.

21 Q. Was this testimony prepared by you or  
22 under your direction?

23 A. It was prepared by me.

24 Q. On whose behalf are you testifying here  
25 today?

1           A.    I am here testifying on behalf of  
2           Suburban Natural Gas Company.

3           Q.    And, Mr. Sonderman, I think that I have  
4           misstated your title. I apologize for that. Could  
5           you please tell the Commission what your title is.

6           A.    I am actually president and chief  
7           operating officer. I am not general counsel for  
8           Suburban. I still have my active license but not  
9           serving as their attorney.

10          Q.    Thank you. And if I were to ask you the  
11          same questions today -- well, first of all, do you  
12          have any changes to your direct testimony that's been  
13          marked as Exhibit 5?

14          A.    No, I do not.

15          Q.    And if I were to ask you the same  
16          questions today as they appear in your testimony,  
17          would your answers be the same?

18          A.    Yes.

19                MS. BOJKO: At this time, your Honors, I  
20          would like to move Exhibit 5, subject to  
21          cross-examination, and I tender Mr. Sonderman for  
22          cross-examination.

23                               - - -

24

25

CROSS-EXAMINATION

By Mr. Healey:

Q. Mr. Sonderman, you said you are not general counsel for Suburban.

A. That's correct.

Q. Does Suburban have a general counsel?

A. No.

Q. Does Suburban have any attorneys that serve as counsel to the Company that are employees of Suburban?

A. Our director of human resources, I believe, still has an active law license.

Q. And do you represent Suburban as an attorney in matters other than this case?

A. No.

Q. You are not an engineer, are you?

A. I am not an engineer.

Q. And despite being an attorney, you are not testifying today as a legal expert, correct?

A. It's hard to shed my legal training, so I guess I would disagree with that.

Q. So you would -- you would say that you are here to testify and render expert opinions that would be legal conclusions?

A. I think it would depend on what the

1 question was.

2 Q. Would you consider yourself a regulatory  
3 expert?

4 A. I have been in the regulatory field  
5 specifically with natural gas companies since 1978,  
6 so I have some experience in that regard.

7 Q. And it's fair to say that given that  
8 experience and the fact that you are an attorney that  
9 it's important for you to understand the laws and  
10 regulations that affect Suburban Natural Gas,  
11 correct?

12 A. Certainly as chief operating officer, I  
13 have to be quite comfortable with our compliance with  
14 all applicable regulatory statutes and regulations.

15 Q. And so, therefore, you are familiar with  
16 the concept of prudence as it applies to operating  
17 and maintenance expenses of a regulated natural gas  
18 distribution utility, correct?

19 A. I would say that prudence is a very  
20 ambiguous term, Mr. Healey.

21 Q. And you are familiar with that term  
22 though, correct?

23 A. I have seen the term used very  
24 frequently, yes.

25 Q. And you are aware that that term is used

1 in the Ohio Revised Code Section 4909.154 which  
2 applies to Suburban in this case, correct?

3 A. That specific reference I couldn't  
4 verify.

5 Q. But you are aware that the word prudence  
6 does appear in the Ohio Revised Code Sections that  
7 apply to Suburban, correct?

8 A. To the extent that there are references  
9 to the term prudence in the Ohio Revised Code Chapter  
10 47, I would say yes.

11 Q. And you believe that Suburban complies  
12 with those laws, I assume, correct?

13 A. I do.

14 Q. And part of your responsibility as the  
15 president and COO is to ensure that those laws are  
16 followed?

17 A. Certainly.

18 Q. And given your experience as both in  
19 regulation and as an attorney, you are also familiar  
20 with the term "used and useful," correct?

21 A. I have heard the term used very  
22 frequently.

23 Q. And you are aware that phrase is also  
24 used in Revised Code Chapter 4909, correct?

25 A. I believe that's correct.

1           Q.    Did you consider the used and useful  
2           standard when you decided to build the 4.9 mile  
3           pipeline extension?

4           A.    I considered the fact that without that  
5           extension as demonstrated by our engineering study,  
6           we were putting our customers at risk -- our existing  
7           customers at significant risk of catastrophic failure  
8           of our system.

9           Q.    I understand that.  That is in your  
10          testimony.  My question is did you consider that used  
11          and useful standard specifically when deciding to  
12          build the 4.9 mile pipeline extension?

13          A.    I believe it is implicit in my analysis  
14          of the need for immediate pressure, additional  
15          pressure at the southern end of our system that it  
16          would be used and useful as it is for our current  
17          customers and was as of its date of installation and  
18          operation.

19          Q.    You agree that the word used and the  
20          separate word useful are not synonyms, correct?

21          A.    I do not agree.

22          Q.    You believe that the word used and the  
23          word useful mean exactly the same thing?

24          A.    I believe that I have always seen them  
25          used in tandem.  To the extent there is some

1 differentiation in the meaning of those terms, I have  
2 not seen that in reported cases.

3 Q. What about in every day English?

4 A. I don't think I see a distinction.

5 Q. So anything that anyone uses is  
6 automatically useful in the English language?

7 A. I would put it another way. Anything  
8 that's useful is used.

9 Q. Anything that's useful is used. So if I  
10 have a knife which is useful for cutting things and I  
11 put it in the drawer for 20 years, that knife is  
12 being used for those 20 years?

13 MS. BOJKO: Objection, relevancy.

14 EXAMINER SANYAL: I'll give you some  
15 brief leeway. Very brief.

16 A. It is in the drawer for a reason.  
17 Therefore, I think it certainly has been used, and I  
18 believe it is certainly useful to the extent it's  
19 been sharpened.

20 Q. The first time you became concerned about  
21 the potential low pressure at Lazelle Road was in  
22 February of 2015, correct?

23 A. Absolutely.

24 Q. And the 4.9 mile pipeline extension went  
25 into service on February 22, 2019, about four years

1 later; is that right?

2 A. That's correct.

3 Q. Let's turn to your testimony, please. We  
4 are going to look at page 22. And near the bottom of  
5 that page you mention another case, Case No.  
6 17-2321-GA. That's on line 19. Do you see that?

7 A. I do.

8 Q. And according to your testimony, the  
9 Commission approved financing for the 4.9 mile  
10 pipeline extension in that case, correct?

11 A. I don't believe that the Commission's  
12 approval specified a specific length of pipeline or  
13 diameter. They approved an amount for a construction  
14 draw loan to construct the pipeline.

15 Q. But it was specifically for a pipeline?

16 A. It was. We also got additional financing  
17 in that same application.

18 MR. HEALEY: Your Honors, I would like to  
19 mark the next OCC exhibit, OCC Exhibit 8, which is  
20 the application that Suburban filed in Case No.  
21 17-2321 which is referenced in Mr. Sonderman's  
22 testimony.

23 MS. BOJKO: I'm sorry. Which page are  
24 you at?

25 MR. HEALEY: I am marking an exhibit.



1 MS. BOJKO: No, I know but he said  
2 referenced in his testimony.

3 MR. HEALEY: Page 22.

4 May I approach, your Honor?

5 EXAMINER SANYAL: Yes, you may.

6 THE WITNESS: What's the exhibit number  
7 again?

8 (EXHIBIT MARKED FOR IDENTIFICATION.)

9 EXAMINER SANYAL: It's 8, OCC Exhibit 8.

10 Q. (By Mr. Healey) Mr. Sonderman, I have  
11 handed you what's been marked OCC Exhibit 8. It's an  
12 application of Suburban Natural Gas Company from Case  
13 No. 17-2321. Are you generally familiar with this  
14 document?

15 A. I am, though it's been a while since I've  
16 read it.

17 Q. Sure. And if you look at the last page,  
18 we see that this was filed on November 8, 2017,  
19 correct?

20 A. That is correct.

21 MR. HEALEY: And subsequent to filing  
22 this Application, Suburban actually filed an  
23 amendment which I am going to now mark as OCC Exhibit  
24 9 with your Honors' permission and hand a copy to the  
25 witness.

1 EXAMINER SANYAL: Yes. And you may  
2 freely move around while you examine this witness.

3 MR. HEALEY: Thank you, your Honor.

4 (EXHIBIT MARKED FOR IDENTIFICATION.)

5 Q. (By Mr. Healey) Mr. Sonderman, I have  
6 just handed you what's been marked OCC Exhibit 9 and  
7 just to clarify this was a supplement to the  
8 application which you filed on December 11, 2017,  
9 correct?

10 A. That's correct.

11 Q. And just for the record I would note it  
12 does say November 11 at the top. I don't know if  
13 that's just a typo but. The file stamp is December  
14 11. If you could turn to the second page of that  
15 document, please. And the second page notes that  
16 there is an amendment to Exhibit A, the term sheet,  
17 and the amendment is provided below and adds the  
18 following language "Implementation of increased rate  
19 case applied for to PUCO by Suburban Natural Gas,  
20 indicating an increase in annual revenue to Suburban  
21 Natural Gas of at least 1.5MM per annum by September  
22 30, 2019. Bank hereby acknowledges that this  
23 condition does not bind the PUCO to approve a future  
24 rate increase request by Suburban Natural Gas at any  
25 particular revenue level." Do you see that?

1           A.     I do.

2           Q.     So I just want to clarify that your  
3           reference to this case in your testimony on page 22,  
4           you are not suggesting that because the PUCO approved  
5           your financing, it's required to approve any  
6           particular rate increase in this case, correct?

7           A.     The amendment to the exhibit was entered  
8           into after discussions with Staff as we were working  
9           toward the settlement on the AIS case. It simply  
10          recognizes what is a fact under the regulatory laws  
11          of Ohio, that this kind of a financing does not bind  
12          the Commission in other regulatory proceedings.

13                 So, yes, I certainly agree that we did  
14          not expect that the approval in the AIS proceeding  
15          would -- would bind the Commission to a particular  
16          level of revenues in a rate case.

17          Q.     You believe that the entire 4.9 mile  
18          pipeline extension is used and useful, correct?

19          A.     I absolutely believe because it is.

20          Q.     And under the application that you filed  
21          in this case, you included the entire book value of  
22          the 4.9 mile pipeline extension, correct?

23          A.     I am trying to remember the exact  
24          derivation of the number. I believe that was the  
25          construction budget number. So I think the answer is

1 yes.

2 Q. Your application in this case did not  
3 propose any phase-in for the pipeline extension, did  
4 it?

5 A. It did not. The phase-in was a result of  
6 our willingness to accept an accommodation with Staff  
7 to achieve a settlement result as opposed to a  
8 litigated case.

9 Q. And so you believe that the phase-in is  
10 an accommodation you made to Staff; is that what you  
11 said?

12 A. It is an accommodation that we made to  
13 reach a settlement.

14 Q. Did the Staff Report in this case propose  
15 a phase-in of the pipeline extension?

16 A. It did not. I don't know the extent to  
17 which I am at liberty to speak about settlement  
18 negotiations, but it came up from a couple of parties  
19 in settlement negotiations.

20 Q. So just so I understand, your application  
21 did not include a phase-in, the Staff Report did not  
22 include a phase-in, but then a settlement between  
23 only Suburban and staff did include a phase-in; is  
24 that accurate?

25 MS. BOJKO: Objection.

1 MR. EUBANKS: Objection.

2 MS. BOJKO: Your Honor, point of  
3 clarification. I thought we were talking about the  
4 AIS Application, and now it appears that counsel has  
5 moved onto the rate case Application in his question,  
6 or are you talking about the finance application?

7 MR. HEALEY: I think I was very obviously  
8 talking about the Application in the current case.

9 MS. BOJKO: I didn't think that was  
10 obvious but thank you for the clarification.

11 Q. (By Mr. Healey) Mr. Sonderman, did you  
12 understand that I was talking about the Application  
13 in the rate case?

14 A. Could you repeat the question?

15 Q. Sure. I will start over. Under your  
16 Application in this rate case, did you include the  
17 entire book value of the 4.9 mile pipeline extension  
18 in rate base?

19 A. The only reason I hesitate is I'm not  
20 exactly sure about the exact amount, but I would say  
21 it's my understanding that it's the full book value,  
22 yes.

23 Q. And the application in this rate case did  
24 not propose any phase-in for the pipeline extension,  
25 correct?

1           A.     That is correct, because in most  
2 instances when a pipeline is installed and is serving  
3 customers, it is used and useful, and it is included  
4 in its entirety of rate base.

5           Q.     Right. So my question, which I don't  
6 think we got an answer to following counsel's  
7 clarification, was if your application in this case  
8 did not include a phase-in and the Staff Report  
9 didn't include a phase-in, then Suburban and Staff  
10 are the only parties to the Stipulation, then why  
11 would you all of a sudden phase-in the pipeline  
12 extension in the settlement?

13           MS. BOJKO: Objection, your Honor. This  
14 is -- this is getting into confidential settlement  
15 discussions. I think the witness clearly stated that  
16 multiple parties in settlement discussions raised the  
17 issue of a phase-in. Just because parties may or may  
18 not end up on a settlement doesn't mean it is not  
19 part of settlement discussions, and I don't think he  
20 is allowed to speak to the contents of settlement  
21 discussions. I surely don't think OCC wants him to  
22 talk about their discussions in the settlement  
23 context.

24           MR. HEALEY: Your Honor, I am not asking  
25 him to reveal anything that was said in a

1 confidential settlement communication. I am asking  
 2 him there is a term in the Stipulation that was  
 3 included. You are asking the Commission to rule that  
 4 a stipulation that includes that term is, one, a  
 5 product of serious bargaining; two, benefits public  
 6 interest and customers; and, three, is consistent  
 7 with regulatory principles. And so my question why  
 8 did you include that, and the answer to that question  
 9 will inform whether or not the Stipulation passes the  
 10 three-point -- three-part test.

11 EXAMINER SANYAL: Mr. Sonderman, to the  
 12 extent you can answer without divulging any  
 13 confidential settlement negotiation or conversation,  
 14 you may answer that question.

15 A. Without getting into specific  
 16 conversations during the settlement discussions, a  
 17 party other than Staff initially proposed a phase-in  
 18 approach.

19 Q. So a party that did not sign the  
 20 Stipulation, you still accommodated them in the  
 21 settlement; is that what you are saying?

22 MS. BOJKO: Objection. This is  
 23 dangerously close to...

24 MR. HEALEY: I will move on.

25 EXAMINER SANYAL: I'm sorry?

1 MR. HEALEY: I said I will move on.

2 EXAMINER SANYAL: Okay. Thank you.

3 Q. (By Mr. Healey) Let's turn to page 21 of  
4 your testimony, Mr. Sonderman, please.

5 A. Are we finished with the AIS case?

6 Q. Yes, we are done with that for now. So I  
7 am on page 21 of your testimony starting at line 15.  
8 There is a sentence that says "Anyone claiming that  
9 the pipeline extension is not fully used and useful  
10 to maintain service to our existing customers must  
11 ignore the physical reality of our system's  
12 configuration and the laws of physics." Do you see  
13 that?

14 A. I do.

15 Q. Which laws of physics would be violated  
16 if the Commission were to find that the 4.9 mile  
17 pipeline extension is not fully used and useful?

18 A. The law of fluid dynamics.

19 Q. Could you explain that law to me, please.

20 A. I could certainly not explain it to the  
21 extent Mr. Grupenhof could explain it because he is  
22 the expert in those areas. I can tell you the law of  
23 fluid dynamics involves velocity of the gas flowing  
24 through a pipe and friction that builds up as more  
25 pipe is passed -- as more gas flowing through the



1 pipe in order to get the same level of natural gas to  
2 the point of delivery. This pipeline was installed  
3 in parallel with our existing 6-inch line. The 6 --  
4 the 12-inch line was added to a 20-mile pipeline  
5 12-inch high pressure line that was installed back in  
6 2005. That pipeline started in 2005. I couldn't say  
7 it was finished in 2005. But I think it was 2005.

8 That pipeline came down along side the  
9 6-inch pipeline from our main point of receipt from  
10 Columbia Transmission at Somerlot-Hoffman Road up in  
11 mid Marion County close to Marion itself and  
12 paralleled the existing 6-inch pipeline down to just  
13 south of Route 36/37 in Delaware County. From that  
14 point south -- and it was interconnected with the  
15 6-inch at that point terminus of the construction.

16 At that point it followed the path of the  
17 ARCO line, the 6-inch high pressure steel line.  
18 Excuse me. The terminus of the 12 inch was at that  
19 point just south of 36/37. The 6-inch line extended  
20 all the way south to the end of our system at Lazelle  
21 Road.

22 Q. Are you done?

23 A. Yeah, because I guess I kind of have  
24 forgotten your question.

25 Q. Yeah. That's kind of what I was getting

1 at.

2 MR. HEALEY: Your Honor, I am going to  
3 move to strike all that answer given the witness  
4 doesn't even know whether it's responsive and  
5 therefore --

6 THE WITNESS: It seemed responsive when I  
7 said it but.

8 MS. BOJKO: Your Honor, if I may respond,  
9 I think he was talking about the laws of physics, and  
10 he was giving some background for the laws of  
11 physics.

12 A. Yeah. When I get in fluid dynamics, it's  
13 a dicey area.

14 MS. BOJKO: He started by saying the  
15 question was better posed to Grupenhof.

16 EXAMINER SANYAL: Okay. I am denying  
17 your motion to strike.

18 Mr. Sonderman, if you can complete your  
19 answer and if you can answer the specific question  
20 asked briefly or.

21 A. Okay. So we are at the point where we  
22 have extended the pipeline down just to 36/37. That  
23 sufficed given the laws of fluid dynamics until in my  
24 opinion February of 2015 when we recognized that  
25 based on the load we already had online on that

1 extremely cold day that ranged, depending on where in  
2 our system in Delaware County we were looking at,  
3 from minus 2 degrees to minus 20, but at Lazelle Road  
4 it was measured as minus 20.

5 So that's what -- that's what triggered  
6 our investigation into whether we needed an  
7 additional extension of the pipeline. Because the  
8 pressure on that date was in our opinion a very  
9 serious indicator that we were playing with fire in  
10 terms of maintaining service at the stub end of our  
11 system clear down at Lazelle Road and that is --  
12 that's because of the law of fluid dynamics as you  
13 push gas at higher pressure to get in -- because of  
14 the increased demand at the point of delivery, the  
15 friction builds up in the pipeline so you get less  
16 and less gas delivered to the end of the system. And  
17 when that happens, under the rules of fluid dynamics,  
18 the system simply loses pressure and goes down. And  
19 that's what I was concerned about.

20 Q. If the Commission rules in this case that  
21 the 4.9 mile pipeline extension is not used and  
22 useful, are you going to take it out of service?

23 MS. BOJKO: Objection, calls for  
24 speculation and an extreme hypothetical.

25 EXAMINER SANYAL: Overruled.

1                   MR. HEALEY: It is not at all extreme  
2 given this case, your Honor.

3                   EXAMINER SANYAL: Overruled.

4                   A. The answer is absolutely not. We need  
5 it. We'll use it.

6                   Q. And so the Commission's regulatory ruling  
7 will have no impact on whether the laws of fluid  
8 dynamics continue to properly operate within your  
9 system, correct?

10                  A. Certainly an adverse decision on the  
11 inclusion of that pipeline's cost in our rate base  
12 would be a very negative impact on the Company.  
13 However, as president of this Company, No. 1, there  
14 is no effective way for me to take that out of  
15 service. It is totally integrated into our system at  
16 this point. It remains totally integrated and  
17 totally necessary to meet the needs of our customers  
18 as they existed on February 22 of this year and as  
19 they continue to exist going forward. Certainly as  
20 we add more customers.

21                   So I could not and would not take it out  
22 of service even if the Commission and after it  
23 survived all the necessary appeals to the Supreme  
24 Court if that were to be the ruling.

25                  Q. Let's look at page 22 of your testimony,

1 please. And on line 3 you reference a February 24,  
2 2015, date when the check gauge at Lazelle Road was  
3 triggered by pressure falling to 100 PSIG, correct?

4 A. That's correct.

5 MR. HEALEY: Your Honor, I would like to  
6 mark the next OCC Exhibit as OCC Exhibit 10, please.  
7 This is Suburban's response to OCC Interrogatory 3 --  
8 Stip Interrogatory 3-1. I will hand a copy to the  
9 witness.

10 EXAMINER SANYAL: So marked.

11 (EXHIBIT MARKED FOR IDENTIFICATION.)

12 Q. Mr. Sonderman, the document I just handed  
13 you which has now been marked OCC Exhibit 10, you are  
14 identified as one of the persons responsible for this  
15 interrogatory response, correct?

16 A. Yes.

17 Q. And I am going to focus on question e)  
18 which is "Did Suburban experience any outages that  
19 day in the southern system? If so, how many  
20 customers experienced an outage?" And the reference  
21 to that day would be the same February 24 that you  
22 reference in your testimony, and the response says  
23 "See the testimony of Andrew J. Sonderman. Suburban  
24 is not aware of any outages that day in the southern  
25 system as the check gauge valve at Lazelle Road

1 properly opened, increasing the pressure at Lazelle  
2 Road and avoiding a possible catastrophic failure."

3 I just want to confirm you are not aware of any  
4 outages that occurred that day as a result of low  
5 pressure at Lazelle Road, correct?

6 A. Thankfully, no.

7 Q. And are you aware of any outages as a  
8 result of low pressure at Lazelle Road at any point  
9 at any time during the entire test year?

10 A. Thankfully, no. And might I add as chief  
11 operating officer and president of this company, I  
12 cannot afford or allow an outage of that nature to  
13 occur.

14 Q. Mr. Sonderman, included in rates in this  
15 case is an \$899 per month lease of a Lincoln  
16 Navigator, correct?

17 A. That's correct.

18 Q. And the Company CEO Mr. Pemberton drives  
19 that car; is that correct?

20 A. He does.

21 Q. Is there a reason Mr. Pemberton needs for  
22 customers to pay for him to drive a \$70,000 Lincoln  
23 Navigator instead of, say, a Ford Explorer?

24 MS. BOJKO: Objection.

25 EXAMINER SANYAL: Overruled.

1           A.    Mr. Healey, the lease payments of that  
2   car are included in the compensation package of  
3   Mr. Pemberton. He is charged for personal mileage  
4   and to the extent there is personal mileage, that is  
5   reflected as income on his W-2 and he pays taxes on  
6   it. So it is a component of his overall compensation  
7   package, and I don't believe that there has been any  
8   suggestion in this case that the compensation package  
9   of the chairman of the board and chief executive  
10  officer is exorbitant.

11           Q.    What is his annual salary?

12           A.    I do not have that information at my  
13  fingertips.

14           Q.    Is it more than 500,000?

15           A.    I do not have that information at my  
16  fingertips, Mr. Healey.

17           Q.    Is it more than 300,000?

18           A.    I would think so.

19           Q.    Now, you mentioned that for his personal  
20  use of the car is included on his W-2; is that right?

21           A.    That's correct.

22           Q.    Still included in your O&M expenses  
23  though, correct?

24           A.    Yes, it is. Well, as an administrative  
25  and general expense, I guess.

1           Q.    Right.  But the fact that it's included  
2   on his W-2 customers are still paying for it just in  
3   a different bucket.

4           A.    Yes.  As they are a component of any  
5   employee's compensation.

6           Q.    Let's look at page 23 of your testimony,  
7   please, starting at line 4.

8           A.    I'm sorry.  Page 23, did you say?

9           Q.    Page 23, yes, line 4.  There you  
10   reference January 31, 2019, correct?

11          A.    Yes.

12          Q.    And according to you on line 6, you state  
13   "Had it been colder, or windier, or the usage of each  
14   individual customer had been greater even slightly  
15   than the model reflected, a catastrophic outage could  
16   have resulted."  Is that your testimony?

17          A.    That is my testimony and I wonder if I  
18   could have the line pressure, the dead end pressure  
19   exhibits from -- that were introduced into evidence  
20   earlier.

21                MR. HEALEY:  Your Honor, I didn't ask any  
22   questions about the dead end pressure checks.

23                EXAMINER SANYAL:  Yeah.  Let's hold on  
24   until you have any specific questions on that  
25   document, if that's okay.



1 MS. BOJKO: Could I have the question  
2 reread, please.

3 THE WITNESS: He talked about the line  
4 pressure at the delivery point and my conclusions  
5 about how that might have reflected -- been reflected  
6 in the catastrophic outage. I think that goes right  
7 to the points that are exemplified on the dead end  
8 pressure exhibits.

9 EXAMINER SANYAL: Let's wait and see if  
10 Mr. Healey has any questions on that particular  
11 document.

12 MS. BOJKO: Your Honor, could we have the  
13 question reread?

14 EXAMINER SANYAL: Sure.

15 (Record read.)

16 MR. HEALEY: I believe he responded as  
17 well.

18 MS. BOJKO: You think he did?

19 MR. HEALEY: I believe he responded, did  
20 he not? Can I have his response read, please?

21 (Record read.)

22 MS. BOJKO: Thank you, your Honor.

23 Q. (By Mr. Healey) Mr. Sonderman, the date  
24 in question, January 31, 2019, on that date the 4.9  
25 mile pipeline extension was not in service, correct?

1           A.     That is correct, sir.

2           Q.     And so are you saying that on that date  
3 by failing to install the pipeline extension in  
4 advance of that date, you put your customers at risk  
5 of catastrophic outages?

6           A.     Mr. Healey, the lack of completion of the  
7 pipeline was as a direct result of what I would call  
8 an act of God. We built plenty of time into our  
9 schedule from planning phase through construction  
10 phase to be completed by October 31 of 2018. You may  
11 recall that we had the rainiest weather in recent  
12 history through this autumn and into the winter. We  
13 were dealing with weather conditions that turned the  
14 construction path into a lake. You can't weld  
15 pipeline and put in the ground when you can't even  
16 get it underground.

17                   I do not believe we were imprudent. I do  
18 not believe we didn't plan as well as anybody could  
19 plan. It was not our plan for it to be installed in  
20 February. It was our plan for it to be installed on  
21 October 31. We did our best. I would challenge  
22 anybody to say they could have done better.

23           Q.     My question was if the pipeline was not  
24 in service on January 31 and your testimony says that  
25 had it been a little bit colder or windier, there

1 were risk of catastrophic loss, then there was, in  
2 fact, a risk of catastrophic loss on that date?

3 A. I think there was. I think we were  
4 blessed, if you will, that we didn't have that kind  
5 of an event which would have confounded our planning.

6 MR. HEALEY: Thank you, your Honor. I  
7 have nothing further.

8 MR. EUBANKS: Staff has no questions.

9 EXAMINER SANYAL: Staff has no questions.  
10 Ms. Mooney is not here.

11 Redirect?

12 MS. BOJKO: Could we have a few minutes,  
13 your Honor?

14 EXAMINER SANYAL: Yes, you may. Let's go  
15 off the record.

16 (Discussion off the record.)

17 EXAMINER SANYAL: Let's go back on the  
18 record.

19 MS. BOJKO: Your Honor, we do have some  
20 redirect.

21 EXAMINER SANYAL: Okay. You may proceed.

22 MS. BOJKO: Thank you.

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REDIRECT EXAMINATION

By Ms. Bojko:

Q. Mr. Sonderman, Mr. Healey asked you about 4909.154. Do you recall that?

A. I do.

MS. BOJKO: Your Honor, may we approach?

EXAMINER SANYAL: Yes, you may.

MS. BOJKO: Your Honor, allow the record to reflect I have handed the witness Section of the Revised Code 4909.15.

Q. Mr. Healey represented -- or discussed Chapter 4909 and 4909.154. Do you recall those discussions, Mr. Sonderman?

A. I do.

Q. If you look at (A) (1) of 4909.15, it talks about the Commission shall determine the valuation as of the date certain of the property of the public utility used and useful or there is a special circumstance for natural gas companies. Do you see that?

A. Can you give me a paragraph?

Q. Yes. In (A) (1) it says "The public utilities commission, when fixing and determining just and reasonable rates."

A. Yes.

1           Q.    "And charges, shall determine: The  
2 valuation as of the date certain of the property of  
3 the public utility" so it's (A) (1).

4           A.    With respect to natural gas.

5           Q.    Used or useful or it says "with respect  
6 to a natural gas, water-works, or sewer systems that  
7 the public utility shall determine the valuation of  
8 projected to be used and useful as of date certain,"  
9 correct?

10          A.    That is correct.

11          Q.    So there is an additional exception, will  
12 you, or additional valuation that the Commission may  
13 look at with regard to natural gas companies.

14          A.    That is a correct reading in my judgment  
15 of 4909.15(A) (1).

16          Q.    Do you remember Mr. Healey asking you  
17 about the finance application, OCC Exhibit 9 and 10?

18          A.    I do.

19          Q.    Or, I'm sorry, excuse me, 8 and 9?

20          A.    I do.

21          Q.    Do you have OCC Exhibit 8 in front of  
22 you?

23          A.    I do.

24          Q.    And in the finance application, the  
25 finance application states the purpose of the finance

1 application, and Mr. Healey only talked about or  
2 focused on the purpose of the Application being the  
3 line extension. Are there other purposes to this  
4 application listed in paragraph 3?

5 A. Well, yes. We had a long-term debt  
6 facility that we modified and operating line of  
7 credit that was modified in addition to the draw note  
8 and those are explained in more detail in paragraph  
9 4 --

10 Q. So --

11 A. -- on page 2.

12 Q. So the finance application was approving  
13 long-term financial arrangements plural for Suburban  
14 Natural Gas, correct?

15 A. That is correct.

16 Q. And one of those purposes was as listed  
17 in Exhibit A, the term sheet referred to by  
18 Mr. Healey, one of those purposes is to support  
19 general corporate needs, correct?

20 A. That is correct.

21 Q. Do you recall Mr. Healey asking you about  
22 the application Suburban filed and whether -- and  
23 whether the Application requested a phase-in of the  
24 Del-Mar Pipeline?

25 A. You are talking about our Application for

1 rate increase?

2 Q. Excuse me. I jumped subjects and did the  
3 same thing that I asked Mr. Healey about. Yes, I'm  
4 sorry. Switch to the Application filed in the rate  
5 case, that Application, do you recall discussing with  
6 Mr. Healey whether the phase-in approach to including  
7 the Del-Mar extension was included in the application  
8 of the Company?

9 A. I recall that questioning.

10 Q. And the Application, what costs were  
11 included for the Del-Mar extension in the rate case  
12 application?

13 A. When we filed that application, of  
14 course, the construction had not been completed, so  
15 it was a projected cost based on the construction  
16 budget which I think I talked about in my earlier  
17 answer.

18 Q. So do you recall how many months were  
19 actual and how many months were projected when  
20 Suburban filed the application?

21 A. Yes. I want to say there were only three  
22 months actual.

23 Q. So is it fair to say that the actual  
24 costs of the line extension did not equal the same  
25 value included in the rate case Application?

1           A.     That's correct.

2           Q.     And do you recall Mr. Healey asking you  
3     about the Staff Report with regard to inclusion of  
4     the Del-Mar extension in rate base?

5           A.     Yes.

6           MS. BOJKO:   Your Honor, I don't believe  
7     it's been marked yet, but it's been filed in the  
8     docket, the Staff Report.  Unfortunately we did not  
9     bring --

10          EXAMINER SANYAL:  I think it's been  
11     marked.

12          MS. BOJKO:  Oh, I'm sorry.  The first day  
13     of the hearing we marked it.  I apologize.  So the  
14     first day of the hearing -- so we do have copies.  
15     The first day of the hearing it was marked as Staff  
16     Exhibit 1.  May we approach, your Honor?

17          EXAMINER SANYAL:  Yes.

18          MS. BOJKO:  As soon as we find it.  Does  
19     Staff happen to have an extra copy of their Staff  
20     Report?

21          MR. EUBANKS:  I have one copy.

22          MS. BOJKO:  Yeah, me too.

23          MR. HEALEY:  Kim, I have it.

24          MS. BOJKO:  Oh, thank you.  So kind.  
25     Appreciate it.



1           Q.     (By Ms. Bojko) Can you review the Staff  
2 Report and explain what the Staff's exact  
3 recommendation was as with regard to the projected  
4 plant in service which is -- to help you it's on page  
5 10.

6           A.     Thank you. As I read this, I see that it  
7 provides for -- recognizes filed based on projected  
8 plant in service value of \$14,909,144 that included  
9 projected plant that would be in service as of the  
10 date certain and noted that there would have to be a  
11 filing pursuant to RC4909.191 upon which the Staff  
12 would investigate actual valuation data after the  
13 issuance of the Staff Report. And it concludes  
14 "Staff's investigation will include, among other  
15 things, a determination whether the projected plant  
16 in service was used and useful as of the date  
17 certain."

18           Q.     So it's fair to say that in the Staff  
19 Report the Commission -- the Staff had not yet made a  
20 recommendation as to whether to include 100 percent  
21 or some lesser percent of the pipeline.

22           A.     They made no conclusion one way or the  
23 other at this point.

24           Q.     And in your discussion with Mr. Healey,  
25 without divulging confidential settlement

1 discussions, you -- does the Company believe that not  
2 including 100 percent was a concession as a total  
3 package for settlement purposes?

4 A. I think that it was the single greatest  
5 concession made by the Company in this case because I  
6 firmly believe that 100 percent of that value of that  
7 pipeline should be in rate base.

8 Q. In concession to whom? Who does this  
9 benefit?

10 A. It benefits the customers. It certainly  
11 doesn't benefit the customer -- the Company to have  
12 the phase-in over three years, but to the extent that  
13 the revenue requirement has been reduced and put in  
14 over a three-year period, that clearly benefits the  
15 customers.

16 Q. And do you recall questions from  
17 Mr. Healey about 4909.154 and prudence?

18 A. I do recall his questions.

19 Q. Is 4909.154 about the necessities of an  
20 extension and prudence or is it about cost recovery  
21 and the prudence issues related to cost recovery of  
22 certain plant?

23 A. I don't know that I am ready to say what  
24 154 says. I think it probably deals more with cost  
25 recovery. That's something I haven't reviewed

1 recently.

2 Q. Do you recall discussion with OCC  
3 regarding Exhibit 10 which was a response to a  
4 discovery about the very cold day in February 2015  
5 which was the start of your decision-making process  
6 with regard to the pipeline?

7 A. I do. I am not finding it, but I  
8 remember the question, yes.

9 Q. You used the term "very cold day." Could  
10 you explain to us what the "very cold day" means and  
11 what that meant in the -- for the Company's  
12 decision-making process going forward with regard to  
13 UTI and modeling, et cetera.

14 A. That was related to the very cold day we  
15 experienced February 24, 2015.

16 Q. Correct.

17 A. Sure. This was in the second week of my  
18 employment by Suburban Natural Gas, and I was greeted  
19 by this incredible cold snap. And my operations  
20 director at that time, Aaron Roll, who is now our  
21 vice president for system planning came into my  
22 office and, as we anticipated, the temperatures on  
23 February 23 and 24, he said we think we could have a  
24 real problem. And he explained that the setup down  
25 at Lazelle Road, which I was somewhat familiar with

1 from my days as general counsel with Columbia Gas,  
2 was that from that medium pressure feed into the  
3 Lazelle Road point of delivery. This check valve  
4 would operate approximately when pressure reached or  
5 went below 100 PSIG.

6 And he said we -- we believe that we are  
7 in significant risk that it is going to get below  
8 that, and we are not comfortable that the supply that  
9 can be delivered from Columbia of Ohio today and  
10 certainly not looking down the road to that delivery  
11 point would be sufficient to maintain a viable level  
12 of pressure to keep the system running.

13 That -- that really got my attention and  
14 when we got the reading from the dead end pressure  
15 charts that I referred to earlier and has been  
16 discussed to some extent for that day, it showed that  
17 with the Lazelle POD giving us all that they could  
18 get into our system, it was, I think, at 125 pounds.

19 Now, keep in mind that I was looking at  
20 projections of customer growth that were in the range  
21 of 350 to 500 customers per year going forward. And  
22 we agreed that we needed to get UTI's expert advice  
23 on this because we could not abide that kind of  
24 event.

25 Q. So do you recall Mr. Healey asking if

1     there were any outages in 2015 on that very cold day  
2     or during the test year?

3             A.     I do.   And --

4             Q.     You said thankfully, no, and it's your  
5     job to not allow a catastrophic event like that to  
6     occur.   Could you please explain to us what you mean  
7     by catastrophic event.

8             A.     Okay.   And I can give you a very specific  
9     example, but I want to tell you generally what can  
10    happen.   When the friction in the pipeline builds up  
11    to the point that insufficient gas is flowing through  
12    the system into the laterals, the plastic laterals  
13    off of the ARCO 6-inch line, at some point the  
14    pressure simply fails.   And it's a -- it's a cliff.  
15    It's not gradual.   And it's really exhibited on some  
16    of the dead end pressure charts that we discussed  
17    that we didn't -- I didn't get a chance to talk  
18    about.

19            But if I may, on January 21, which was  
20    Martin Luther King Day, we had a minus 7 degree  
21    temperature.   Now, that's basically right at our  
22    design criteria because as Mr. Grupenhof testified,  
23    minus 5, minus 2, minus 7, it's all a matter of  
24    judgment.   It's not a matter of mathematical  
25    precision, but minus 5 is our design criteria.   That

1 was a holiday. Schools were out. Banks were closed.  
2 Government offices were closed. And if you look at  
3 the load profile there, you will see that the loads  
4 started -- the pressures started to drop  
5 precipitously that day later than it did on the days  
6 reflected for January 31. Okay?

7 Q. So I think you are talking about Suburban  
8 Exhibit 14. Do you have that up in front of you?

9 A. I don't think I do.

10 Q. Let's specifically talk about January 21,  
11 2019, which is during the test year that Mr. Healey  
12 questioned you about.

13 EXAMINER SANYAL: I don't think he has  
14 the exhibit.

15 A. I don't have that exhibit I don't think.

16 MS. BOJKO: Where did it go? Did you  
17 steal it?

18 A. What is that exhibit?

19 Q. It's the pressures.

20 A. Oh, yeah. I don't have it.

21 EXAMINER SANYAL: It's the one you wanted  
22 to talk about earlier.

23 THE WITNESS: Yes, it is the one I wanted  
24 to talk about.

25 MS. BOJKO: Can I have your exhibits

1 back? My apologies. Usually we keep a stack up  
2 there.

3 EXAMINER SANYAL: Yeah, yeah.

4 A. So I was aware that our pipeline was not  
5 completed and that we were getting into a very cold  
6 stretch of weather going into that second to last  
7 week in January. And on this day if you look at the  
8 Lazelle Road POD at 7 o'clock and compare the 6:30 to  
9 the preceding drop from 150 pounds to 110 pounds.  
10 And I believe there was some question about whether  
11 the check valve at Lazelle Road from the Ohio system  
12 that would open into our system was operating that  
13 day; and, yes, it was. It was not able to provide us  
14 with the contractual maximum amount of 125 Mcf per  
15 hour because they were having problems on their  
16 system too. I think the most we got out of them that  
17 day was 112 pounds.

18 So even with that working at its full  
19 level on a day when requirements were far less than  
20 you would see on a typical Monday in January, that  
21 kind of temperature, it dropped from 150 to 110  
22 pounds and stayed there for an hour.

23 Now, if you would, I would like to take  
24 you to January 30 which is page 2 of 4 from  
25 Attachment G, I guess that's from Mr. Willis's

1 testimony. If you look at Lazelle Road, this was a  
 2 day when the average temperature was minus 2. And  
 3 you can see that it got down to 125 pounds from 135.  
 4 That's not that significant of a drop but you see  
 5 that it stayed there for an extended period of time.  
 6 That was a weekday.

7           The 31st where it was -- it continued and  
 8 here is the dynamic here that made this different  
 9 from January 21. It was an extended period of cold.  
 10 There was not much change between the two days. So  
 11 that meant that as time went on, this business that I  
 12 was telling you about, friction in the pipeline, and  
 13 how it could decrease the -- and increased velocity  
 14 to get it through the pipeline resulting in lower  
 15 volumes making it to the end of the line where  
 16 deliveries are made, you can see what happened on  
 17 this day from 6 o'clock at 132 pounds. It dropped 27  
 18 pounds in a half hour. And it stayed there basically  
 19 105, 107, 110, I don't know why we didn't continue to  
 20 keep track of it because we knew that was bad enough,  
 21 and it appeared to be recovering a little bit.

22           But my point here instead of having been  
 23 a minus 2 day and if the temperature we experienced  
 24 had been minus 7 on that day, I am absolutely  
 25 convinced that we would have dropped perilously below



1 100 pounds which we consider a minimum. We don't  
 2 consider that safe. That's a minimum level. And I  
 3 believe that we would have lost the system and that's  
 4 why I say I think it was a blessing that we didn't  
 5 have that temperature on that day before the weather  
 6 delays that caused the construction of our pipeline  
 7 to be completed would have protected against.

8 MR. HEALEY: Your Honor, can I have the  
 9 question because it was a long time because I forget  
 10 what the actual question was.

11 A. About 5 minutes to find it.

12 MS. BOJKO: What does he think to be a  
 13 catastrophic event is my question.

14 (Question read.)

15 MR. HEALEY: Your Honor, I am going to  
 16 move to strike that entire commentary because there  
 17 was no question pending. He was just going off on a  
 18 tangent, not in response to anything counsel asked  
 19 him.

20 MS. BOJKO: I said specifically to a  
 21 prior question which was about a catastrophic event  
 22 and that's when he went into the dead end pressures  
 23 and asked to see the documents.

24 MR. HEALEY: I would object, your Honor,  
 25 then that I specifically did not ask him questions

1 about this document during the cross-examination, so  
2 it's outside the scope of the cross. And your Honor  
3 supported my request that he not be allowed to  
4 reference it.

5 EXAMINER SANYAL: I am going to overrule  
6 your objection.

7 Q. (By Ms. Bojko) Mr. Sonderman, Mr. Healey  
8 specifically asked you if you were aware of any  
9 outages during the test year. I don't know if he  
10 specified Suburban's system but are you aware of any  
11 outages that occurred onto an actual gas system  
12 during the test year specifically on January 21,  
13 2019.

14 MR. HEALEY: Objection. Your Honor, my  
15 question, in fact, was was he aware of any outages  
16 resulting from low pressure at Lazelle Road, not more  
17 generically were there any outages anywhere in the  
18 universe related to gas we have which seems to be the  
19 scope of the question that counsel just asked him.  
20 It was not even specific to Suburban.

21 EXAMINER SANYAL: Ms. Bojko, I will allow  
22 you to brief --

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

24 EXAMINER SANYAL: Thank you.

25 Q. (By Ms. Bojko) You had a discussion about

1 outages and catastrophic events with Mr. Healey,  
2 several questions. Are you aware of catastrophic  
3 events that occurred during Suburban's test year in  
4 the region?

5 MR. HEALEY: Objection. Same objection,  
6 your Honor. This case is about what happened in  
7 Suburban. This case is about their system, and all  
8 my questions were related to Suburban. She's asking  
9 him --

10 EXAMINER SANYAL: Objection overruled.

11 MR. HEALEY: -- about the region.

12 EXAMINER SANYAL: Overruled.

13 A. Yes. Let me explain what happens in a  
14 catastrophic event like this. The system goes down.  
15 Everybody is out of gas for an extended region. The  
16 Company first has to shut off all the meters in all  
17 of the homes, all the businesses in the area. That  
18 takes many, many people. It has to then purge the  
19 pipeline because now it's got air --

20 EXAMINER SANYAL: Mr. Sonderman, I am  
21 going to interrupt. I'm sorry. I am going to direct  
22 you to answer because I feel like there might be  
23 another objection coming. Could you answer the  
24 question that Ms. Bojko specifically asked.

25 THE WITNESS: Yes.

1 EXAMINER SANYAL: Thank you.

2 THE WITNESS: Thank you. I will. Yes,  
3 there was a very extensive outage that occurred in  
4 late January affecting the National Grid and  
5 deliveries to the area including Newport, Rhode  
6 Island.

7 Q. And do you know what was the cause of  
8 that outage?

9 MR. HEALEY: Objection, your Honor. We  
10 are talking about outages in Rhode Island. This  
11 can't possibly be relevant.

12 MS. BOJKO: Your Honor, he's asked  
13 specific questions about the risk that the Company  
14 was willing to take and whether Suburban put  
15 customers at risk in January 2019. We're  
16 explaining -- we are responding to that question and  
17 why the Company thought it was necessary to put in  
18 this pipeline when it did and what could result if  
19 the risk occurred. He said thankfully it didn't  
20 occur, but we have a right to question what happens  
21 if it would occur and what would happen to the system  
22 and what kind of risk is the Company taking on by not  
23 adding the extension.

24 EXAMINER SANYAL: Mr. Healey, your  
25 objection is overruled.

1           A.    The question, please?

2           Q.    I asked you if you knew why the massive  
3           outage in Rhode Island occurred on the same day that  
4           you had low pressures in -- on your system.

5           A.    National Grid experienced very high  
6           demand from early heat sensitive customers in the  
7           metropolitan Newport, Rhode Island, and the system  
8           crashed. Over 6,000 customers were affected.  
9           National Grid mobilized over a thousand field service  
10          personnel from their company and from other companies  
11          that went in; and, again, as I was starting to  
12          explain, you have to cut off all the meters. You  
13          have to purge the gas pipeline because it's got air  
14          in it. You have got to repressurize the pipeline  
15          with natural gas. And then you have to go to every  
16          single service address, test for leaks in that  
17          service address, and restore service by opening the  
18          valve on the meter.

19                In that case, and these -- the  
20          temperatures in January, I think the actual outage  
21          occurred on January 21, it took them almost three  
22          weeks to restore service to customers. They had to  
23          open emergency shelters for folks with infirmities  
24          and medical conditions. That is a nightmare scenario  
25          that I prefer to avoid as president of Suburban

1 Natural Gas Company.

2 Q. And is that the type of catastrophic  
3 event that you referred to in response to Mr. Healey  
4 on cross-examination that you as the president are  
5 trying to avoid for Ohio customers?

6 A. Precisely that. The impact is so  
7 unacceptable that we have to take extraordinary  
8 measures to avoid it.

9 Q. And are you aware of what National Grid  
10 is now facing from regulators due to this risk they  
11 took on by not adequately --

12 A. Yes. I understand that in addition to  
13 several civil litigation matters, they are under  
14 significant investigation from the National  
15 Transportation Safety Board and the Pipeline and  
16 Hazardous Materials Administration, the DOT, the  
17 Federal DOT.

18 Q. And that outage, that catastrophic event,  
19 was caused by low pressure on the National Grid  
20 system; is that what you stated?

21 A. Low pressure that caused a complete loss  
22 of pressure in Newport, Rhode Island.

23 Q. Mr. Sonderman, you -- you had an eloquent  
24 explanation I quite enjoyed about fluid dynamics. Do  
25 you recall that?

1 MR. HEALEY: Objection to the  
2 characterization as eloquent.

3 THE WITNESS: Sustained.

4 EXAMINER SANYAL: I will let you rephrase  
5 your question.

6 Q. (By Ms. Bojko) Mr. Sonderman, do you  
7 recall your explanation about fluid dynamics?

8 A. Yes. Subject to recalling Mr. Grupenhof  
9 to the stand for a true informed discussion, I do  
10 recall that effort.

11 Q. I have a question that might help if we  
12 may turn to your attachments to your testimony which  
13 are the two maps attached to your testimony,  
14 Attachment AJS-1 and 2.

15 A. Okay.

16 MS. BOJKO: Your Honor, may we approach?  
17 We may have a demonstrative that may help in his  
18 fluid dynamics explanation.

19 EXAMINER SANYAL: Yes.

20 A. Could we stop talking about fluid  
21 dynamics?

22 MS. BOJKO: We also have these. I don't  
23 know if this would be helpful. They are kind of hard  
24 to see in there.

25 EXAMINER SANYAL: Okay.

1 MS. BOJKO: Here is a packet. These are  
2 just blown-up maps. You don't want my --

3 MR. HEALEY: Very nice.

4 MS. BOJKO: I thought Mr. Willis might  
5 need them.

6 THE WITNESS: Your Honors, may I stand  
7 over here for these exhibits?

8 EXAMINER SANYAL: Yes, you may.

9 THE WITNESS: Vern.

10 MR. MARGARD: You know I can't see this,  
11 right?

12 EXAMINER SANYAL: Mr. Margard, you may  
13 move.

14 MR. MARGARD: Thank you.

15 MS. BOJKO: Thank you, sir.

16 A. Okay. I am going to -- although there  
17 are legends here, the configuration of the system is  
18 actually north to south instead of east to west and  
19 so.

20 Q. Oh, but we need to do this way.

21 A. Okay. If you insist.

22 Q. You need to do this to this.

23 A. I can do that.

24 MS. BOJKO: And, your Honors, to help  
25 explain a little bit, the red line as Mr. Sonderman



1 pointed out is the Big Island, and then it goes on  
2 the red line, and the blue lines connect, so  
3 technically it should look like this.

4 A. I was going to say that.

5 Q. Okay.

6 MR. HEALEY: I prefer he say it rather  
7 than counsel.

8 MS. BOJKO: I'm sorry. I am trying to  
9 explain my demonstrative. These do have the same  
10 information as you have in front of you.

11 Q. Wait, wait. There is no question pending  
12 so that's why I was explaining my demonstrative.

13 EXAMINER SANYAL: Thank you.

14 Q. Mr. Sonderman, could you for the record  
15 explain the red line on the two maps before you and  
16 the size of that line and when it was constructed.

17 A. Yes.

18 MS. BOJKO: If I may, a little bit of  
19 foundation, your Honor, I will get to the fluid  
20 dynamics discussion on Mr. Healey in a minute.

21 A. Okay. The red line, this is -- this is  
22 Marion, Ohio, so you are looking at north of Marion.  
23 There is a -- the 6-inch line starts at the Big  
24 Island point of delivery on Columbia Transmission.  
25 It runs south past the city of Marion. You see -- in

1 yellow you see our primarily plastic laterals serving  
2 retail markets.

3 The major point of delivery from Columbia  
4 Transmission though is at Somerlot-Hoffman, and it  
5 typically is pushing gas up north as far as Big  
6 Island and south clear into Delaware County onto  
7 Lazelle Road which is the Franklin County line on the  
8 south, okay? All of these yellow lines reflect our  
9 distribution system into residential neighbors, the  
10 Polaris Fashion Place down here right at the very  
11 stub end of our system, and you can see the  
12 concentration of our developed subdivisions is very  
13 much to the south.

14 This line was actually acquired from  
15 Marathon which acquired it from Atlantic Richfield.  
16 It was constructed originally as an oil pipeline and  
17 was repurposed, and we leased it in 1988.

18 Now --

19 Q. So the red line, what's the diameter of  
20 the red line?

21 A. I'm sorry. That is a 6-inch high  
22 pressure line. It has a maximum allowable pressure  
23 pursuant to USDOT requirements of 300 pounds.

24 Q. And the Somerlot north, the pressure goes  
25 north, and then from the Somerlot POD down, the

1 pressure flows south; is that correct?

2 A. Yes, that's correct.

3 Q. And so could you point out on the maps  
4 where the Lazelle POD is that you have been talking a  
5 lot about today in the responses?

6 A. The Lazelle POD is located right here at  
7 the very southern terminus of our system.

8 EXAMINER SANYAL: I'm sorry. Could you  
9 show that to me again?

10 THE WITNESS: Absolutely.

11 EXAMINER SANYAL: You were actually  
12 walking.

13 THE WITNESS: It's right there where the  
14 red line stops.

15 EXAMINER SANYAL: Okay. Got it.

16 Q. (By Ms. Bojko) And then there's a blue  
17 line, it appears on the map. Could you explain what  
18 that -- and the blue line starts at Somerlot-Hoffman;  
19 is that correct?

20 A. That's correct.

21 Q. And could you explain the blue line?

22 A. The blue line represents the Del-Mar  
23 Pipeline. The Del-Mar Pipeline has been installed  
24 now in two pieces, the first 20 miles of it at  
25 12-inch high pressure. It has -- it has been tested

1 at 500 pounds maximum allowable operating pressure,  
2 but in tandem with the ARCO line, we have to go with  
3 a lower of the two, so the system as integrated  
4 operates at a maximum allowable pressure of 300  
5 pounds.

6 Q. And you said ARCO line. What's that  
7 mean?

8 A. ARCO line is the 6-inch high pressure  
9 line.

10 Q. Which is the blue line.

11 A. No.

12 Q. Oh, sorry.

13 A. The red one is the ARCO line. The 6-inch  
14 line is ARCO. The blue line is -- is the Del-Mar  
15 12-inch high pressure.

16 Q. Excuse me.

17 A. So this again is our primary point of  
18 delivery on Columbia Transmission that pushes gas 30  
19 some miles south to the Franklin County line.

20 Q. And could you point out where the 20-mile  
21 original Del-Mar -- Del-Mar Pipeline ended prior to  
22 this 4.9 pipeline extension being added.

23 A. Yes, if I can identify 36/37. This is  
24 Route 36/37 which is -- this is the interchange on  
25 I-71 to give you an orientation up at the top. If

1 you run over here, this is just south of 36/37 on  
2 Glenn Road is where the original 20 miles of Del-Mar  
3 high pressure pipeline ended.

4 And just to orient you, that was the line  
5 that was leased from Del-Mar Pipeline, LLC, that  
6 merged into Suburban as of the end of the test year,  
7 February 28. So it is no longer leased. It is no  
8 longer subject to lease payments in the GCR. It  
9 is -- it is in our rate base at least that far.

10 The extension then goes an additional 4.9  
11 miles from that terminal point. There's a Kroger  
12 Distribution Center right here so if you are up -- if  
13 you know that area, it's the Kroger Distribution  
14 Center. The high pressure 20 mile has now been  
15 extended for an additional 4.9 miles to just to the  
16 north of Hollenback Road and Peachblow. Okay?

17 So we do have some development up here  
18 but certainly not the concentrated development that  
19 has already occurred clear down at the south end of  
20 the system and to the east and the southern end of  
21 Alum Creek Reservoir.

22 Q. So the 4.9 mile extension was literally  
23 an extension of the same 12-inch steel pipeline. It  
24 just was extended 4.9 miles more.

25 A. That's exactly right. And what is the

1 effect of that? And I will just point out this is  
2 the point where they were -- that was the terminus of  
3 the 20 mile, so we are interconnected there with the  
4 20 inch -- the ARCO and the Del-Mar -- interconnected  
5 there and here, Somerlot-Hoffman, from the point of  
6 delivery of transmission and here at the southern  
7 end -- southern terminus of the extended pipeline, so  
8 you have got three points of interconnection. They  
9 are integrated. What does that do?

10 EXAMINER SANYAL: I am going to stop. I  
11 feel like there is no question there so let's wait  
12 until there is a question from your counsel.

13 THE WITNESS: Thank you, your Honor.

14 MS. BOJKO: Okay. Thank you, your Honor.

15 Q. (By Ms. Bojko) In your testimony on page  
16 21 in response to Mr. Healey, you talked about the  
17 law of physics or the fluid dynamics and the  
18 importance of the system that you've just now  
19 described. Thank you for describing that for  
20 foundation. So now explain why Suburban believed  
21 that through the law of physics that you needed to  
22 make this extension in order to fulfill your goal of  
23 the pressure at Lazelle POD?

24 A. Sure. In a nutshell, I think, we have a  
25 lot -- a lot larger straw that we're pushing gas

1 through interconnected with the 6 inch. That means  
2 that the friction to get gases farther down into the  
3 system is much less than it was when we just had the  
4 6-inch interconnected at the terminus of the line  
5 before we put in the extension.

6 This is where the judgment of our  
7 engineering firm came into play. I mean, we looked  
8 at all the factors that Mr. Grupenhof talked about,  
9 cost, easements, the ease of getting right-of-way,  
10 and the cost of repairing afterwards, and 4.9 miles  
11 seemed for all those reasons to be the most viable  
12 solution. And by getting this much closer to this  
13 traditional market, the situation that we saw on  
14 January 21 and 31 is averted, and I can sleep at  
15 night now.

16 Q. And that's what you said, "Anyone  
17 claiming that the pipeline is not fully used and  
18 useful to maintain service to our existing customers  
19 must ignore the physical reality of our system's  
20 configuration and the law of physics." You are  
21 talking about the existing Del-Mar Pipeline extension  
22 moving in parallel down the system and then merely  
23 just being expanded, so it continues to serve  
24 existing customers; is that what you meant by that?

25 MR. HEALEY: Objection, your Honor.

1 That's very, very leading.

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

4 Q. (By Ms. Bojko) Okay. Mr. Healey asked  
5 you about the sentence that I just read. Do you  
6 recall that?

7 A. Yeah.

8 Q. Okay.

9 MS. BOJKO: What?

10 EXAMINER SANYAL: Move on. Let's move  
11 on.

12 Q. Do you recall that? So in that sentence  
13 when you talk about the physical reality of your  
14 system's configuration, how -- how does that make it  
15 used and useful to existing customers as you stated  
16 in this statement that Mr. Healey questioned you  
17 about?

18 A. The pipeline is completely pressurized.  
19 The pipeline is completely integrated with the 6-inch  
20 pipeline. It completely re-enforces the 6-inch  
21 pipeline all the way down to Lazelle Road even though  
22 it doesn't extend all the way down to Lazelle Road.  
23 It brings greater deliverability closer to the oldest  
24 area of our southern market.

25 Q. And to say that greater ability to the



1 southern market, you used the word "straw." Could  
2 you explain that? You are saying instead of the 6  
3 inch you now have the 12 inch.

4 A. We got an 18-inch straw. That's a little  
5 facetious so let me explain that. The 6 inch by  
6 itself clearly was no longer capable of managing our  
7 existing requirements at the very southern tip of our  
8 system where our oldest existing customers were put  
9 in. We grew from the south up. So we are protecting  
10 them because we know that the pressure is  
11 unacceptably low if we don't.

12 And I am absolutely convinced that this  
13 was the right thing to do and should be recognized in  
14 our rate base, and we are happy to do it under the  
15 stipulated three-phase.

16 Q. And the system's configuration that you  
17 discussed with Mr. Healey, what would you envision  
18 the next step to be in the Company's system  
19 configuration?

20 A. Well, one thing that can happen, there  
21 have not been any greenfield pipeline projects as to  
22 which there is an open season offered by interstate  
23 pipelines in some time in our part of the state. As  
24 areas like Dublin, Powell, Delaware city,  
25 Westerville, as those continue to grow, there may be

1 enough load where it would make economic sense for an  
2 interstate pipeline, most logical Columbia  
3 Transmission, but there are others that could go  
4 ahead and construct a new pipeline we could draw off  
5 of, and I would like to see that closer down to the  
6 south end of our system.

7 But the other more likely alternative in  
8 the absence of that kind of construction is that we  
9 will have to keep a very close eye on peak day  
10 pressures at Lazelle Road. It's going to be kind of  
11 the canary in the coalmine, and when it starts  
12 showing degradation like we saw in February 2015, we  
13 will -- if I were to still be here, I would be here  
14 with another application for a pipeline extension.

15 Q. Of the same --

16 A. Of the same -- it makes so much more  
17 sense to connect the 12 inch to a 12 inch than to try  
18 to put a joint and bring it down to a 6 inch or a 4  
19 inch. Why would you do that when you've got a  
20 right-of-way and you need additional pressure? You  
21 might as well maximize your opportunity.

22 Q. And you believe that that is a  
23 possibility if more of the plastics, the yellow on  
24 the maps, if that continues to add customer load and  
25 grow and you have to add distribution services to

1 those new customers?

2 A. Yeah, of course. Again, keep in mind  
3 that the line ends right here at that pie at the  
4 road. And although there is some development here,  
5 it's going to continue north. Most of it is already  
6 developed in the south. So as -- as more gas stops  
7 here, if you will, it means we have to continue to  
8 make sure we've got additional pressure at the stub  
9 end of the system. And, right now, the only place to  
10 get it is from Somerlot-Hoffman.

11 MS. BOJKO: Thank you, your Honor. I  
12 have no further questions.

13 EXAMINER SANYAL: Mr. Healey?

14 - - -

15 RECROSS-EXAMINATION

16 By Mr. Healey:

17 Q. Mr. Sonderman, you testified that  
18 Suburban is adding roughly somewhere 3 to 5 hundred  
19 customers a year, give or take?

20 A. Give or take, yeah.

21 Q. Can you show me where on the map the  
22 majority of those new customers are coming into your  
23 system?

24 A. Let's see if I can find Lewis Center  
25 Road.

1           Q.    And if you could possibly stand on the  
2 other side so I can see. I am not saying I am more  
3 important than the Attorney Examiners.

4           A.    I will do it from both sides.

5           EXAMINER SANYAL: Thank you.

6           Q.    Yeah, if you wouldn't mind.

7           A.    This is Lewis Center Road. Our  
8 offices -- this is Old State Road. Our offices are  
9 located right in here.

10           MR. EUBANKS: Could you do me a favor and  
11 like describe -- once we look at the transcript we  
12 will not know what you are talking about. First of  
13 all, this is sheet 2 of 2.

14           MR. HEALEY: Your Honor, I apologize, but  
15 I believe I am the one cross-examining right now.

16           EXAMINER SANYAL: Correct. Mr. Eubanks,  
17 let's do clarification after.

18           MR. EUBANKS: Okay. Then I will have to  
19 ask all his questions over again, ask him to point  
20 out every specific point. Okay.

21           A.    I'll try to do a better job. On sheet 2  
22 of 2 which represents the southern end of our system  
23 basically to the point where it crosses the Delaware  
24 County/Marion County line -- actually that's not  
25 quite true. This is -- this is the Delaware County

1 line here on sheet 1 of 2. But Lazelle Road is at  
2 the far south end as reflected on 2 of 2. Lewis  
3 Center Road on sheet 1 of 2 you will see it bends --  
4 this is actually Big Walnut at this point. It  
5 becomes Lewis Center Road at the point where it bends  
6 around Alum Creek Reservoir and comes down  
7 acrossing -- crossing the railroad tracks and this is  
8 Route 23, U.S. 23 here.

9 So this area that I am pointing to is  
10 north of Lewis Center Road on both sides of the rail  
11 tracks generally speaking to the east of U.S. Route  
12 23 but a couple of cases across Route 23, but these  
13 areas in large measure this is -- this is an area  
14 right here called Evans Farm. There is going to be  
15 the Parade of Homes out there this next couple of  
16 weeks. There -- that development is going to have  
17 eventually a couple thousand homes in it. Now, I  
18 don't know how quickly they will build out, but I  
19 know this year they have already put in probably a  
20 couple hundred homes just in that one development.

21 We've got Berlin Manor also committed.  
22 That is right up -- that actually is up at just south  
23 of Cheshire Road so this is up here. So generally  
24 speaking -- sorry, Chris.

25 Q. No, you're good.

1           A.    Generally speaking the growth is coming  
2   up this way, and we have some of these committed,  
3   some of them prospects, but where you see our yellow  
4   lines, those can be extended. Laterals can come off  
5   of the combined steel system to provide more  
6   pressure. And we see 36/37 as an area where we are  
7   definitely going to extend our lines to capture  
8   additional load. But my point is that you can't  
9   forget the folks down here. You can't forget the  
10  folks we put on first, and we have got to protect  
11  them.

12           Q.    You mentioned in the Evans Farm's  
13  development, is that -- did I get that name?

14           A.    Evans Farm.

15           Q.    Evans Farm, is Suburban serving those new  
16  houses as they come on?

17           A.    Yes.

18           Q.    And is that development north or south of  
19  the current terminus of the Del-Mar line?

20           A.    That is south of the current terminus of  
21  the Del-Mar Pipeline. The Del-Mar Pipeline ends at  
22  Hollenback Road which would be I want to say about a  
23  mile north of Lewis Center Road, approximately.

24           Q.    I will let you move back to your seat, if  
25  you would like, because I will move on.

1           A.    I was kind of enjoying the vlog.

2           Q.    You mentioned a case in Rhode Island  
3 involving National Grid. Do you recall that with  
4 your counsel?

5           A.    Yes, sir.

6           Q.    And according to your testimony, they had  
7 outages as a result of low pressure, correct?

8           A.    Yes, sir.

9           Q.    And do you happen to know what caused  
10 that low pressure for National Grid?

11          A.    It's my understanding that basically this  
12 sort of situation that might have affected us  
13 affected them. It was at the terminal end of  
14 National Grid's delivery system. Newport, Rhode  
15 Island, is on the coast. They were -- they  
16 experienced the same weather system at the same time  
17 we did with extremely low temperatures, and so  
18 basically all the gas that could be delivered was  
19 used up and the friction prevented it from going  
20 farther on the 21st of January and the system just  
21 gave out.

22          Q.    Are you aware that the reported cause of  
23 the outages for National Grid was a frozen valve?

24          A.    I have heard various explanations for  
25 that. I'm not sure they have isolated on a frozen

1 valve as a single cause, sir.

2 Q. And if there were to be a frozen valve,  
3 for example, at Somerlot-Hoffman, it wouldn't matter  
4 how big your pipelines are because there is no gas  
5 getting in, correct?

6 A. It depends on what position the valve  
7 froze.

8 Q. Let's assume it froze shut.

9 A. We actually had that situation in  
10 September of '17, but it wasn't as a result of low  
11 pressure. It was as a result of Columbia  
12 Transmission mistakenly shutting off our major -- our  
13 main supply source. But it's hard for me to imagine  
14 a situation where the valve would have been anything  
15 but open at the point -- that's why I have trouble  
16 thinking that it was just a valve that froze shut.  
17 At that point in time everything is going full blast.

18 Q. But the point is you don't actually know  
19 what caused the outage for National Grid, correct?

20 A. I don't think it has been established as  
21 a matter of empirical fact, but I have heard that it  
22 was a low pressure problem, not a frozen valve  
23 problem.

24 MR. HEALEY: I am going to move to  
25 strike, your Honor, hearsay based on him saying he



1 heard it from someone, and that person, whoever it  
2 might have been, is not here to testify.

3 MS. BOJKO: Your Honor, he asked him what  
4 his understanding was, whether he knew what the  
5 outage was, and he said it was his understanding it  
6 was a low pressure, not a valve.

7 EXAMINER SANYAL: Your motion is denied.

8 MR. HEALEY: Thank you, your Honor.

9 Q. (By Mr. Healey) You mentioned during your  
10 examination by Ms. Bojko that you believe that the  
11 phase-in benefits customers and does not benefit the  
12 Company; is that right?

13 A. To the extent that we achieve a  
14 settlement that we can live with and a timely  
15 implementation of rates, certainly that benefits the  
16 Company. I don't need to deny that we need the  
17 increase of revenues, be better than negative  
18 earnings position for the past two fiscal years. So,  
19 yeah, we need a rate increase. And I think we  
20 deserve it based on the need for this line which was  
21 the biggest single addition to our plant.

22 Q. Now, did you testify you believe that the  
23 phase-in benefits customers, correct?

24 A. Sure.

25 Q. And it benefits customers in your opinion

1 compared to putting the entire pipeline in  
2 immediately, correct?

3 A. It benefits customers because they now  
4 have a safe system.

5 Q. Well, they have a safe system whether  
6 it's phase-in or not, that's not a symptom of a  
7 phase-in, is it? My question is about the phase-in.

8 A. Okay.

9 Q. So --

10 A. The phase-in itself I guess doesn't  
11 increase the safety of the system.

12 Q. So what is the benefit to customers from  
13 the phase-in itself?

14 A. A reduced revenue requirement in years  
15 one and two.

16 Q. As compared to?

17 A. As compared to a full inclusion in rate  
18 base which we concede.

19 Q. It would increase rates for customers as  
20 compared to disallowing the entire pipeline as OCC  
21 recommends, correct?

22 A. Of course.

23 MR. HEALEY: That's all I have, your  
24 Honor.

25 EXAMINER SANYAL: Any other?

1 MR. EUBANKS: Just a few.

2 EXAMINER SANYAL: Sure.

3 - - -

4 CROSS-EXAMINATION

5 By Mr. Eubanks:

6 Q. You say there was a section where your  
7 residents were growing -- I mean where your customers  
8 were increasing. I just want to be clear if you  
9 could come back to the stand -- I mean to the  
10 demonstrative exhibit. If you look at Section F and  
11 Section G on sheet 2 of 2.

12 A. Okay. Okay. I have them.

13 Q. Do you see where F and G meet? Where F  
14 ends and G starts --

15 A. Yeah.

16 Q. -- the line?

17 A. Yeah. I am trying to see. That would  
18 be -- I believe that's Home Road.

19 Q. Is that approximately -- if we were to go  
20 vertically up and down, is that a -- approximately  
21 where the customer growth is starting if we were --  
22 move from the right to the left on the --

23 A. Well, I think my answer to your question  
24 is while there is still some operated -- I know that  
25 we have development committed for this little area

1 here.

2 Q. And that area --

3 A. I am pointing to an area that is between  
4 Lewis Center Road and what I believe is Home Road.

5 Q. I guess my -- let me rephrase my  
6 question. You are referring to streets.

7 A. Uh-huh.

8 Q. And the streets aren't named on the  
9 sheet.

10 A. Yeah.

11 Q. So if you could refer to the --

12 A. Grid lines.

13 Q. -- the grid lines.

14 A. Okay. While there is some growth still  
15 occurring to the south of the grid, line F, most of  
16 the near term growth we're seeing is going to be  
17 between somewhere -- where is Lewis Center?

18 Q. Okay. Most is going to be north in the  
19 grid line F up to approximately the grid line between  
20 C and D which gets you up to 36/37. So we're talking  
21 about basically right here, your Honors.

22 EXAMINER SANYAL: Yes. We see it. Thank  
23 you.

24 Q. And you spoke about the 4.9 mile  
25 extension. That would have begun on sheet 1 of 2 in

1 Grid Section C?

2 A. Yeah. It would have been in --

3 Q. So it's 2 of 2.

4 A. Yeah. It's 2 of 2, and it's between C  
5 and the hashmark almost halfway between the C and  
6 hashmark that's halfway to D. It's -- again, it's  
7 basically right in here.

8 Q. It's where C and D meet.

9 A. Yeah, yeah. That's fair.

10 Q. And it ends in hashmark F -- or Grid Line  
11 F.

12 A. Yeah. It's closer to the grid line  
13 between I and F.

14 Q. Okay.

15 A. It's right there.

16 Q. You mentioned Lazelle Road.

17 A. A couple of times.

18 Q. Could you state using the grid lines and  
19 the sheet where Lazelle Road is.

20 A. Lazelle Road is well to the right of --  
21 well to the south of Grid Line H.

22 Q. To the south of the middle of the H,  
23 right, yeah, I see what you are saying.

24 A. It's really more than halfway if there  
25 was -- there was an I, it would be about here, I

1 think.

2 Q. That's on sheet 2 of 2.

3 A. That's correct.

4 Q. Were there any other landmarks that you  
5 mentioned in your descriptions that you would like to  
6 point out where they are using the sheet numbers and  
7 the grid lines on the sheet?

8 A. Okay. Well, Somerlot-Hoffman moving to  
9 sheet 1 of 2 would be located between almost pretty  
10 close to the grid line between C and D.

11 Q. That one is pointed out on -- that one  
12 is, you know, we see that on sheet 1 of 2. We also  
13 see Big Island POD because that's specifically  
14 pointed out on sheet 1 of 2. Is there anything else  
15 that wasn't --

16 A. As you can see on this map, most  
17 everything is just cross-country pipeline. We have a  
18 couple markets close to Marion. Not much happening  
19 in Marion in terms of growth. So, let's see, the  
20 first market that we got at this point would be  
21 basically between Grid Line C and the halfway  
22 hashmark to D up on the north side of Delaware along  
23 36/37 including that Kroger Distribution Center that  
24 I was telling you about. And you can see where  
25 pretty close this is Old State -- not the Old State

1 Road, pretty close to 36/37, so 36/37 and just north  
2 of it are kind of our target areas and then to the  
3 south of that.

4 Q. 36/37 runs east to west.

5 A. Generally it's more southeast to  
6 northwest but.

7 MR. EUBANKS: Okay. I have no other  
8 questions.

9 EXAMINER SANYAL: Any other  
10 clarifications on these maps?

11 - - -

12 EXAMINATION

13 By Examiner Parrot:

14 Q. I have got a question for you, but you  
15 may have a seat.

16 A. Thank you.

17 Q. I will refer you to page 3 of your  
18 testimony.

19 A. Yes, ma'am.

20 Q. All right. At line 6 you're discussing  
21 the merger of Del-Mar Pipeline Company. And I think  
22 the point there is that Del-Mar merged with Suburban,  
23 correct?

24 A. Suburban is the surviving entity, yes.

25 Q. It's effective as of that February 28

1 date; is that correct?

2 A. Correct.

3 Q. So I haven't seen an application for the  
4 Commission to review and approve the merger, so I  
5 guess my question is is part of what the Company is  
6 seeking in these proceedings the Commission's  
7 approval of the merger?

8 A. With all due respect Del-Mar Pipeline is  
9 not a regulated utility, never has been, and so there  
10 is no approval requirement for the merger of a  
11 nonregulated entity into a regulated utility.

12 Q. Is that your opinion as an attorney you  
13 are offering?

14 A. That is the opinion I have received from  
15 those who act as my attorney.

16 EXAMINER PARROT: All right. Thank you.  
17 I think we're done. Thank you.

18 EXAMINER SANYAL: Thank you.

19 THE WITNESS: Thank you.

20 MS. BOJKO: Your Honor, at this time I  
21 would like to move the admission of Suburban Exhibit  
22 5, Mr. Sonderman's testimony. I would also move the  
23 admission of Suburban 12 which were the newspaper  
24 publications. And I would also move for the  
25 admission of Joint Exhibit 1, the Stipulation, and



1 Joint Exhibit 2, the tariffs. And then I guess  
2 lastly I would also move the admission of Suburban  
3 Exhibit 1, the Application.

4 EXAMINER SANYAL: Any objections?

5 MR. HEALEY: I am going to have to go  
6 through those one by one because I may have some  
7 objection. They were kind of all over the place.

8 EXAMINER SANYAL: Let's start with  
9 Suburban Exhibit 1 which is the Application. Any  
10 objections?

11 MR. HEALEY: No.

12 EXAMINER SANYAL: Okay. So that one is  
13 moved into evidence.

14 (EXHIBIT ADMITTED INTO EVIDENCE.)

15 EXAMINER SANYAL: Suburban Exhibit 5  
16 which is the Sonderman direct testimony in support of  
17 the Stip, Stipulation.

18 MR. HEALEY: No objection.

19 EXAMINER SANYAL: Any?

20 (EXHIBIT ADMITTED INTO EVIDENCE.)

21 EXAMINER SANYAL: Joint Exhibit 1 which  
22 is the Stipulation.

23 MR. HEALEY: I would ask the Bench to  
24 hold off on that until we cross Staff's witnesses  
25 since they are a signatory to the Stipulation as

1 well.

2 MS. BOJKO: Your Honor, I am not sure  
3 that's proper given that we have the burden of proof  
4 in this case. The Joint Exhibit 1 and 2 would need  
5 to be moved and admitted into the case in chief.  
6 Otherwise, Mr. Healey could stand up next and do a  
7 motion for summary judgment saying we didn't meet our  
8 burden of proof because those items have not yet been  
9 admitted.

10 MR. HEALEY: This is -- I will agree not  
11 to do that, your Honor. This is also why I suggested  
12 Staff go first as well.

13 EXAMINER SANYAL: Under that we will move  
14 it at the end of Staff's presentation. Joint Exhibit  
15 2 which is the tariffs.

16 MR. HEALEY: Same.

17 EXAMINER SANYAL: Same, okay. Suburban  
18 Exhibit 12 which is the newspaper publication.

19 MR. HEALEY: No objection there.

20 EXAMINER SANYAL: That one is admitted.

21 (EXHIBIT ADMITTED INTO EVIDENCE.)

22 EXAMINER SANYAL: I think that was it,  
23 right?

24 MS. BOJKO: Yes, your Honor. Tomorrow  
25 morning we will resubmit Suburban Exhibit 4 with the

1 testimony of Mr. Kyle Grupenhof.

2 EXAMINER SANYAL: And then, OCC, I have  
3 some exhibits.

4 MR. HEALEY: Yes, your Honor. I move for  
5 the admission of OCC Exhibit 8, 9, and 10.

6 EXAMINER SANYAL: Any objections to that?  
7 Those are admitted.

8 (EXHIBITS ADMITTED INTO EVIDENCE.)

9 MS. BOJKO: No, your Honor.

10 EXAMINER SANYAL: Thank you. Those are  
11 admitted.

12 Okay. So I did send an e-mail saying I  
13 have to leave -- let's go off the record.

14 (Discussion off the record.)

15 EXAMINER SANYAL: Let's go back on the  
16 record.

17 We had a brief discussion regarding  
18 scheduling, and we have agreed to end for the day and  
19 start again tomorrow at 9:00.

20 And let's go off the record.

21 (Thereupon, at 3:38 p.m., the hearing was  
22 adjourned.)

23 - - -

24

25

CERTIFICATE

I do hereby certify that the foregoing is  
a true and correct transcript of the proceedings  
taken by me in this matter on Wednesday, July 10,  
2019, and carefully compared with my original  
stenographic notes.

\_\_\_\_\_  
Karen Sue Gibson, Registered  
Merit Reporter.

(KSG-6775)

- - -

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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 Suburban Natural Gas Company hearing held on 07/10/19 - Volume II electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.