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STATE OF FLORIDA
DIVISION OF ADMINISTRATIVE HEARINGS

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PEOPLES GAS SYSTEM,
Petitioner,

vs. Case No. 18-4422

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

RESPONDENTS.

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PROCEEDINGS: FINAL HEARING
BEFORE: E. GARY EARLY
Administrative Law Judge
DATE: June 25, 2019
TIME: Commenced at 1:30 p.m.
LOCATION: DIVISION OF ADMINISTRATIVE
HEARINGS
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Tallahassee, Florida
REPORTED BY: DEBRA R. KRICK
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the State of Florida
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P R O C E E D I N G S

THE COURT: All right. Are these --

MR. BROWN: These are exhibits --

THE COURT: -- 77 through 80?

MR. BROWN: Yes.

THE COURT: So these are being introduced in lieu of live testimony?

MR. BROWN: No, not in lieu of, but because they are -- they are corporate rep depositions for the first three, for Mr. Hudson, Mr. Minner and Mr. Rogers. Mr. Howe was our expert who is going to be unable to attend. He is in lieu of live testimony.

THE COURT: All right.

MR. MOYLE: And we have the live safety guy that's going to go in as well.

THE COURT: Okay. All right. Well, hearing no objection from Mr. Wharton. Mr. Wharton, any objection to 77 through 80? I will wait to hear from Mr. Wharton.

MR. WHARTON: Sorry, Your Honor.

THE COURT: That's all right. Mr. Wharton is here precisely at 1:30. I assume you rested your case and we are proceeding accordingly.

MR. WHARTON: I came in, but I had my sunglasses on.

1 THE COURT: All right. So Mr. Brown has just
2 offered deposition transcripts, Exhibits 77 through
3 80. Any objection? Three of them are corporate
4 representatives of the -- one of you two, and the
5 other is the safety expert who is unable to attend
6 and is being produced. And that's Mr. Howe, is
7 your --

8 MR. BROWN: Yes.

9 THE COURT: So he is PGS. And then the others
10 are respondents.

11 MR. BROWN: Corporate rep for the two parties.

12 THE COURT: Right, so no objection?

13 MR. WHARTON: No objection.

14 THE COURT: All right. So without objection
15 Petitioners Exhibits 77, 78, 79 and 80, being
16 various deposition transcripts, are received in
17 evidence.

18 (Whereupon, PGS Exhibit Nos. 77-80 were
19 received into evidence.)

20 MR. MOYLE: Your Honor.

21 THE COURT: Of the record for a second.

22 (Discussion off the record.)

23 THE COURT: All right. Back on the record.

24 So Peoples having rested and having presented
25 its evidence, we now turn to the City of Leesburg,

1 Mr. Moyle.

2 MR. MOYLE: Thank you. Thank you, Your Honor.

3 Our first witness is going to be Al Minner,
4 the City Manager. A couple of preliminary matters,
5 if I may.

6 THE COURT: Yes, sir.

7 MR. MOYLE: Mr. Brown and I have agreed -- you
8 will hear from Jack Rogers, who is the Leesburg
9 director of the natural gas. He had indicated that
10 he listed him as a witness and wanted to call him
11 in his case but said, is it okay if I call him --
12 use him when he is taking the stand on behalf the
13 City and go beyond the scope of direct, and I
14 agreed to that.

15 THE COURT: Okay.

16 MR. MOYLE: So that may present itself.

17 The other thing is, is Leesburg is going to
18 call, is inclined to call Mr. Rick Moses from the
19 PSC. He is the head of safety for the PSC, and he
20 has a situation tomorrow that will make him
21 unavailable. I am not sure I am going to get to
22 him today, but if I get through the rest of my case
23 by tomorrow, I think everyone has agreed that I
24 could call Mr. Moses out of order, maybe in the
25 case of SSGC, and I just wanted to make you aware

1 of that and make sure that that was okay with you.

2 THE COURT: Mr. Brown, no problem with that?

3 MR. BROWN: No problem.

4 THE COURT: Mr. Wharton?

5 MR. WHARTON: No problem.

6 THE COURT: That's fine. However, I am not
7 going to be confused how people come here, and I
8 think, in terms of witnesses that are going to be
9 called by both parties, I am always a huge
10 proponent of doing it all at one time and extending
11 direct, so I think it helps me, it helps the
12 witness, probably helps you guys as well.

13 MR. MOYLE: Yeah. So Mr. Rogers is the only
14 one that that's for.

15 THE COURT: Okay.

16 MR. MOYLE: Mr. Minner, if you can take the
17 stand.

18 MR. WHARTON: Your Honor, while Mr. Minner is
19 approaching, I guess that would affect the
20 intensity of my notes, if I ask you what your
21 theory is going to be about so-called friendly
22 cross in this case, not or --

23 THE COURT: Let me get Mr. Minner sworn in so
24 he can have a seat.

25 Raise your right hand.

1 Whereupon,

2 ALFRED ANTHONY MINNER, III

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

6 THE COURT: Your full name, please.

7 THE WITNESS: Alfred Anthony Minner, III.

8 THE COURT: All right. Please be seated.

9 MR. WHARTON: Certainly the respondents are
10 different parties. I am not an intervenor. I am a
11 respondent.

12 THE COURT: I will give you some latitude
13 to --

14 MR. WHARTON: I don't think -- we are not
15 talking with anything big.

16 THE COURT: You know, I said this before, and
17 it really goes for cross and direct, it really
18 helps me a lot more if I hear it coming from a
19 witness rather than having a witness say yes to
20 your testimony.

21 MR. WHARTON: I understand.

22 MR. BROWN: Would I go last then? Is that the
23 order?

24 THE COURT: I think so. Yeah, you would be
25 wrapping up. So you would have the benefit of Mr.

1 Wharton's questions.

2 MR. BROWN: That was all I wanted.

3 THE COURT: Yep. All right. Mr. Moyle.

4 DIRECT EXAMINATION

5 BY MR. MOYLE:

6 Q Mr. Minner, would you please state your name
7 and address for the record?

8 A My name is Al Minner. My address is 501 West
9 Meadows Street, Leesburg, Florida.

10 Q And where are you currently employed, and in
11 what capacity?

12 A I am currently employed by the City of
13 Leesburg as the Leesburg City Manager.

14 Q And how long have you held that position?

15 A I have held employment with the City of
16 Leesburg as their manager for about five-and-a-half
17 years.

18 Q Would you briefly tell the Court about your
19 duties and responsibilities as City Manager for the City
20 of Leesburg?

21 A Essentially, I am the chief executive officer
22 for the City. I am hired directly by the City
23 Commission, which is a five-member legislative body, in
24 charge of all the day-to-day operations, and report
25 directly to the five members.

1 Q And in my opening, I told the judge that there
2 would be a little bit of feel for the City of Leesburg,
3 and I would ask you to tell him, if you would, about the
4 City, where it's located, just describe it in some
5 general terms, if you would.

6 A Okay. The City of Leesburg is a -- I would
7 say typical Florida community. I have been in the city
8 manager business about 20, 25 years. A lot of the
9 Central Florida communities are similar in that regard.
10 It's located in northwest Lake County, kind of at the
11 intersection of 441 and 27, in the Harris Chain of Lakes
12 if you're a fisherman.

13 THE COURT: I am from Deland, I know where it
14 is.

15 THE WITNESS: There you go.

16 I think it had a history -- a pre 2000 history
17 of being an economic stable in the lake region. It
18 had an economy that was more than today's service
19 economy. It was an economic hub. It had, you
20 know, a mixed economy of industrial and commercial,
21 and it had a regional pull from the surrounding
22 communities of Fruitland Park, Silver Lake,
23 Sunnyside and developed a utility system.

24 So essentially, it's a City of about 25,000
25 with the metropolitan service area of about 50,000

1 people.

2 BY MR. MOYLE:

3 Q And with respect to the City's government,
4 form of government, could you briefly tell the judge
5 about that?

6 A Council manager form of government. So we
7 have three distinct districts. Each commissioner is
8 elected from one, two are elected at large. They hire
9 the City Manager. The City Manager then functions as
10 the chief executive officer.

11 We provide an array of services. We have our
12 general fund services, which are typical, fire, police,
13 roads, parks, yada, yada. Then we also provide about
14 five different utilities, water, sewer, electric,
15 natural gas, solid waste, those type of things. Those
16 are then broken down individually.

17 Our department heads are the next rung of
18 management. Underneath the department heads are
19 supervisors and then rank and file employees, about 475
20 employees, all of which report to me.

21 Q And with respect to your interaction, you
22 interact, I assume, with the Commission, the public and
23 City employees. Would you just take those one at a time
24 and tell the judge about your interaction right now with
25 the Commission?

1 A Interaction with the City Commission is
2 formally, in a public basis, every other week, we have
3 our regular City Commission meetings which are open to
4 the public. So at those timeframes, they offer their
5 legislative policy, their goals and directives through
6 the City. That's promulgated to me, and then we
7 executed that.

8 Then, different times of the year, we go
9 through our budget process where we come in with
10 specific financial objectives and review rates and
11 policies. Then we will go into different workshops
12 through different planning sessions and different
13 strategies.

14 So essentially, public meetings is when the
15 Commission is in its forum to direct and manage and give
16 direction to the City Manager. The City Manager then
17 takes that direction and goes to the department heads
18 and accomplishes the organizational goals.

19 Q And you interact as well with City employees
20 as you are the main person from a staff level in charge,
21 is that right?

22 A That's correct. We have the department heads
23 underneath me. They report to me. I deal with them
24 pretty much on a regular basis. I get down to
25 supervisory level a little bit, but then the department

1 heads have the specific domain of managing their
2 departments and reporting to me.

3 Q Okay. Your educational background, would you
4 please share that?

5 A I grew up in Maryland, so I went to school in
6 Western Maryland, Frostburg State University. I
7 reviewed received a Bachelor's degree there in Political
8 Science and History. From there, I went to Shippensburg
9 University, received a Master in Public Administration.
10 And from there, I moved on and started my city
11 management career.

12 Q And when you say you started your city
13 management career, just briefly tell the judge about
14 your professional background?

15 A I have been in the city management profession
16 about 25 years, 20 of them is in Florida. After I
17 graduated from Ship, I moved to Missouri, where I was
18 the Deputy City Manager, the city administrator there,
19 just a subtle form of difference in the local form of
20 government.

21 I was deputy for about a year,
22 year-and-a-half, then their manager for about four
23 years. After I left Vandalia, Missouri, I went to Fort
24 Meade, Florida, and I was their manager about six years.
25 From Fort Meade, I slid over to the coast, over 60, to

1 Sebastian, Florida, where I served as their city manager
2 for about 10 years. And I have been in Leesburg now
3 five-and-a-half.

4 Q Now, we are going to move into the natural gas
5 utility issue and why we are here, but I want to start
6 out in a bit of a broader level and ask you to just tell
7 the Court about the utilities that Leesburg provides,
8 and why.

9 A I think the good story, at least the municipal
10 side of the story is utilities are provided essentially
11 across the nation three phases, electric, water, sewer,
12 IOU, muni, co-op, and then those branch down a little
13 bit into your water, sewer, your different types of
14 utilities.

15 But I think an important part of the story is
16 that municipal utilities play a huge role in providing
17 utility services to the customers in the state of
18 Florida. We like to think that, back in the day of
19 electrification, when investor-owned utilities weren't
20 providing major services to the metropolitan area, it
21 was our city fathers who started electrification in the
22 communities.

23 We got into serving outside of our cities,
24 based on your region, or based on your individual city,
25 because neighboring communities or unincorporated areas

1 wanted that municipal service, whether it was electric,
2 gas or water, and the only service provider at the time
3 was the muni, and so the muni provided those services.

4 That history grew into today's, somewhat
5 today's discussion.

6 Q And Leesburg currently has what utilities that
7 it provides, both to people within and outside of its
8 jurisdiction?

9 A Well, we provide water, sewer, electric, gas
10 service to customers inside and outside our city limits.

11 Q And the role that you play with each of these
12 utilities?

13 A Each of those utilities, my role is to advise
14 the Commission on what we think long-range goals are.
15 And essentially those boil down to provide good service,
16 provide a reasonable rate, and then provide safety for
17 our workers and our customers, and then provide transfer
18 funds or Enterprise funds that then come back and
19 benefit the community.

20 Q And you mentioned safety. Tell the judge
21 about the role safety plays with respect to utilities in
22 all respects, and including natural gas.

23 A Safety is obviously very important. We want
24 our customers to receive safe utility service, electric
25 and gas, you know, so we want to make sure their side of

1 the meter is safe.

2 We want to make sure that we distribute that
3 energy to them safely, so we want our workers who are
4 distributing that service to work safe and function
5 safe. And then we want our interconnections with our
6 major providers to be safe.

7 So safety -- safety is an important factor.

8 Q And in each --

9 THE COURT: One second, Mr. Moyle.

10 Mr. Minner, you said that you provide service
11 inside and outside, is that for all the utilities
12 or just natural gas?

13 THE WITNESS: All four, water, sewer and
14 electric.

15 THE COURT: All.

16 THE WITNESS: Yep, water, sewer, gas,
17 electric.

18 THE COURT: Okay.

19 BY MR. MOYLE:

20 Q And with respect to your organizational
21 structure, is each utility headed by somebody?

22 A Each utility is headed by what we call a
23 director.

24 Q And who is the director for the natural gas
25 utility?

1 A Jack Rogers.

2 Q The judge asked a clarifying question about
3 the municipality. Describe for him, if you would, the
4 breakdown of your municipal and nonmunicipal customers,
5 and how that has been and how it took place. Give us
6 some information on that, if you would.

7 A The breakdown is about 55 percent outside
8 customer and 45 percent inside City Limit customer. And
9 I think that is just a makeup of Leesburg being more of
10 a service provider to the region and not just core
11 inside City Limits due to those historical facts that I
12 spoke of earlier.

13 Q All right. And just a couple more operational
14 questions and then I am going to ask you to approach the
15 map, but with -- I mean, Florida is comprised of both
16 investor-owned utilities and municipal utilities,
17 correct?

18 A That's correct.

19 Q All right. And tell the judge about a
20 municipal utility and how it's regulated, how it's
21 different from an investor-owned.

22 A Well, muni think we're special. We are
23 locally controlled. We are locally regulated. We
24 establish our own rates and policies. We are regulated
25 to agree in certain aspects. For example, on the

1 electric sides of the house, we are regulated by
2 territory, as in the electric service industry, all of
3 the territory is broken down essentially in the state,
4 and there is a specific provider in each of those
5 territories.

6 On the gas side of the house, it's a little
7 more wild west. There is not a specific defined gas
8 territory. There is some rules the Public Service
9 Commission uses that we will talk about I am sure here
10 in detail. But the gas side is, as I see, a little more
11 open for competition, but we are also regulated by the
12 Public Service Commission. We are also regulated by the
13 Public Service Commission on the gas side of the house
14 for safety.

15 So while on the gas side, we go to the City
16 Commission to put together emission and regulate our
17 rates and set our rates, and respond to customers and
18 bill and do those type of things, we annually report
19 back to the Public Service Commission on safety
20 standards that the State has for distribution, LGCs I
21 think is what they -- local gas service distribution
22 systems.

23 Q And the funds that are generated by all of
24 your utility systems, what -- tell the judge how that
25 factors into the City's operation.

1 A Well, I like to think that since I have been
2 the city manager, the City Commission is a lot more
3 utility centric, that our number one goal is to operate
4 as a utility first. To make sure we yet those utilities
5 distributed to our customers in a reasonable way.

6 Number two is it has become a competitive
7 world, and some of the old business practices that munis
8 had, we try to steer away from. And so essentially
9 that's number one, we want to have a competitive rate.

10 Once we have a competitive rate, then the
11 major benefit of the muni becomes that that is a system
12 that's owned by the public, operated by the public,
13 regulated to the most part by the public, and then those
14 financial benefits come back and benefit the community.

15 Q Let me direct your attention, if I could, to
16 an exhibit, Leesburg's Exhibit 2.

17 MR. MOYLE: It's already been admitted, Your
18 Honor.

19 BY MR. MOYLE:

20 Q Were you involved in the preparation of
21 Leesburg Exhibit 2?

22 A Yep, I did. I created the map. I had some
23 influence from Jack Rogers for some of the -- this is
24 the map.

25 THE COURT: Okay.

1 THE WITNESS: We had some influence from Jack
2 Rogers, and also used my GIS department to put it
3 together.

4 BY MR. MOYLE:

5 Q Okay. And I want, if you would -- and it
6 might be easier if you need to, you know, get up, but in
7 terms of showing the Court the areas that are depicted
8 on that map, could you do that? And start by telling
9 the judge what the bright yellow areas represent.

10 A Right. If I can narrate a little bit?

11 THE COURT: Sure.

12 THE WITNESS: The purpose of the map was to
13 depict to the Court Leesburg's reason that we
14 started this arrangement with SSGC, or The
15 Villages. I may slip too. I have been in Florida
16 for a little while, so PGS used to be TECO, so if I
17 say -- you know that, right? So PGS, TECO
18 synonyms; The Villages, SSGC, synonyms.

19 But the purpose of the map was to show the
20 Court the City's perspective, and why we believe
21 that we are the proper provider of natural gas
22 services to The Villages.

23 So we thought there was several components in
24 that. First, we thought we needed to show the
25 Court what's core Leesburg and what was our City

1 Limits. And that's the yellow. So the bright
2 yellow indicates our corporate City Limits.

3 You will note that we have some non-contiguous
4 annexation. We have that due to 171 Part II of
5 Florida Statutes, where, if you have an interlocal
6 government agreement with your county that provides
7 municipal services, then you can have
8 non-contiguous annexation. So we did that with
9 Lake County about 2014, 2015.

10 The brown areas indicate our existing
11 customers that are outside our corporate limits.
12 And the beige area indicates the area that we
13 believe is rightfully the City's territorial area,
14 or area that we believe that we can provide natural
15 gas into the best.

16 And just because this isn't to scale, I made a
17 couple of notes here that gives some more
18 information on the map so I can put some
19 reference --

20 THE COURT: I will tell you.

21 MR. BROWN: Can we have some questions?

22 THE COURT: If Mr. Brown wants to have a look
23 at your notes, he is entitled to do that.

24 THE WITNESS: It's just --

25 MR. BROWN: I would also ask that we have

1 questions along the way.

2 THE WITNESS: It's just the mileage from point
3 to point.

4 THE COURT: I think we have got a legitimate
5 question in there as to what the various things on
6 the map depict, and so I am comfortable with that
7 at this point.

8 THE WITNESS: I didn't want to put up a map
9 without reference just so you can have box points.

10 And so essentially, just so we are accurate,
11 we have talked about 468, and we talked about 470.
12 They are about three miles apart.

13 We've talked about 44 to 470. They are about
14 four miles apart.

15 We have talked about the kind of the length of
16 the City's -- or the length of the City's total
17 north/south, that's about 13 miles. And east to
18 west, that's about 13 miles as well.

19 We talked about the 501 extension, that's
20 about two-and-a-half miles.

21 And we've talked about the 44 extension,
22 that's about three-and-a-half miles.

23 BY MR. MOYLE:

24 Q Okay. And on some of the features on the map,
25 there is the prison, the Coleman prison, would you tell

1 the judge about that, if you would, and how long
2 Leesburg has served it, the background on it?

3 A Okay. Just to narrate a little bit and then I
4 will get to your answer.

5 The red represents what the City indicates are
6 major distribution lines. The blue is what TECO has
7 represented is theirs. And then we call it, to make it
8 easy, all the little squiggly lines, locally when I talk
9 to Jack, I say the spaghetti lines. Typically, the
10 spaghetti lines are the smaller distribution lines
11 generally represent on this map two-inch plastic gas
12 main.

13 The map also shows a growth pattern, which is,
14 if you will, these hurricane lines, which depicts what
15 we think is The Villages growth pattern, which
16 essentially straddles the Lake/Sumter County line closer
17 to our service than TECO's service.

18 And then the dots represent our gate stations,
19 which are connection points. We are currently connected
20 to FGT out on the east side of the City, and then
21 October 1 of this year, we will finish our gate
22 connection, or mid-October, we will finish our gate
23 connection with Sabal Trail.

24 Q And the Coleman prison?

25 A The Coleman prison, back in 1991 or 1994,

1 early '90s, the City extended a line to the Coleman
2 prison at the request of the federal government. The
3 Coleman prison is a federal prison. It was built in the
4 early '90s.

5 At the time this was -- this area was
6 extremely rural. They located the prison there. The
7 prison wanted facilities, you know, washer, drier, those
8 type of things for the inmates, and the closest utility
9 provider was the City of Leesburg. And so we have had a
10 six-inch main that's extended out into this area of
11 Sumter County since the early '90s.

12 Q And above that, we call it the red squiggly
13 line areas, is that property -- how -- I think you gave
14 two miles, but the Coleman prison is a big piece of
15 property, is it not?

16 A Yeah. The Coleman prison, roughly, is
17 represented by this brown area.

18 Q All right. And are the red squiggly lines
19 adjacent to the Coleman prison?

20 A The red squiggly with Bigham South is directly
21 adjacent to the north side of the prison property.

22 Q Same question with respect to American Cement?

23 A Yes.

24 Q And the blue lines, you had said those are PGS
25 lines. The line -- just tell the Court your

1 understanding of the history of the blue lines.

2 A The Villages essentially grew north to south.
3 Their -- roughly, I would say the majority of their
4 development is north of 44, and their initial push now
5 is coming south of 44, towards Leesburg.

6 The blue lines represent what TECO had
7 constructed. They made an extension off of their 44
8 line, or this is Morris Boulevard, and they made a push
9 what we thought, it was to go out to the Coleman area
10 and serve industrial load on 75. I think they did that
11 in a couple of pushes. They made this one. They
12 testified to the dates, and I don't dispute those, so
13 roughly it was 2016, and then they came down 301.
14 301/75 and parallel a little bit, and they came down
15 and, made a push down 70, or 301 now, to 75 a little bit
16 the 2017 timeframe.

17 Q And the most recent construction is on 470, is
18 that right?

19 A Yeah, the most recent one was a push off their
20 301 line to the American Cement plant, which they built
21 in 2018.

22 Q All right. And why did you have the
23 understanding, as you indicated, that you thought they
24 were going to the west to pick up industrial load?

25 A Well, I think that question goes back to when

1 The Villages bought 2,000 acres, 1,500 acres from the
2 City in this 470 area, just on Lake County. That was
3 really an indication to the region that The Villages was
4 going to start their development again.

5 I think that The Villages, at the time, you
6 know, the local area, felt like it looks to The
7 Villages, they are really the service economy engine of
8 the region. When they finished up in Fruitland Park and
9 they finished, or started to finish in Fenney, pretty
10 much everybody thought The Villages was done growing.
11 That was it. The powers of The Villages were off to
12 Tahiti and put up their feet.

13 Shortly after that -- they didn't, from our
14 perspective, announce more growth, but when they came
15 way down here -- or down here to buy the 470 property,
16 it was indication that perhaps that engine was starting
17 again.

18 And at that time, Peoples already had their
19 gas lines in, at least this major trunk line in headed
20 out to where what we thought would be industrial growth,
21 because we are in the business too, so if you were going
22 to build that line, I think it was reasonable to assume
23 that this is headed out to the industrial plant -- or
24 the industrial property that's out in the 301/75 area.
25 So with The Villages coming this way, we thought that

1 there was a natural delineation in territory of
2 industrial this way and new Villages growth this way.

3 Q And just so the record is clear, when you were
4 saying this way and that way, you were saying that you
5 thought the PGS growth was going to the west?

6 A North and west towards 75 industrial, and
7 Villages moving south and east in what -- they call it
8 the ARD, the age restricted development. Then they have
9 a specific zoning classification that's The Villages
10 style of development, and everything they do is ARD.
11 And it's a hodgepodge of uses, but it's basically
12 residential, age restricted and commercial, light
13 professional, most of it single family residential, they
14 put it all into one what they call the ARD. So
15 industrial this way, ARD that way.

16 Q Thank you for that clarification.

17 The Fruitland Park area, how long has that
18 been served by Leesburg up in the north part of the map?

19 A The Fruitland Park area is basically this box
20 up in here. That's been served by the City, I think,
21 since the mid-'60s, for gas. We also provided
22 electricity.

23 Q Okay. And do you serve Villages accounts up
24 in Fruitland Park presently?

25 A We do, when The Villages expanded into

1 Fruitland Park, which is called The Villages in the
2 Fruitland Park, that was our electric territory. That
3 was our first, really, encounter with working with The
4 Villages to a great degree. So we hooked them up with
5 electric service in that territory, which was ours. And
6 also then extended gas services into some of their
7 community pools and prepped the corridor for whatever
8 commercial development that would be on 466A.

9 Q Okay. And you pointed out to the judge the
10 gate stations, and told him what those were again. But
11 with respect to -- two of them have been there a long
12 time, and one is get ready to start; is that right?

13 A Right. Our historic gate stations is the one
14 we call the airport gate station, which is up by the
15 municipal airport. And then the other one is up in the
16 Haynes Creek area, which is also named after that area.
17 That's connected to Florida Gas Transmission. We had
18 had a historical project to make system improvements and
19 system expansion to get out into areas where there would
20 hopefully be potential growth, so we endeavored to put
21 in the Sabal Trail.

22 Q Okay. And with respect to -- and I will ask
23 you about The Villages in a minute, but with respect to
24 discussions about The Villages, could you tell the Court
25 the timing of the decision to move forward with Sabal

1 Trail, vis-a-vis discussions with The Villages?

2 A We introduced Sabal Trail to the Commission
3 late 2015. We actually had a different capital project
4 to get higher gas pressures and more gas out into this
5 region, but when Sabal Trail announced -- I think Sabal
6 Trail originally had a different path, but when Sabal
7 Trail shifted and put their pipeline in a long Lake
8 County/Sumter County line, we saw that as a great
9 opportunity to scrap our original capital improvement
10 project and connect to Sabal Trail instead, because it
11 would be less expensive and provide the same -- because
12 it would be less expensive. It would provide the same
13 benefits as planning. And as far as master --
14 satisfying the master plan with additional gas and
15 enable us to provide better service in this region. But
16 then the final thing was it also provided a redundant
17 loop, so we could have gas service not just from FGT,
18 but also we could get it from Sabal Trail.

19 Q And that was similar -- you have been in the
20 courtroom as the corporate representative?

21 A Right.

22 Q That was similar to what PGS said about their
23 planned tap into Sabal Trail?

24 A Very similar.

25 Q All right. I want to shift gears, and I may

1 have further questions on the map, but if you want, you
2 can sit.

3 Tell the Court, if you would, about the
4 relationship with The Villages.

5 A I think our relationship with The Villages has
6 been very good, and it pretty much started, actually,
7 when I first got to Leesburg, which would be in 2013,
8 when they looked to us to provide electric service to
9 the City of Fruitland Park -- or The Villages at
10 Fruitland Park.

11 Q And are you providing them other utility
12 services as we sit here today?

13 A The Villages?

14 Q Right.

15 A We provide electric and gas.

16 Q Okay. And --

17 A Yeah, and will be providing more, too, so
18 electric, gas. And then we have done some other
19 agreements with them on their new growth that's going to
20 provide regional water, wastewater, as well as we've got
21 some reuse plans. So we have been very creative with
22 them.

23 Q And how -- have you had issues that have come
24 up, problems when you have been working through things
25 with The Villages? And if you have, could you tell the

1 Court how you deal with those?

2 A Let me backtrack a little bit.

3 So The Villages expanded into that Fruitland
4 Park area, and that was 2013 timeframe, and it was built
5 out pretty quick. Coming into Leesburg, I heard how
6 quick they moved, and they certainly lived up to that
7 reputation. They built out The Villages to Fruitland
8 Park in no time, which was 2,500 units.

9 Then it was December -- it was December 2016,
10 The Villages approached the City about purchase of our
11 470 property, which is about 2,000 acres. They
12 approached us in December 2016 about that. By May of
13 2017, we had that property under contract.

14 And then as we worked to close -- I think we
15 closed on that, I want to say November of 2018, or maybe
16 it was 2017 when we finally closed on it, but that
17 process was really the culmination of how Leesburg and
18 The Villages worked together and formed some
19 relationship and agreements on a number of areas. It
20 started out with electric. It started out then with the
21 purchase of the property. That leaped into doing some
22 joint land planning on how that would develop. That
23 bled into how we would approach regional wastewater
24 treatment, and that bled into reuse. We had a need to
25 get rid of reuse water, they had a need for reuse water.

1 And then that fed into -- I see where you are leading up
2 to obviously -- and that fed into the relationship with
3 how the gas agreement started.

4 Q Yeah. And I am going go to get there in one
5 second. But when you described the property that was
6 purchased from Leesburg, could you just, for the record,
7 describe, is it right where it says City of Leesburg?

8 A How I would describe it for the Court would be
9 the property that The Villages bought from Leesburg is
10 at the intersect -- the northeast corner of the
11 intersection of the Florida Turnpike and County Road
12 470. That 1,500 acres in that corner.

13 Q So would it be right in here in this area?

14 A Other side of the turnpike.

15 Q Right in here?

16 A Yeah. Yes.

17 Q Okay. So just so the record of the area he is
18 describing is if you look at the red lines with arrows
19 on it, it would be where the triangle is, the second
20 arrow?

21 A Look exactly like this. Down the county line,
22 down the turnpike to 470, around the S curve, up and
23 around the outskirts of Lake Denham.

24 THE COURT: If you wouldn't mind. I am not
25 going to use red because I don't want to get it

1 mixed up with -- or blue. Why don't you use my
2 pencil. Just sort of outline generally the area
3 and put your initials in the middle of the area so
4 we know what it is. That will be depicted as 470
5 property to be clear. All right. Thank you.

6 Mr. Brown, you want to see this?

7 MR. BROWN: Oh, yes, I am sorry. Thank you,
8 Your Honor.

9 THE COURT: All right.

10 MR. WHARTON: No, thank you.

11 BY MR. MOYLE:

12 Q When this purchase was taking place, tell the
13 Court, if you would, how this led to discussions and
14 ultimately service of natural gas to The Villages.

15 A And let me backtrack a little bit, because I
16 talked to the Court a little bit about how Leesburg has
17 evolved from this major hub into the why The Villages --

18 MR. BROWN: Your Honor, maybe we can answer
19 questions.

20 THE COURT: Yeah. I am sure your counsel will
21 give you an opportunity to -- if you could repeat
22 your question, Mr. Moyle.

23 MR. MOYLE: Sure.

24 THE WITNESS: So essentially -- what was your
25 question?

1 BY MR. MOYLE:

2 Q I feel like you might be Mr. Deason or
3 something.

4 A No, not as esteemed. I am just a city
5 manager.

6 BY MR. MOYLE:

7 Q No, I just in terms of -- I am going to ask
8 you about the status of the agreement. But tell the
9 Court a little bit about how the agreement came to be in
10 terms of discussions that you had with The Villages.
11 You have already described the business relationship --

12 A And the agreement is the gas agreement?

13 Q That's right.

14 A Okay. So I will get out of the land and
15 facilities.

16 So the gas agreement came, as because The
17 Villages bought the 470 property, that was an indication
18 that the big engine is moving again, we need to tie into
19 that. So as we had discussions on municipal services,
20 water, sewer, electric, these types of things, we
21 approached The Villages to say, we are a gas provider,
22 as you know, let us sell you natural gas. And their
23 immediate position was, no. We don't want to build our
24 houses natural gas. Natural gas houses have an
25 additional cost. They are not just the -- you know,

1 it's -- the they cost a little more, save more on the
2 backside but they have an additional cost.

3 MR. BROWN: Your Honor, I understand hearsay
4 is okay, but if we could just have some idea who we
5 are talking about saying this.

6 THE COURT: I think it sounds like it was with
7 unnamed representatives of The Villages.

8 MR. BROWN: Yeah.

9 THE COURT: And I think for purposes of this
10 testimony, this seems to me to be fairly generic --
11 what's the generic relationship between the City of
12 Leesburg and The Villages, so I am comfortable with
13 that.

14 MR. BROWN: Okay.

15 THE COURT: If you want to, on cross, maybe
16 extract additional information, you will certainly
17 have that opportunity.

18 Go ahead.

19 BY MR. MOYLE:

20 Q You can continue your answer.

21 A So essentially their position being The
22 Villages --

23 THE COURT: And I recognize the hearsay nature
24 of the testimony as well.

25 Go ahead.

1 THE WITNESS: The Villages' position was, no,
2 they weren't going to build gas homes because the
3 additional costs, and they had a bad relationship
4 with TECO, so they weren't interested in building
5 additional natural gas homes.

6 BY MR. MOYLE:

7 Q And you all engaged in further conversations
8 about that, is that right?

9 A We had -- at the moment, we had back and forth
10 negotiations and conversations that finally led to the
11 agreement, which ultimately enticed The Villages to
12 building natural gas homes, allowing us to be the
13 ultimate service provider, and that was all finalized in
14 what is the agreement.

15 Q All right. And when we say -- just so the
16 record is clear, when we say the agreement, that's the
17 agreement that is PGS Exhibit 1 that's there has been
18 some discussion about; is that right?

19 A I think the title is the Construction and Sale
20 Agreement Between the City of Leesburg and SSGC.

21 Q And how -- can you tell the Court a little bit
22 about the status of that agreement as we sit here today?

23 A The City's position in -- the City's position
24 is that the --

25 Q I am sorry, the implementation and the status

1 of it?

2 A The implementation slash status of the
3 agreement, it's in full force and effect. We think that
4 it works pretty much on target. We have 1,500 homes
5 hooked up to date. Of those 1,500 homes, about 700 have
6 ultimate end customers.

7 The process is The Villages -- the initial
8 process was the City extended the main. The Villages
9 then constructed the spaghetti main off of our main. As
10 The Villages builds main, they then give us a bill of
11 sale with an as-built. We take the as-built, put it on
12 our asset records to use it as an asset chart for the
13 City, as well as an operations chart for maintenance and
14 operations.

15 They -- the customers then get -- it's not the
16 pilot light, but, you know, the pilot light is lit. The
17 gas is turned on. It goes into The Villages name. When
18 the house is sold, it comes into our name, or the
19 customer's name. Then the customer is a registered
20 customer with the City of Leesburg, so we then track its
21 consumption, we bill accordingly.

22 Then we are in charge of the inspection of all
23 the main, whether it was our larger main on 401 -- or
24 501 and 468, where they are inspecting the spaghetti
25 main, if you will. As that gets put in the ground, the

1 City is ultimately responsible for the construction,
2 operation, inspections, billing, customer service, rate
3 regulation. The promulgation of the gas service is
4 ultimately the City's realm and authority.

5 Q And was it -- and point of time, the line that
6 you ran on 470 -- I am sorry, on 501, past the American
7 Cement plant, when was that, and why was it done?

8 A I am going to say that the timeframe of the
9 501 -- and you call it the 44/468 line, they were built
10 in near proximity probably the 2017 timeframe, that
11 construction, the agreement, all that happened in pretty
12 close proximity.

13 Q Okay.

14 THE COURT: Let me ask you this: Mr. Minner,
15 you say you have 1,500 homes currently hooked up,
16 700 roughly with end user customers. Are they in
17 the -- I can't remember the name.

18 THE WITNESS: The Bigham.

19 THE COURT: The Bigham.

20 THE WITNESS: They are the red spaghetti.

21 THE COURT: All right. So we have Bigham
22 North, Bigham West, Bigham East. Are they all
23 three of those sections?

24 THE WITNESS: West, East, North.

25 THE COURT: Right. Okay. So those spaghetti

1 lines are already installed?

2 THE WITNESS: Yes, with customers.

3 THE COURT: Okay.

4 BY MR. MOYLE:

5 Q And then when you say with customers, I mean,
6 it's --

7 A 1,500, about half of them are in the transfer
8 from construction to sale, so they are in The Villages'
9 name. And then the ones that have been sold, they are
10 in John Doe's name now.

11 Q Right. That's what I was trying to
12 understand. One-half of them is individual people that
13 may be claiming homestead on it?

14 A Right. After The Villages built them and own
15 them, they are the developer, they own them until the
16 sale. So they turn on the utilities in their name, and
17 then when they sell the home, it's transferred into the
18 owner's name.

19 Q Okay. An issue has been brought up in this
20 case about, a bit of a legal issue about whether the
21 agreement creates a hybrid utility. I would just ask
22 you, with respect to your involvement, or when -- the
23 City Commission did approve the agreement, did it not?

24 A It did.

25 Q Yeah. Was there ever any contemplation, or

1 discussion, or thought about trying to create a hybrid
2 utility, or a partnership or anything like that?

3 A Never one thought did we imagine that we were
4 creating a hybrid utility. And I say that for two
5 reasons.

6 Number one is our SOP was we did our typical
7 ordinances and resolutions when we adopted rates and
8 agreements, we were the end user. That's how the
9 agreements were, transferred ownership. We promulgated
10 the rate. We created the nonnative rate, if you will.
11 That was approved by the City Commission. So we did
12 everything as we normally do under our standard
13 operating procedures.

14 If we thought we were -- or contemplated this
15 ownership after hybrid, then I would have to hazard that
16 there would be a different process, Public Service
17 Commission and different rules and regulations that
18 would create that entity. So when we endeavored to do
19 this, we thought we were creating -- and still do
20 believe that this is our utility, our system.

21 Q All right. It's a little bit of a legal
22 question, but it leads me into another line of my
23 questions for you.

24 Up there, you should have an exhibit book that
25 says Leesburg's exhibits. Do you see that?

1 A Yes, sir.

2 Q And do you have Exhibit 1 before you?

3 A Yes.

4 Q And it says, Sabal Trail Transmission, is that
5 right?

6 A Yes.

7 Q Could you tell the Court what that is?

8 A This is the presentation we made to the City
9 Commission, I believe it was back in late 2015, that
10 shifted our priorities from an increase of pipe size of
11 one of our major tributary mains to the Sabal Trail main
12 for what I talked to the Court about earlier, and why we
13 tapped into Sabal Trail and the strategic benefits
14 behind it. So this was the presentation we gave them,
15 and then the Commission approved the project.

16 Q And I have -- there is another exhibit,
17 Exhibit No. 3, if you would go to that.

18 A Yep.

19 MR. BROWN: Your Honor, this isn't in evidence
20 yet and I would object to it. This is nothing more
21 than something Mr. Minner wrote out at some point
22 for this proceeding. It's hardly evidentiary of
23 anything.

24 MR. MOYLE: Your Honor, I hadn't had a chance
25 to ask him much about it.

1 THE COURT: All right. Let me hear a little
2 bit about it, and then I will entertain an
3 objection.

4 MR. MOYLE: And I will just say there is a
5 provision in the rule in 25-7.0472, and it says --
6 the second sentence in that rule says -- I am
7 sorry, the third sentence.

8 THE COURT: Says each utility?

9 MR. MOYLE: Each utility which is a party to a
10 territorial dispute shall provide a map and written
11 description of the disputed area, along with the
12 conditions that caused the dispute.

13 THE COURT: All right. And, Mr. Minner, you
14 prepared this document?

15 THE WITNESS: I prepared it with help, with
16 Mr. Moyle. He said that we needed to prepare a
17 written justification and legal description of the
18 disputed territory, so I worked with Mr. Moyle to
19 put this document together for court.

20 THE COURT: Mr. Brown.

21 MR. BROWN: I think that's in the petition. I
22 don't think that's --

23 MR. MOYLE: We --

24 THE COURT: I don't think -- I mean, the
25 second sentence says the Commission can order the

1 affected parties to participate in a proceeding.
2 And then the following is that each utility which
3 is a party shall provide a map and written
4 description.

5 I think this is -- this is authorized by rule.
6 I am going to overrule the objection, and you will
7 have adequate opportunity, I think, to discuss this
8 on cross.

9 Mr. Moyle.

10 MR. MOYLE: Thank you.

11 BY MR. MOYLE:

12 Q So just in broad fashion, I don't want you to
13 be redundant, could you just kind of walk through each
14 of the topic areas, the description of the disputed
15 area?

16 A In following the rule, we prepared this to, in
17 writing, describe the disputed area. We go into what we
18 think caused the dispute, and why we think that --

19 Q Hold on, let me back up.

20 The description of the disputed area, does
21 that largely match -- does the narrative largely match
22 the map that is Exhibit 2?

23 A This is Exhibit 2?

24 Q That's right.

25 A Yes.

1 Q And we say which part of the map, it's the
2 color with kind of a peachy color, where it says
3 disputed territory; is that right?

4 A Roughly we describe this area.

5 Q Okay.

6 THE COURT: All right. Mr. Moyle, I
7 understand there is a separate dispute going on
8 with regard to American Cement -- American
9 Concrete.

10 MR. MOYLE: That's right.

11 THE COURT: All right. So there is language
12 in this that I have already picked out that
13 indicates that might be applicable to that. For
14 purposes of this proceeding, I am not going to
15 discuss or try to settle that dispute.

16 I think we've already discussed the fact that
17 I am not here to establish a territory. I am here
18 to settle a dispute, and if that's subject -- like
19 I said, maybe I will have the good fortune of
20 having it sent over here and I will get it, at this
21 point, I don't.

22 MR. MOYLE: We tried to get it sent over here
23 and were not successful, and it's still pending at
24 the PSC, and your predecessor took issue with it.

25 THE WITNESS: Continue?

1 BY MR. MOYLE:

2 Q Well, we've stalked about the disputed area.
3 Let me shift now into the section of this document
4 called the conditions that caused the dispute.

5 Could you just describe --

6 A Roughly our position on why we believe we are
7 the better provider and why we think we are entitled to
8 the disputed territory?

9 Q That's right, and please tell the Court that.
10 Why?

11 A We believe we are closer. We believe that we
12 provided the same costs and the same benefits, and the
13 growth pattern is headed our direction, essentially.
14 And we have been the utility provider there for a number
15 of years. And we throw some case law on it, and then,
16 bam, it's the paper.

17 Q And with respect to your interaction with The
18 Villages, The Villages asked you to provide natural gas
19 to them, did they not?

20 A I think that's semantical. I think we
21 approached them and said, let us be the natural gas
22 provider. You are coming to us. They said, no. We
23 convinced them to do it. So ultimately, yeah, they
24 asked us to provide natural gas. I don't know if that's
25 a chicken or the egg kind of thing, but at the end of

1 the day, we are the natural gas provider in that area,
2 at The Villages' request.

3 MR. MOYLE: Can I have just a minute?

4 THE COURT: Sure.

5 MR. MOYLE: Your Honor, I have no further
6 questions.

7 THE COURT: Did you want to offer Leesburg
8 Exhibit 3?

9 MR. MOYLE: I did. Yes, sir.

10 THE COURT: All right. And you objected. I
11 have overruled the objection.

12 All right, over objection, I am going to
13 receive City of Leesburg Exhibit 3 in evidence.

14 (Whereupon, COL Exhibit No. 3 was received
15 into evidence.)

16 MR. WHARTON: No questions, Your Honor.

17 THE COURT: No questions.

18 All right. Mr. Brown, you are up.

19 CROSS EXAMINATION

20 BY MR. BROWN:

21 Q Mr. Minner, it's good to see you again.

22 A And you, Mr. Brown.

23 Q All right. I think you have testified, and I
24 believe you testified previously, that the City had a
25 goal to become a competitor in the natural gas business?

1 A Yes.

2 Q And that in December of 2016, you said The
3 Villages approached Leesburg about buying that property
4 that was already pointed out that you already talked
5 about, correct?

6 A The 75 property.

7 Q Yes. And that property is in Lake County. It
8 is not -- somewhere over in this area?

9 A Right there.

10 Q Yeah.

11 A There you go.

12 Q It's in Lake County, not in Sumter County,
13 correct?

14 A Correct.

15 Q And that property certainly a lot closer to
16 Leesburg's lines than the property up in this area along
17 468 and the Fenney development, you would agree with
18 that?

19 A In that specific area, yes.

20 Q Okay. That's the specific area I was talking
21 about. You would agree that this specific area is
22 closer to Peoples Gas lines than the property that was
23 sold to the City -- that was sold to The Villages?

24 Excuse me.

25 A I agree.

1 Q Okay. And was the property, is that the
2 property that was criticized for being sold at about \$2
3 million under the appraised value?

4 A Yes.

5 Q Okay. And at the time, you said you were
6 aware that The Villages was going to be expanding
7 southward, and it was your goal to have the City of
8 Leesburg be the natural gas provider to those
9 developments?

10 A Yes.

11 Q All right. And at that time, the only line in
12 Leesburg that Sumter County had was this line down here
13 going to the prison, correct?

14 A Yes.

15 Q And at that time, Peoples already had these
16 lines, this blue line, excluding Fenney, already set up,
17 correct?

18 A Yes.

19 Q In fact, at the time of this, most of the
20 capacity on this line was being used for the prison,
21 correct?

22 A That's not correct.

23 Q Are you sure?

24 A Yes.

25 Q Let me go to your deposition, page 12.

1 MR. MOYLE: Let me get you a copy of it.

2 MR. BROWN: The question is at line two.

3 THE COURT: Hang on a second, Mr. Brown, let's
4 get him a copy.

5 MR. BROWN: I'm sorry. I apologize.

6 MR. MOYLE: Would it be all right if I looked
7 over his shoulder?

8 THE COURT: As long as you are not --

9 MR. WHARTON: Is this characterized as your
10 deposition or the corporate deposition? The record
11 should just be clear.

12 THE COURT: The witness was Mr. Minner, and I
13 understand this Mr. Minner's capacity as corporate
14 representative --

15 MR. BROWN: Right.

16 MR. WHARTON: That's my only point.

17 THE COURT: -- speaking for the City of
18 Leesburg.

19 MR. BROWN: Correct.

20 THE COURT: Okay.

21 BY MR. BROWN:

22 Q Line two: All right. When you talk about --
23 when you talked about the line going to Sabal, I mean,
24 the line to the prison, you said it was a high pressure
25 line, was most of that pressure being used by the

1 prison, most of the gas being used by the prison?

2 Answer: Yes.

3 Do you recall that testimony?

4 A I do.

5 Q And your testimony today is that there was a
6 lot more excess capacity in that most -- would you still
7 agree that most of the capacity was being used by the
8 prison?

9 A You know, you used the word "pressure" and you
10 used the word "capacity". So the bottom line is, is the
11 primary customer the prison on that line? Yes. Does
12 that line still have capacity and pressure to serve
13 other customers? Yes. And I think Mr. Moyle will
14 present other witnesses --

15 THE COURT: All right. We will get into Mr.
16 Moyle later on. Let's limit it to your testimony.

17 THE WITNESS: -- but is there capacity, yeah.
18 Is it the sole customer of the prison? Yes.

19 MR. BROWN: Your Honor --

20 THE COURT: All right. Let me ask you this:
21 Are you able to quantify the capacity?

22 THE WITNESS: I am not, but there are other
23 witnesses that can.

24 THE COURT: All right.

25 BY MR. BROWN:

1 Q And at the time that the Purchase and Sale
2 Agreement, the agreement between Leesburg and The
3 Villages was entered into, you were aware that Peoples
4 Gas was serving Fenney already?

5 A Yes.

6 Q And you knew that Peoples' infrastructure,
7 that Peoples had the infrastructure to be able to serve
8 Fenney at that time?

9 A To serve Fenney?

10 Q Yes.

11 A Yes.

12 Q And you knew that that infrastructure was
13 being fed off a line along 468?

14 A Yes.

15 Q And you were aware that, at the time the
16 agreement was entered into, Peoples had this line all
17 along 468 to at least somewhere over here?

18 A Yes.

19 Q And at the time the agreement was entered
20 into, the City of Leesburg knew that Peoples was already
21 positioned to be the closest provider to Bigham North,
22 which I will flip this down, which is this area here?

23 A Yes.

24 Q And at the time the agreement was entered
25 into, Leesburg knew that Peoples was already the closest

1 provider to Bigham East, the red area?

2 A Yes.

3 MR. BROWN: And just for the record, we are on
4 Exhibit 5, I think this is, is this five?

5 THE COURT: It's 5.

6 BY MR. BROWN:

7 Q And at the time the agreement was entered
8 into, Leesburg knew that Peoples was already positioned
9 to be the closest provider to Bigham West -- actually --
10 yeah, Bigham West is the red area, Bigham East is the
11 yellowish area; correct?

12 A Yes.

13 Q And the only way that Leesburg was going to be
14 able to serve these areas was to run the line up from
15 the prison line up along 501?

16 A Yes.

17 Q And also the ultimate way that it was going to
18 have to serve was on the 44 and 468 line, correct?

19 A That was an ancillary reason, but for the
20 general purposes of your question, yes.

21 Q Now, you testified that you have -- I can't
22 read my own writing, but you said that you have
23 convinced -- the word wasn't convinced, it was -- what
24 was your word you used?

25 A Enticed.

1 Q Enticed, that was my word. You enticed, and I
2 think that changed from the -- when we took your
3 deposition, I think your term was incentivized; do you
4 recall that?

5 A I do.

6 Q Okay. And when you talk about enticing or
7 incentivizing, what you mean is that you were going to
8 pay The Villages so they would let Leesburg be the
9 natural gas provider for The Villages' developments?

10 A You know, I don't like the way you
11 characterized that, but yes.

12 Q Okay. And so -- and by doing that, you
13 came -- the agreement provides this formula under which
14 a certain amount of revenue from the sale of gas is
15 going to The Villages as an enticement for them to allow
16 Leesburg to be the natural gas supplier?

17 MR. WHARTON: Your Honor, I would be object.
18 We have been through this. The agreement speaks
19 for it. There is a point where --

20 THE COURT: Overruled.

21 Go ahead.

22 THE WITNESS: Yes.

23 BY MR. BROWN:

24 Q All right. And that amount of money is going
25 to be based on the amount of gas sold and the amount of

1 revenue derived by the City from customer charges and
2 other charges?

3 A Essentially, yes.

4 Q And that's based on the formula set forth in
5 the agreement?

6 A Yes.

7 Q And there is nowhere in the agreement that
8 ties the amount of those payments to any amount that has
9 been spent on the construction of the infrastructure?

10 A That's correct.

11 Q And there is nothing in the formulaic approach
12 that takes into account how much money was spent by the
13 SSGC in building the infrastructure?

14 A There is an underlying assumption on some of
15 this stuff that, from a business approach, that we
16 thought about; but, no, there is nothing in the
17 agreement that specifically ties it.

18 Q And for 30 years, The Villages will be
19 receiving revenue from the sale of gas in The Villages
20 developments under this agreement?

21 A Yes.

22 Q And that will be -- and so -- and the total
23 revenue amount that The Villages will be receiving is
24 roughly 52 percent, approximately, of the total revenue
25 from the sale of gas in The Villages developments?

1 A Yes.

2 Q And that's how The Villages was incentivized?

3 A Yes.

4 Q Now, in the agreement, and I want to just
5 reference, it's Exhibit 1 in our -- I think you have a
6 book there of our exhibits.

7 A Is this one here?

8 Q Yes. And if I could just direct you to
9 Exhibit 1.

10 A That's my depo, right?

11 MS. PUTNAL: PGS Exhibit 1.

12 MR. BROWN: Yes, PGS Exhibit 1, which I
13 believe is the agreement.

14 THE WITNESS: Which one? This one?

15 MR. BROWN: Yes, it is.

16 THE COURT: And I will note that the exhibit
17 does speak for itself.

18 MR. BROWN: I understand it speaks for itself.

19 THE COURT: I don't mind some questioning, but
20 I don't need to have this witness recite things.

21 MR. BROWN: We are not going into an in-depth
22 analysis of it. I just want to ask something.

23 THE COURT: All right.

24 BY MR. BROWN:

25 Q And on -- where I did say this was? Page

1 seven in Section 9, and really it this carries over --
2 page seven, excuse me.

3 Page seven, Section 9, and it says at the
4 bottom -- and this is a section under purchase price,
5 and this is before it gets into the formula there. But
6 it says, the end of the first sentence there: And in
7 consideration for the -- well, I will read the whole
8 thing -- in consideration of SSGC's significant
9 investment in the design, engineering and construction
10 of the system, and conveying the same to the City, and
11 in consideration for the City being designated as the
12 utility supplying natural gas to customers within the
13 service area, and then it goes on to say that they
14 should pay.

15 So was a portion of this 52 percent of
16 revenue, was part of that being paid to The Villages as
17 part of them designating Leesburg to be the natural gas
18 supplier?

19 A The intent of this sentence was to recognize
20 that some of the justification of the formulaic approach
21 was tied back to their capital investments.

22 Q My only question is, were you paying them to
23 designate you as the natural gas supplier separate and
24 apart from whatever it was going to cost to put in the
25 infrastructure, or is all of this cost for the

1 infrastructure?

2 MR. MOYLE: It's compound --

3 MR. WHARTON: Same objection. Is this parol
4 evidence.

5 THE COURT: Hand on. Do you understand the
6 question?

7 THE WITNESS: I understand the question, and I
8 think Mr. Brown is trying to categorize this into
9 one thing. So what I would explain to the Court
10 is, yes, we incentivized the rate. Yes, we felt
11 like we needed to also reasonably incentivize it to
12 the rate, so that specific sentence tried to take
13 the incentive and latch it in to recognize their
14 capital investment.

15 THE COURT: Does that answer your question?

16 THE WITNESS: That's what that tried to say.

17 MR. BROWN: Yeah.

18 BY MR. BROWN:

19 Q So a part of this is a pay-to-play deal?

20 A Part of this is a pay-to-play deal.

21 Q Okay. So you have got to pay them in order
22 for them -- you have got to pay them enough money that
23 they will say, we want Leesburg to be our supplier?

24 A Just like TECO does with rebates.

25 Q Well, we will talk about that maybe, but not

1 with you.

2 THE COURT: It's your lucky day.

3 THE WITNESS: Thank God.

4 BY MR. BROWN:

5 Q Well, let's talk about the rebates since you
6 brought it up.

7 The rebates are for the appliances, right?

8 A They are.

9 Q So in other words, if SSGC was building these
10 investments without the actual appliances in the house,
11 there would be no rebate, correct?

12 A But then there would be no gas.

13 Q That's not my question, sir. My question is,
14 if these developments are being built by SSGC, and they
15 were doing it without putting in the actual appliances,
16 there would be no rebate?

17 MR. WHARTON: Objection, it's outside the
18 scope.

19 MR. BROWN: He brought it up.

20 THE COURT: But it wasn't brought up on
21 direct. I am going to sustain the objection.

22 MR. BROWN: Your Honor, he brought up. He
23 made -- in his answer, he brought up the rebate
24 issue and tried to use that as some sort of poke,
25 and I think I am allowed to explore that.

1 THE COURT: I wasn't -- I don't think that was
2 enough to open the door to a new avenue of inquiry,
3 so I am going to sustain it.

4 BY MR. BROWN:

5 Q Now, at the end of the 30 years of the
6 agreement, the City has to sell it to The Villages if
7 The Villages wants to purchase it?

8 A It doesn't have to do that.

9 Q It doesn't have to do that if The Villages
10 says we want to buy it at the depreciated value?

11 A Or we can extend the agreement.

12 Q I understand that's an or. My question is, if
13 The Villages wants to buy it at the end of 30 years, the
14 City has to sell it, don't they?

15 MR. WHARTON: Objection -- same objection. He
16 is arguing with him about what the agreement does
17 or doesn't say. It speaks for itself.

18 THE COURT: I think the agreement does speak
19 for itself. If that's what the agreement says, I
20 am comfortable with that's what the agreement says,
21 and maybe we segue off into another topic. I will
22 sustain that objection.

23 BY MR. BROWN:

24 Q Would you agree that depreciated value would
25 be presumably less than actual value?

1 A Yes.

2 Q And there is something that's been discussed,
3 I just want to clear it up.

4 The length of this agreement is based on the
5 length of the franchise that Leesburg has with the City
6 of Wildwood?

7 A My understanding is that the length of the
8 agreement is 30 years from when a final home is built,
9 and then over that overlay is the 30-year franchise
10 agreement from the City of Wildwood. So that, the City
11 of Wildwood 30-year franchise my terminate before the
12 agreement does, but they are closely lined up.

13 Q All right. So in other words, before we get
14 to the end of the agreement -- okay.

15 So if the agreement --

16 THE COURT: Hang on a second.

17 So the 30 -- the term of this agreement -- or
18 this agreement commences on the date of the last
19 home being built?

20 THE WITNESS: That's how I understand it, but
21 it --

22 THE COURT: And that's what sets the term?

23 THE WITNESS: Right. Because there is an
24 exhibit that it relates to, so the exhibits are
25 ever-changing. So as The Villages grows, the

1 exhibit which references the service territory
2 grows to follow the growth of The Villages.

3 THE COURT: Okay.

4 THE WITNESS: Now, some of that -- some of
5 that growth may or may not be within the corporate
6 boundaries of the City of Wildwood, but the City of
7 Wildwood has issued the City of Leesburg their
8 franchise to provide natural gas services within
9 their territory, so Mr. Brown's question gets
10 foggy, because there is those other wheels that
11 spin in there, but basically they coincide.

12 MR. WHARTON: And, Your Honor, I am sorry, I
13 appreciate that response, I should not have let
14 that question go. We are getting --

15 THE COURT: It was my question. Are you going
16 to object to that one?

17 MR. WHARTON: This is the hazard of having
18 parol evidence on what the agreement means.

19 MR. BROWN: Your Honor, this is his witness.

20 THE COURT: Hang on. Hang on. I understand
21 the agreement is what it says. There is some
22 elements of this agreement that -- I haven't read
23 this agreement, there is some elements I am curious
24 about, and so I don't mind having a little bit of
25 explanation. Like said, I don't need to have the

1 agreement read to me.

2 MR. WHARTON: Understand, Your Honor.

3 BY MR. BROWN:

4 Q So if I understand what you just said, because
5 I am a little confused at this point, are you saying
6 that each -- well, let me try to break it down this way.

7 The way the agreement is set up, is that
8 essentially for each -- when each development gets done,
9 it is -- there is a bill of sale that is done from
10 Leesburg selling the property to the City?

11 A I think you meant The Villages selling the --

12 Q Yeah, I know, I did.

13 A Yes.

14 Q There is a bill of sale from The Villages to
15 the City for each one of these that is completed?

16 A Correct.

17 Q Okay. And are you saying that when there is a
18 next one comes on, it's a new 30-year period?

19 A Yeah.

20 Q Okay. So in other words --

21 A And this is -- can I answer it off of this --
22 offer this to the Court?

23 Q Sure.

24 A So if you go to Exhibit A of the agreement --
25 can I -- can I get up and try to show you?

1 THE COURT: I can see it. I have it.

2 THE WITNESS: So this -- this map overlays on
3 to -- can I use my map?

4 MR. MOYLE: Yeah. Yeah.

5 MR. BROWN: Sure.

6 THE COURT: It's up to you, Mr. Brown.

7 MR. BROWN: No, that's --

8 THE WITNESS: So this is Exhibit A of the
9 agreement, and it says that the City will supply
10 natural gas to these Villages developments, and
11 these Villages developments is roughly this area.

12 BY MR. BROWN:

13 Q Okay.

14 A So --

15 Q I am sorry.

16 A -- if they built here, or even if they come
17 over here and buy areas in here, we are going to go back
18 and amend this agreement, and then the clock would start
19 a new for this area.

20 Now, let me add on --

21 Q No. No.

22 THE COURT: Hang on, I think we are at the
23 point where he gets to ask you a question.

24 THE WITNESS: My apologies.

25 BY MR. BROWN:

1 Q And so -- and I am just trying to make sure I
2 understand this.

3 So, for example, let's just take Bigham North
4 as an example, and let us assume hypothetically that
5 that was the first one done, although, I don't know if
6 it was or wasn't.

7 Anyway, so when Bigham North gets deeded over
8 to the City of Leesburg, now it is a 30-year period for
9 the term of the agreement for that -- for that
10 development --

11 A I understand what you're --

12 MR. WHARTON: Objection. Objection. Same
13 objection, Your Honor. I just wish the attorneys
14 would argue about what the agreement means.

15 THE COURT: All right, overruled. This is
16 City Manager, and so I am going to -- I am going to
17 hear him out. I mean, if it's inconsistent with
18 something I read in black and white, black and
19 white is going to control.

20 MR. WHARTON: I understand. I won't make any
21 more objections.

22 THE COURT: Why don't you just reset.

23 MR. BROWN: Sure, I will reset.

24 BY MR. BROWN:

25 Q Let's assume Bigham North gets done and it is

1 then deeded to the City, and let's assume it's the first
2 one that is done, okay, so the 30 years starts running
3 at that point?

4 A No, because Bigham is part of Exhibit A, so
5 the Bigham clock is running from day one. When it's
6 deeded to the City, that might have been completed in
7 year three, so The Villages might only get 27 years
8 payment for Bigham --

9 Q Well, I understand that.

10 A -- okay. So Bigham is part of the original 30
11 years that's in Exhibit A, and that's my understanding.

12 Q Okay --

13 MR. MOYLE: Could we let him finish?

14 THE WITNESS: That's my understanding. I am
15 not a lawyer.

16 BY MR. BROWN:

17 Q All right. At some point you said there is a
18 new 30 years that starts running, and that's where I am
19 confused. When does the new 30 years start?

20 A When something is developed outside of Exhibit
21 A.

22 Q Okay. And so -- oh, all right. Now I
23 understand, okay.

24 So if we are looking at Exhibit A, this is
25 supposed to be for the original 30 years, correct, this

1 area in yellow?

2 A Correct.

3 Q All right. And Exhibit A, for the record, is
4 Exhibit 1 -- I mean, it's part of Exhibit 1, is what you
5 are looking at. And this was the map that was in --
6 that was put together as an attachment to the Purchase
7 and Sale Agreement, correct?

8 A Yes.

9 Q Okay. Now, is it contemplated, or is it
10 understood between Leesburg and The Villages that there
11 is going to be more areas outside of this yellow area
12 that are going to be a part of this agreement in the
13 future?

14 A I sure hope so.

15 Q Okay. And so when that happens, there will
16 be -- and when that happens, the City -- well, in fact,
17 if The Villages decides to go expand in an area outside
18 of that yellow and they want Leesburg, Leesburg has to
19 go to that area?

20 A Absolutely. I hope so.

21 Q Okay. And so if that -- and so what's
22 contemplated is this agreement will continue being used
23 in additional developments that are all over this area
24 on this map and all over an area on the Leesburg map?

25 A Yes.

1 Q Okay. Now, we talked about other -- we have
2 talked about a little bit of areas that control in this
3 agreement. We have talked about the having to expand.
4 Leesburg cannot approve -- cannot -- yeah, let me start
5 over.

6 The Villages has to approve any rate change
7 for the customers in The Villages developments, correct?

8 A No. That's over-categorized. The Villages
9 has influence over rates, but the final authority of
10 rates is the City.

11 Q Well, they have got more than influence. They
12 have to approve it, don't they?

13 A No.

14 Q Can I direct you, sir, to your deposition on
15 page 107?

16 THE COURT: Did you take his deposition back,
17 Mr. Moyle?

18 MR. MOYLE: I did.

19 MR. WHARTON: PGS should be supplying the
20 deposition transcripts, we did, instead of Mr.
21 Moyle putting his own up there.

22 MR. BROWN: I think I have got one somewhere.

23 THE COURT: They don't have Mr. Self to
24 scramble around and hunt it down for you.

25 MR. BROWN: We have got Mr. Farrior.

1 THE WITNESS: I have it now.

2 MR. FARRIOR: Here, I will give you this one.
3 I will take that one the. Make sure everybody is
4 happy.

5 THE WITNESS: Give that one back to Jon.

6 MR. FARRIOR: Yeah.

7 BY MR. BROWN:

8 Q All right. Sir, page 107.

9 A 107 of the deposition?

10 Q Yes. And we start -- let me know when you
11 have gotten there.

12 A I am at 107.

13 Q Okay. And we start at line 13: What
14 oversight is allowed by The Villages?

15 Answer: The one example would be rate-making.

16 Question: The fact that The Villages has to
17 approve any rate changes for The Villages' customers?

18 And then answer: I would call that oversight.

19 So you would agree with me that your testimony
20 at that time was that The Villages has to approve any
21 rate changes for The Villages customers?

22 A The word I used is "oversight".

23 Q Well, I -- no --

24 A Oversight -- I mean, I don't -- I guess I
25 don't know the dictionary definition of oversight, but

1 what I was trying to express was they have influence,
2 they have oversight, not final authority. I didn't say
3 they had final authority --

4 Q Well --

5 A -- oversight.

6 Q Can we agree that Leesburg can't change the
7 rates without getting approval from The Villages?

8 A No, I disagree. We can change the rates.
9 There is functions of the rates. There is components of
10 the rate that we do control as -- it's in the formulaic
11 approach. They have oversight. They have authority to
12 control or have influence in rate-making for customer
13 protection methods, which was one of the formulaic
14 approaches. They have oversight. I don't think they
15 have final authority, because ultimately the Commission
16 approves the contract.

17 Q The Commission?

18 A The City Commission approves the rate, and the
19 City Commission has ultimate authority --

20 Q Let me break it down this way --

21 MS. PUTNAL: Your Honor, I'm sorry, if he
22 could just finish his answer.

23 MR. BROWN: I am sorry. I apologize.

24 THE COURT: Let him finish his answer.

25 MR. BROWN: I apologize, Your Honor.

1 THE WITNESS: It is -- the way I believe the
2 formulaic approach is, the City Commission
3 ultimately controls and approves the rates, and
4 decides what is best for the City of Leesburg.

5 BY MR. BROWN:

6 Q Well, would you agree that the only way
7 that -- well, can you point --

8 MR. BROWN: Judge, I hate to have him read and
9 agree, but this is so contrary to anything I know.

10 BY MR. BROWN:

11 Q Can you point to me in the agreement, if you
12 look at Exhibit 1, where it says that in the agreement?

13 A I can't point to it in the agreement, but I
14 can give you an example.

15 Q No, that wasn't my question --

16 A And this is --

17 Q -- my question is --

18 THE COURT: Hang on. If you can't point to it
19 in the agreement, so there is not a specific term
20 in the agreement that expresses that concept? I am
21 looking for something in this agreement that would
22 establish, to the extent that ultimately it is
23 determined to be relevant to my decision, what the
24 authority for rate-making is.

25 I understand the final vote, the final

1 authority is in the Commission, but where in the
2 agreement that establishes the responsibilities of
3 The Villages in the participation of that
4 rate-making exercise. That's all --

5 THE WITNESS: And I don't know --

6 THE COURT: -- is it in here or is it not in
7 here?

8 THE WITNESS: It is in there, but I think
9 Mr. Brown mischaracterizes it.

10 THE COURT: All right. Well, I just want to
11 know where it is.

12 THE WITNESS: It's the section that's the
13 nuclear section.

14 BY MR. BROWN:

15 Q You will have to help me out.

16 A Do you know what section that is?

17 MR. WHARTON: I think the witness is saying he
18 doesn't know where to find it.

19 MR. BROWN: I know a section that seems to
20 address --

21 THE COURT: Hang on, Mr. Brown, let me see --
22 and if you don't know where it is and there is
23 another witness that might, I mean, that's fine.

24 THE WITNESS: I would start at Section 7, 8 or
25 9. It's going to be somewhere in there, when we

1 talk about rates and we talk about the gas
2 derivatives, and that kind of stuff, and the City
3 petition of SSGC --

4 THE COURT: So is this 7, the one that starts
5 with the paragraph number, is that what you are
6 talking about, sections or are there --

7 THE WITNESS: Let me look at my copy.

8 MR. BROWN: I mean, I don't want to direct
9 him, Your Honor.

10 THE COURT: I don't want you --

11 MR. BROWN: I mean, I think I have said it.

12 MR. WHARTON: Yes you do.

13 MR. BROWN: I do, but --

14 THE COURT: Hang on.

15 MR. BROWN: But there is an --

16 THE COURT: Hang on, Mr. Brown. I don't need
17 the discussion.

18 MR. BROWN: Okay.

19 THE COURT: Let me let this witness do his job
20 here, and then if you have a further question,
21 that's fine.

22 And frankly, I just want to know where it is
23 so I can read it, and then I will make my own
24 conclusions as to what it does.

25 THE WITNESS: It is section -- Section 7.

1 THE COURT: On the bottom, it has pages
2 numbers?

3 THE WITNESS: So, yeah. It's page seven,
4 first full paragraph. And then let me read you the
5 last sentence.

6 In the event of such terminan--

7 BY MR. BROWN:

8 Q Let me --

9 A Give me a second. No, you asked me to read
10 the agreement, and I --

11 THE COURT: No, I don't want you to read it.
12 I just want to know where it is, Mr. Minner.

13 THE WITNESS: The City may terminate this
14 agreement on not less than 30 days. The second
15 sentence, second sentence from the end, the City
16 may terminate.

17 THE COURT: All right. Well, we are not on
18 terminate, we are on how the -- how does the City
19 go about setting the rate, and what is -- what is
20 SSGC's role in that process?

21 THE WITNESS: This is where Mr. Brown doesn't
22 understand the agreement.

23 THE COURT: All right. Well, I don't
24 understand it because I haven't read it, so I just
25 want -- here's what I want to know, I want to know

1 what section of this agreement -- if I am going to
2 make my own decision, which I am going to.

3 THE WITNESS: Right.

4 THE COURT: What you tell me is one thing,
5 what this tells me is another.

6 THE WITNESS: I got you.

7 THE COURT: I just want to know what page and
8 what paragraph I go to that establishes what SSGC's
9 role in the rate-making process, if any, is there?
10 And that's this?

11 THE WITNESS: Page seven, first paragraph.

12 THE COURT: Middle paragraph. All right.
13 That's all I need to know.

14 And I bet Mr. Moyle is going to have a
15 question or two.

16 THE WITNESS: I imagine so.

17 BY MR. BROWN:

18 Q All right. Let's talk about the oversight for
19 customers.

20 In a typical municipal utility such as the
21 City of Leesburg, the way that customers have the
22 ultimate oversight is that they vote the commissioners
23 out of office, they vote the mayor out of office, things
24 of that nature; correct?

25 A Over-categorized, but yes.

1 Q All right. But that's part of the whole
2 regulatory scheme in effect for a municipal is that the
3 ultimate authority rises with the people who live in the
4 City, and who are receiving service from that
5 municipality, and they then -- if they can't get any
6 redress any other way, they don't have a Public Service
7 Commission, what they do ultimately is they vote out the
8 commissioners if they are very upset?

9 MR. WHARTON: Objection, it's outside the
10 scope.

11 MR. BROWN: He talked about all the wonderful
12 world of municipals and how they are closer to
13 their customers.

14 THE COURT: Well, I guess the question I have
15 is is there -- I mean, I recognize where you are
16 going because I recall Commissioner Deason's
17 testimony about what's in the public interest, and
18 the fact that the municipals get to vote out the
19 people. But I am looking at a statute in 171.208
20 that provides specific authority for municipalities
21 to act outside of their territorial limits. So
22 unless there is something legally wrong with that,
23 I am not sure where we are going with this line.

24 MR. BROWN: Well, I think in given the
25 potential scale of what's coming down the road in

1 this, I think it is something that should be
2 considered by the Court in terms of the differences
3 between getting service from the City of Leesburg
4 versus getting service from Peoples Gas.

5 THE COURT: Well, I think you can make that
6 argument without having this witness tell me what
7 he thinks to be the merits of someone being able to
8 vote out a commissioner or not; because it's
9 authorized by statute, if it gets so big that it
10 becomes beyond the public interest, I think that's
11 an issue for discussion in the post-hearing
12 submittals as opposed to having this witness tell
13 me.

14 MR. BROWN: All right.

15 BY MR. BROWN:

16 Q There are several termination provisions in
17 this agreement. Can we agree that the agreement doesn't
18 say what happens to any of those customers on early
19 termination?

20 A Yes. Well, Section 17 says that we will work
21 in good faith together to ensure a reasonable,
22 professional transition of the customers.

23 Q Right. Beyond the fact that you will work in
24 good faith together, there is nothing that provides --
25 there is nothing in the agreement itself that provides a

1 specific platform for what happens to those customers?

2 A I would answer your question by saying, beyond
3 what's in Paragraph 17, there is nothing in the
4 agreement.

5 Q All right. Now --

6 A I am pretty sure --

7 THE COURT: Yeah, why don't you take --
8 because the agreement that I have, the last
9 numbered paragraph I have on page 15 of 16 is
10 Paragraph 16, unless there is some other numbering
11 scheme going on here.

12 MR. WHARTON: I mean, we should we let the
13 witness find it.

14 THE WITNESS: I have the wrong paragraph. I
15 know it's in there.

16 MR. WHARTON: Yes.

17 THE WITNESS: It's Section 12.

18 THE COURT: 12, all right.

19 THE WITNESS: Upon expiration of -- I am
20 sorry. It's Section 12, Your Honor.

21 THE COURT: Expiration of term, page 11 of 16.
22 Okay, got it.

23 BY MR. BROWN:

24 Q Well, and there is also other terms of
25 termination where it doesn't provide for that either,

1 such as in Section 7 about the termination by the City?

2 A And so back to your question that you asked
3 me, does it contemplate anything about what to do with
4 the customers. So I would change my answer to say,
5 beyond Paragraph 12, it does not contemplate what
6 happens to the customers.

7 Q All right. And the same thing with regard to
8 Paragraph 15, capital M, adverse determination?

9 A The agreement becomes effective on the date
10 it's fully executed?

11 Q My only question is, there is nothing in there
12 that specifically provides what happens to the
13 customers?

14 A Now I don't understand your question with that
15 context.

16 MR. MOYLE: I think it's been asked and
17 answered. He asked him --

18 THE COURT: Well, I think it has been, too.

19 MR. BROWN: I will move on, Your Honor.

20 THE COURT: He said there wasn't anything
21 other than Paragraph 12 --

22 MR. BROWN: I will move on.

23 THE COURT: -- so I am satisfied.

24 MR. MOYLE: And, Mr. Brown, you have given a
25 lot of latitude, you said, I only had a few

1 questions of the agreement.

2 THE COURT: Few is a fluid term.

3 MR. BROWN: I am done with the agreement,
4 though.

5 BY MR. BROWN:

6 Q All right. Let me see if I understand your
7 overall theory as to why Leesburg should be served. As
8 I understand it, at some point, the City sells this
9 piece of property down here to The Villages -- or is it
10 up further up here?

11 A Right there.

12 Q Okay. And because of that, you figure out
13 that they are all going to be moving down from north to
14 south along the way, correct?

15 A Yes.

16 Q And so you want to be a part of that, and so
17 you get together with The Villages. And I think what
18 you testified was -- wait a minute, let me see if I can
19 find it. I think you talked -- well, at any rate that,
20 that was going to -- that this was all go to be
21 industrial, and that you thought that Peoples wasn't
22 going to be serving any of the residential customers?

23 A Yes.

24 Q But after this happened, and before the
25 agreement -- after this property got sold and before the

1 agreement got entered into, Peoples ended up serving The
2 Villages of Fenney, didn't they?

3 A No. Peoples was serving Fenney before The
4 Villages bought our property.

5 Q Well, didn't they -- didn't the first -- you
6 said the first time you got wind of this was in 2016
7 when they first approached you, and then the deal was
8 done in May of '17?

9 A No. No. No. The first -- the first we got
10 wind of new Villages expansion was when they moved to
11 buy our property in 2016, and that's December.

12 Q Okay.

13 A Okay, so by December of 2016, the two last
14 pieces of Villages development is Fenney and The
15 Villages of Fruitland Park. So the local vernacular is,
16 The Villages has closed shop. They are done. After
17 they are done Fenney, the powers at The Villages are
18 having margaritas. They are done.

19 So that went on for a year, 18 months, until
20 The Villages shows up at City Hall and questions, or
21 starts asking us about, would you sell the 470 property.
22 So that's the key that, oh, they are going to build.
23 Now you got to add in -- go through those -- I already
24 testified to this.

25 Then we go into the discussions of what

1 happens. Can we serve you gas? No, we don't want gas,
2 it's expensive. We would don't like TECO. So the field
3 is open. We have infrastructure in the area. They are
4 coming to us. We had to extend out to get them, but
5 ultimately they are coming our way.

6 Q All right. Let me direct you to your
7 statement on Exhibit 3.

8 A Exhibit 3 is the one you objected to, right?

9 THE COURT: It's in evidence.

10 BY MR. BROWN:

11 Q But it's in evidence now --

12 A Right.

13 Q -- so let's talk about it.

14 All right. And let's direct to you Roman
15 numeral II, the conditions that caused the dispute. And
16 let me direct you to -- you start -- in about the second
17 sentence, you start talking about the Coleman line, and
18 that's this line right here, correct? We are on Exhibit
19 5.

20 A Yes.

21 Q Okay. And then you say it has significant
22 excess capacity. We have talked about whether it's
23 significant excess or not. And then you say: The
24 natural gas main was planned to not only provide Coleman
25 with natural gas service, but also to serve future

1 development occurring at, adjacent to, or nearby
2 Coleman; correct?

3 A Yes.

4 Q And so in other words, what you are saying is
5 that because the City had this line here, that there was
6 excess capacity on it, and it was anticipated that they
7 would be able to serve off this line; correct?

8 A Yes.

9 Q Isn't that what Peoples is saying up here
10 about the 468 line?

11 A I believe it is what you are saying.

12 Q And so you are saying that's your
13 justification -- your justification is looking at the
14 Coleman line, way to the south, two miles away from
15 these developments, and saying that Leesburg has the
16 right to be serving these areas that are up against an
17 already existing line that was sized to serve future
18 development; is that what you are saying?

19 A And I am working with a developer that doesn't
20 want to sell gas unless it's with me. And I can
21 demonstrate to the Public Service that I can reasonably
22 serve it. C, I can show the Public Service Commission
23 that my rate is competitive. And D, I can show the
24 Public Service Commission that my expansion costs are
25 reasonable. And if you put all those things together in

1 the argument, you have the right to serve in the gas
2 world.

3 Q All right.

4 A That's how I understand the process.

5 Q But let's just start with this, with the line
6 itself, we start with -- you are agreeing that if you
7 have got a line in place that has the capacity to serve
8 a given area, that would mean that you have the right to
9 serve it?

10 A Mr. Brown, I made the justification and
11 recommendation to the City Commission. I was aggressive
12 to get The Villages for those reasons I just gave you.
13 They didn't want to provide gas. The City of Leesburg
14 had the utilities in the area. We could demonstrate
15 that we could do it reasonably. We saw a jump-off
16 situation, so we created this agreement.

17 That's my answer. And anything that -- that's
18 just another way to ask what I just answered. That's
19 why we did it, Your Honor. I mean, TECO is allowed to
20 goods disagree. I get it. But we think we acted
21 justly.

22 Q And then you say Coleman is adjacent to and
23 abuts property that The Villages recently developed.
24 Well, it doesn't abut anything, does it?

25 A I showed this to the Court earlier. The

1 Coleman prison is this square. So the northern boundary
2 of Coleman abuts Bigham.

3 Q But the line itself is way down at the
4 southern boundary of Coleman, correct?

5 A The line is at the southern boundary of
6 Coleman.

7 Q And so in order -- and regardless of -- and
8 because of that, you had to run the line all the way
9 from 470 up to that area?

10 MR. MOYLE: Asked and answered.

11 THE COURT: I think you are kind of beating
12 that horse to death.

13 MR. BROWN: Okay. You are right.

14 THE COURT: I am satisfied that's where it
15 went.

16 MR. BROWN: I think that's all I have, sir.

17 THE COURT: All right. Mr. Moyle.

18 MR. MOYLE: I have a few questions. I was --
19 we have been going at it for a while can we --

20 THE COURT: Well, let's go ahead and knock
21 this witness out and then we will take a break.

22 MR. MOYLE: All right.

23 REDIRECT EXAMINATION

24 BY MR. MOYLE:

25 Q Mr. Minner, you were asked a question, and you

1 talked about an underlying assumption in response to a
2 question that Mr. Brown asked you, and you said, well,
3 it did depends on the underlying assumption. Do you
4 remember that?

5 A No. I apologize, I don't.

6 Q Okay. We will find that.

7 While we are looking for that, just explain
8 your understanding with respect to the question about
9 the say of The Villages over the rate, could you just
10 explain that as you understand it? I think you
11 identified where that provision is for the judge, but
12 just explain to the Court how you understand it.

13 MR. BROWN: The agreement speaks for itself.
14 I have been waiting for this.

15 THE COURT: I think we kind of -- I cut him
16 off. Once I had Mr. Minner explain where it was,
17 that was sufficient for me. So I think I have got
18 enough -- you are talking about page seven --

19 MR. MOYLE: Right. Right.

20 THE COURT: I am going to read it, and I will
21 come to my conclusions as to what it means; because
22 I pretty much limited him and Mr. Brown on that
23 particular issue to identifying for me where that
24 section existed so I could read it.

25 I will sustain the objection.

1 MR. MOYLE: Okay.

2 BY MR. MOYLE:

3 Q And in all of the provisions you were asked
4 about in terms of the rates, that is something -- Al
5 Minner is not making those decisions in establishing
6 those decisions, correct, it's the City Commission?

7 A That's how I envisioned it is that, at the end
8 of the day, the City Commission ultimately has the
9 authority to impose the rate, make the rate. And if
10 City Commission determines that the rate is not good for
11 the City of Leesburg, we can terminate -- we may
12 terminate the agreement.

13 Q Right. And that gave you some confidence in
14 signing the agreement?

15 A And confidence that we have ultimate control
16 over that system.

17 Q And with respect to setting the rates, as we
18 sit here today, who has that power?

19 A The City of Leesburg.

20 Q And with respect to that 30-year extension
21 discussion you had with Mr. Brown, wasn't this
22 arrangement put together with the broad understanding
23 that future development was moving to the southeast, and
24 you didn't want to have to come back and amend it -- and
25 just explain that, if you would.

1 MR. BROWN: It's a little leading, compound
2 and we sort of covering all of this.

3 THE COURT: I think we covered it pretty well,
4 but I am going to overrule the objection. I think
5 I know the answer, but go ahead and explain it
6 briefly, if you can.

7 THE WITNESS: We see it as how the
8 investor-owned of their franchise agreements.
9 Those agreements were 30 years, and then the City
10 had the option to buy. If the performance -- it's
11 a performance-based contract. If our performance
12 is good, if our rates are competitive, if our
13 services is good, then that's a provision we didn't
14 need to worry about.

15 MR. BROWN: That's a whole new topic.

16 THE COURT: Hang on a second. Let me ask you
17 this, Mr. Minner. We did talk about this on cross.

18 We have Exhibit A, which was the map with the
19 yellow areas that were subject to the agreement.
20 Your map.

21 THE WITNESS: Oh, Exhibit A, okay.

22 THE COURT: So now if you want to put a
23 different map on there with other new areas, are
24 you going to have to amend the agreement to
25 incorporate those new areas and incorporate map No.

1 2?

2 THE WITNESS: That's how I would see it. And
3 then all the provisions in the agreement now apply
4 to area two.

5 THE COURT: All right.

6 BY MR. MOYLE:

7 Q And that was a business arrangement that was
8 put together?

9 A Right. It's a performance-based contract. If
10 the performance is there, it's going to get extended and
11 we don't need to worry about dates or --

12 MR. MOYLE: Okay. That's all I have.

13 THE COURT: All right. Mr. Minner.

14 THE WITNESS: Thank you.

15 THE COURT: You are relieved.

16 THE WITNESS: Thank you, sir.

17 THE COURT: All right. So now it's 3:15. You
18 want to take 15 minutes? We have been at it pretty
19 good with Mr. Minner, so probably a little break
20 would be nice.

21 MR. MOYLE: That's fine.

22 THE COURT: Okay.

23 (Brief recess.)

24 THE COURT: All right. Are you ready to go,
25 Mr. Moyle?

1 MR. MOYLE: I am.

2 THE COURT: All right.

3 MR. MOYLE: Call Jack Rogers.

4 THE COURT: Mr. Rogers, raise your right hand.

5 Whereupon,

6 JACKSON GILBERT ROGERS, JR.

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

10 THE COURT: Your full name, please.

11 THE WITNESS: Jackson Gilbert Rogers, Junior.

12 THE COURT: All right. Be seated.

13 R-O-G-E-R-S1.

14 THE WITNESS: R-O-G-E-R-S.

15 DIRECT EXAMINATION

16 BY MR. MOYLE:

17 Q Good afternoon, Mr. Rogers.

18 A Good afternoon.

19 Q You have been sworn, right?

20 A Yes, I have.

21 Q Please state your name and address for the
22 record.

23 A Jack Rogers, 306 South 6th Street, Leesburg,
24 Florida.

25 Q Where do you work presently?

1 A I work for the City of Leesburg.

2 Q And in what position?

3 A I am employed as the Director in the Natural
4 Gas Department.

5 Q And how long have you held that position?

6 A Since 2016.

7 Q Would you tell the judge what your duties and
8 responsibilities are?

9 A As the Director, I oversee all aspects of the
10 Gas Department from construction, to maintenance, to
11 operations, budgeting, all employee issues, safety,
12 everything that encompasses the Natural Gas Department
13 is ultimately my responsibility.

14 Q And with respect to your background and
15 history, would you tell the Court when you first started
16 working for the City of Leesburg, and in what capacity?

17 A In May, I just celebrated my 40th year with
18 the City of Leesburg. I started in 1979. Would you
19 like me to run through my history of positions?

20 Q Please, that would be helpful.

21 A Okay. I came in in 1979, was hired in as a
22 gas service technician. Those duties primarily are
23 concerned with working on the customer side of the
24 meter. Turning gas on, checking the appliances for
25 safety, responding to customer gas leaks. We were also

1 cross-trained to be able to handle outside leaks,
2 mainline disruptions, service line disruptions, and I
3 got involved in metering, regulator station work, pretty
4 much all aspects of the system except for welding.

5 In 2000, I became the Superintendent of the
6 Natural Gas Department, working with the day-to-day
7 operations. And then in 2006, as I stated, I became the
8 Director of the Natural Gas Department.

9 Q And you have been in that position since 2006?

10 A 2006, yes, sir.

11 Q While you were employed by the City of
12 Leesburg, what training -- tell the Court about the
13 training that you received?

14 A I have been to a host of training schools and
15 such over the years. I started out in gas serviceman
16 schools. So we did basic service, advanced service. I
17 went to school to learn what we call measurement school,
18 which was dealing with the gas meters, how they are
19 measured. Regulator school dealing with pressure
20 regulating, dropping pressure from higher pressures to
21 lower pressures, home to utilization pressure.

22 I went to school for cathodic protection,
23 which is the method we use to protect our steel gas
24 lines from corroding. I guess I can go into more detail
25 on that later on.

1 I went to cathodic protection school. Also
2 went to training classes with the Florida Gas
3 Transmission on how to put out gas fires. Thank the
4 lord I have never had do that yet. We did suit up and
5 put gas fires out as part of our training.

6 And I also was completely operator qualified
7 in every duty within the Natural Gas Department a number
8 of years ago. PHMSA required that before anybody could
9 work on any portion of a gas system, they had to meet
10 certain criteria, certain standards, certain training.
11 I went through every one of those courses also.

12 THE COURT: What's PHMSA?

13 THE WITNESS: PHMSA, the office of pipeline
14 safety --

15 THE COURT: Okay.

16 THE WITNESS: -- the federal.

17 BY MR. MOYLE:

18 Q And you mentioned a few terms in response to
19 that answer, cathodic protection, could you tell the
20 Court what that is?

21 A Yeah, the cathodic protection is the main way
22 that we protect steel lines -- it actually is the second
23 way that we protect steel lines against corrosion.

24 All of Leesburg's lines are coated steel
25 lines, and so they have either epoxy coat or an old tar

1 coat on them as they were originally installed in 1959.
2 That coating protects that gas line from corrosion and
3 protects it from the soil and moisture.

4 If there happens to be a void in that
5 wrapping, or a damage where somebody has hit it with a
6 shovel or a backhoe and that wrapping is broken, the
7 City compresses as small amount of DC current into the
8 system, the gas line serves as the negative end of that
9 charge. The current flows through that gas line. At
10 that point where it enters the gas line, it builds up a
11 protective coating on that gas line, called a hydrogen
12 film. That keeps the gas line from corroding.

13 Q And that's an important safety reason, because
14 of the lack of corrosion, you try to prevent corrosion,
15 right?

16 A Reduces your leak calls greatly, yes.

17 Q And with respect to gas corrosion, that
18 translates into more leaks?

19 A It is the enemy. Yes.

20 Q Are you certified also as a public manager?

21 A Yes, in 2006 I completed a two-year training
22 course and became a Certified Public Manager through
23 Florida State. The course was offered. A number of
24 management personnel within the City of Leesburg
25 embarked on that endeavor, and after two years, we

1 finished and now I am certified as a public manager.

2 Q Could you talk a little bit about the role
3 that safety plays in the City of Leesburg's natural gas
4 operations?

5 A Yes. Obviously, I think it is -- across the
6 gas industry, it is the most important aspect. Every
7 built of training, every bit of, you know, schoolwork
8 that you do, everything that focuses on safety, and that
9 has been our focus over the years. We want to provide
10 safety for, first and foremost for our customers, but
11 second of all, for our employees also.

12 Q And when you go to classes or schools and are
13 getting education, or teaching education, what role does
14 safety play in that?

15 A Well, sure. For example, when you go to
16 school to learn how to work on or how to adjust
17 regulators and how regulators operate, obviously if the
18 regulator is not operating properly, it could be sending
19 too much pressure no a system or not enough pressure
20 into a system, so immediately, that becomes a safety
21 issue. Cathodic protection, again, if you are not
22 keeping up the proper current on your line, you are
23 going to have issues with corrosion.

24 So pretty much every aspect of our training,
25 safety is the main component. You are dealing with a

1 volatile commodity, natural gas, and so everything that
2 touches that natural gas system has to have a safety
3 component attached to it.

4 Q Okay. You used the phrase regulator. Tell
5 the Court what a regulator is.

6 A Natural gas regularity is where -- it's
7 similar to a transformer in electric. It just takes the
8 pressure and reduces it from a higher pressure down to a
9 lower pressure.

10 We have gate stations that take our
11 transmission pressure and reduce that down to
12 distribution pressures. Then we have service regulators
13 at the home that reduces the pressure to a lower
14 pressure coming into the home. And then most appliances
15 have a regulator on them also that reduces it further to
16 the burner tip.

17 MR. MOYLE: I listed him in our requirements
18 of listing as an expert in natural gas operations,
19 construction and safety and would tender the
20 witness in these areas based on his expertise,
21 experience, knowledge, Your Honor.

22 THE COURT: Any objection?

23 MR. BROWN: No objection.

24 THE COURT: All right. Can you go through
25 that list again?

1 MR. MOYLE: Sure. As an expert in natural gas
2 operations, construction and safety.

3 THE COURT: All right.

4 MR. WHARTON: No objection.

5 THE COURT: Without objection, he is accepted
6 as such.

7 BY MR. MOYLE:

8 Q Now Mr. Minner -- and I don't want to be
9 redundant, but I want to make sure we covered
10 everything, but Mr. Minner has gone through and
11 described the Leesburg system, but he kind of gave an
12 overview at a 10,000-foot level, and you are the person
13 with the day-to-day operational responsibilities,
14 correct?

15 A Yes, I am.

16 Q Okay. So I may ask you some more detailed
17 questions about that.

18 MR. MOYLE: Your Honor, we have had a witness
19 from PGS talk in some general terms about the gas
20 system, how it operates. I am going to ask
21 Mr. Rogers to just go through that at a high level
22 again. It took me about 10 times to figure it out,
23 if that's all right.

24 THE COURT: Sure. You don't need to reinvent
25 the wheel, but a little bit will be fine.

1 THE WITNESS: I will try to be brief.

2 BY MR. MOYLE:

3 Q Could you just give a general overview to the
4 Court as to how the system works and serves customers?
5 So I don't -- I don't know that you need to go through
6 the map yet. I just want to talk about some of the
7 general overview about the Leesburg natural gas system,
8 and how it serves customers.

9 A Okay. I will use the map later then.

10 Yeah, we -- the City of Leesburg takes our
11 natural gas off of Florida Gas Transmission line. We
12 are actually on a lateral line that dead ends at the
13 City of Leesburg. That transmission line is operating
14 around 900 to 1,000 pounds per square inch pressuring.
15 It comes through a couple of gate stations, one in
16 Haynes Creek, one in Leesburg, where the pressure is
17 reduced and metered as it's introduced into the local
18 distribution company, or into our lines, if you will.

19 We take possession of that gas at the gate
20 station. The pressure is reduced, in our case to, in
21 one case, 480 pounds of pressure, other cases
22 250 pounds, and then in other instances, 50 pounds.

23 The 250-pound lines are generally the ones
24 that run a little bit longer distance, where we are
25 trying to get more gas to further ends of our system.

1 The 50-pound lines are the ones that generally go out
2 and you will find commonly on your residential streets
3 and your commercial neighborhoods and all.

4 From that point, the lines are tapped. A
5 service line is run up to the home. A meter is set. A
6 regulator is set. The pressure is then reduced again
7 coming into the home to either two pounds or seven
8 inches of water column, which is four ounces of
9 pressure, and then it ultimately ends up at the
10 appliance for the customer.

11 Q And with respect to the role that pressure
12 plays, could you explain that?

13 A Of course, the greater pressure you have, if
14 you will, in layman's terms, the more gas you are able
15 to deliver to a point. So if you are going to be
16 running a longer line, if you are going to be serving a
17 larger customer, quite often you will see companies run
18 a line of 250 pounds of pressure, or some other point,
19 maybe 400 pounds of pressure to get to that point. So
20 the longer the line, the greater the pressure, you end
21 up with more gas at the end of the line.

22 Q And could you explain the types that are used
23 today in Leesburg's systems, and what they are made
24 from?

25 A Yeah. Primarily they -- well, not today, but

1 this -- primarily, the lines that you will see on gas
2 systems today are cast iron, bare steel, coated steel
3 and PE, or polyethylene, commonly just referred to as
4 plastic lines. Those primarily have been the four.

5 I had the privilege of seeing some gas lines
6 that were constructed of wood, not in the ground, at a
7 training center, that were probably put in the 1800s. I
8 think they leaked.

9 Q And we've -- the cast iron and the bare steel
10 are not preferred today, right?

11 A That is correct. In fact, the City of
12 Leesburg does not use those, nor have they ever used
13 them.

14 Q And they are --

15 A Corrosion is the -- corrosion is the issue on
16 those both. With cast iron -- cast iron has another
17 issue. It's not only corrosive because it's not coated,
18 but also it utilizes mechanical joints, which are more
19 prone to leak and a little bit more at risk during
20 diggings. The pipe is more brittle, the mechanical
21 joint is more apt to fail. Leesburg uses -- obviously,
22 bare steel, again, the issue is with corrosion.

23 Q So today, the materials that Leesburg uses are
24 what?

25 A Coated steel and polyethylene, or PE, plastic

1 pipe.

2 Q Okay. So let's go to -- talk a little bit
3 about the pressures on the map, if you would. If you
4 would approach the map and I want to have the record be
5 clear.

6 A Sure.

7 Q If you could, describe the pressures on the
8 Leesburg lines as they are depicted on the map.

9 A Sure. Well, Florida Gas Transmission's line
10 is not shown on this map, but it comes in and basically
11 dead ends at the Leesburg gate station here. That's one
12 that I have referenced as operating at about 900 pounds
13 per square inch, maybe 1,000 pounds.

14 This is our Haynes Creek station. It serves
15 commercial customers and some communities out here in
16 the Haynes Creek area. These lines all operate at
17 50 pounds per square inch.

18 We come into the Leesburg gate station.
19 Again, that's the end of Florida Gas Transmission's
20 line. It comes through our gate station, which is the
21 second purple dot here on the map. We bring that in at
22 480 pounds. And at this point, we have what we refer to
23 as the Newell Hill gate, or the Newell Hill regulator
24 station. At that point, we break the pressure down
25 further to a 250-pound line, which runs south on 27, and

1 we pick up a number of residential communities down
2 here. We pick up Arlington Ridge, Royal Highlands,
3 Highland Lakes, Legacy, all feed off of this 250-pound
4 line. We have regulator stations installed at each one
5 of those, which breaks it down to 50 pounds going into
6 those subdivisions. Those lines are not depicted here.
7 This map depicts the trunk system, or the mainlines that
8 follow.

9 This line here is a line that goes out through
10 Okahumpka on Highway 470. The line was constructed in
11 1995 to go out to the Coleman Federal Prison. It's a
12 six-inch steel coated and wrapped steel line operating
13 at 250 pounds pressure.

14 We also have a line that comes out along 44,
15 originally it was extended to Pembroke Fairways, a
16 residential community out here. That line operates at
17 250 pounds also, and then is broken down to 50.

18 We also extended 50-pound pressure lines into
19 Fruitland Park in 1964, and then eventually on out to
20 pick up The Villages of Fruitland Park.

21 I think that pretty much covers the extent of
22 it.

23 THE COURT: When was the Coleman prison line
24 run, the 470 line?

25 THE WITNESS: The Coleman Federal Prison line

1 was installed in 1995 -- 1994, correction.

2 THE COURT: Okay.

3 BY MR. MOYLE:

4 Q And what's the pressure on that prison line,
5 the Coleman prison line?

6 A The prison line was installed, as I say, a
7 six-inch steel line, it was installed at 250 pounds of
8 pressure. The intent was to feed the Coleman Federal
9 Prison, and then pick up any other residential or
10 commercial customers that might come along at that time.
11 We do the same as those across the industry. We size
12 lines in anticipation of growth.

13 Q And is the Coleman prison line, as it exists
14 today, have excess capacity?

15 A Yes, it does.

16 Q Do you know how much approximately, and what
17 that might --

18 A Actually, what happened with the Coleman
19 Federal Prison over the years, their gas load is
20 actually reduced due to putting more efficient
21 appliances in. Obviously, the appliances were installed
22 in 1994, they were using it for hot water for the
23 showers, for heating, for cooking, for their laundry and
24 all that. Over the years, appliances have become more
25 efficient.

1 So the load on the prison has dropped off to
2 about 50 percent of what it used to be. It was running
3 in the neighborhood of 600,000 to 700,000 therms per
4 year. They are down around 300,000 therms per year
5 usage.

6 I can say that while I haven't personally
7 sized the line, we did have engineering staff that
8 worked for the City of Leesburg, and at one point, the
9 City of Wildwood was looking at developing a residential
10 subdivision directly across from the Coleman Federal
11 Prison. And as I recall at this time, I'm trying to go
12 back in my memory, but I think that subdivision was
13 going to be around 7,000 homes. I don't recall the name
14 of that subdivision, but it was going to be around 7,000
15 homes. Our engineering staff ran the numbers on that
16 and didn't have any concern with feeding those.

17 Q With feeding the additional 7,000 homes?

18 A Feeding those additional homes, that's
19 correct.

20 Q And there is a line that runs up 501, is that
21 right?

22 A That is correct.

23 Q Okay. And --

24 A That is depicted here, so operating at
25 250 pounds.

1 Q And what were the costs to build that line, if
2 you know?

3 A The total cost on that line, at the time it
4 was complete, was \$680,000. The line was constructed to
5 pick up, obviously, this area, in anticipation of
6 growth, as we have depicted here. And we would be able
7 to tie into that line as that growth occurred down
8 towards 470.

9 Q And what areas is that line serving as we sit
10 here today?

11 A Currently, that line is serving all of the
12 lines that are -- the red spaghetti lines that are shown
13 on the map at this time. 1,400 homes -- well, we are
14 going to be approaching 1,500, 800 of them currently
15 have residents in them.

16 Q Okay. And then the line that comes down 468,
17 what's the pressure of that line?

18 A That's 250 pounds. That's also a six-inch
19 steel line.

20 Q Okay. And is that line necessary to serve the
21 three areas that we have been talking about?

22 A That line is not required to serve the three
23 areas currently. As a matter of fact, those areas are
24 being served very successfully with no pressure drop on
25 our line at all. We don't anticipate that line will be

1 needed to feed these customers; however, eventually it
2 will tie in by way of regulator station and loop these
3 systems together to provide us with some redundant feed.

4 Q And a redundant feed is just a good thing to
5 have in the industry?

6 A Absolutely. If something were to happen to
7 the line coming up 501, we would still have a feed
8 coming in from this direction. It's always best to loop
9 your system when it's possible.

10 Q And when you install -- in terms of the cost,
11 I want to just make sure the record is complete with
12 cost. The gate station that is depicted, the Sabal
13 Trail gate station --

14 A I have not covered that one yet, but, yes,
15 that's correct.

16 Sabal Trail is located here, right on 470.
17 And as was discussed earlier, original estimates on
18 where Sabal Trail was going to be coming through, the
19 system was all the way over here near Highway 75. We
20 were fortunate that they moved the route. We intended
21 to tap that line no matter where it ended up being
22 because it would provide a redundant feed for Leesburg,
23 and some additional safety if the line coming in from
24 Florida Gas Transmission were to fail for some reason,
25 we didn't want to lose our entire customer load, so we

1 were willing to run to get to Sabal Trail Transmission
2 to provide that redundant feed for us.

3 At some point, they made the decision to move
4 the line further east, and they actually crossed our
5 six-inch main that had been in place since 1994.

6 Q And exactly what's the status of the Sabal
7 Trail?

8 A Well, we began talking to Sabal Trail in, I
9 believe it was December 2015, once we had it nailed down
10 on the route where they were going to come in.
11 February, several months later, we actually signed a
12 contract with them to build a point there for us.

13 We found it better to go ahead and have them
14 install that line during construction. Had we waited
15 until the line was hot, they would have made a hot tap
16 on it, and estimated it would have cost us about
17 \$500,000 more. So we thought it was best at this time
18 to have them install a T and a valve and a point for the
19 City of Leesburg.

20 From that point, once we had that in place, we
21 began to move forward with all the rest of the parts of
22 this puzzle of putting a gate station in. That station
23 is due to go on-line early to mid-October of this year.

24 And, in fact, the regulator portion of the
25 station has already been prefabbed and built. The

1 metering portion has been built. The odorizer has been
2 delivered. The heater, which keeps the temperature of
3 the gas up because it flows through the regulators has
4 been delivered. We just got approval for a contractor
5 who will then take all those pieces and put them
6 together and give us the final product of the gate
7 station.

8 Q Do you need that gate station to serve the
9 area in dispute, the Bigham properties --

10 A No, we do not.

11 Q -- or beyond that?

12 A No, we do not.

13 Q With respect to the spaghetti lines, if you
14 will, the Bigham properties --

15 A Yes.

16 Q -- does Leesburg pay for meters to be
17 installed, or meter reading devices in there? Could you
18 tell the Court about that?

19 A The only thing Leesburg pays for within the
20 infrastructure of SSGC's portion of the development is
21 we pay for the automated metering device, commonly
22 referred to as ERTs. And those devices allow the meters
23 to be read remotely. So where a large subdivision may
24 require an entire day to read, or several days to read
25 with several meter readers, you can use the electronic

1 device and they can read that entire section in a number
2 of hours.

3 And so Leesburg is paying the cost to install
4 those automated metering device. We felt it was prudent
5 to go that route rather than adding additional staff in
6 the way of meter readers to be able to read those
7 heaters, we can do it electronically now. And in fact,
8 we are doing it with the current staff that we have.

9 Q Do you know what the cost of those meters are?

10 A Those automated meter reading devices are
11 \$72.80 a piece. They have battery life of, I believe,
12 15 to 20 years.

13 Q Is part of is reason they do those is somebody
14 doesn't have to -- you just drive by and it sends the
15 information to a device, and you don't have to get out
16 and read?

17 A Sure. And theoretically, you know, as you
18 begin to add thousands of homes, you may require hiring
19 a couple of meter readers to be able to go out and read
20 all the meters. If they are having to walk up to each
21 home, stoop down, read the meter, record that, they can
22 now do it by pulling into a remote area, it sends a
23 signal out. It wakes up those ERTs. They send the
24 information back. It's gathered. It's taken back to a
25 central bank at City Hall and all of that information is

1 downloaded.

2 We also -- to be sure that the customers are
3 being billed correctly, once a year, we do pay a company
4 to company come in and manually read every gas meter on
5 our system. They then compare that read with the
6 electronic read to make sure that they have not gotten
7 out of sync during the year.

8 Q Have we covered the pressures and the cost on
9 the lines on the map?

10 A I believe we have with respect to -- yes, we
11 have.

12 Q Okay. I want to shift gears and talk to you a
13 little bit about your customers.

14 A Yes.

15 Q How many customers does Leesburg currently
16 serve?

17 A About 14,000 commercial, residential,
18 industrial customers.

19 Q And how many miles of pipe does Leesburg
20 currently have?

21 A About 276 miles of mainlines.

22 Q And could you give the Administrative Law
23 Judge the information about how Leesburg handles
24 customer service, its customer service system?

25 A Well, a number of ways, really. We refer to

1 it as City Hall, that's where our customer service
2 department are working out of.

3 If a customer is requesting a new turn-on,
4 they can either do it by phone, electronically or they
5 can come into the office and request service. Those
6 calls are then dispatched to the gas department. One of
7 our service technicians goes out to the home, checks the
8 customer's home piping for gas leaks, reads the meter,
9 turns the gas on, checks all the alliances for proper
10 operation and safety. All of that is done with gas
11 personnel from the City of Leesburg. We don't
12 subcontract any of that out.

13 If a customer has a concern about consumption,
14 that goes through our customer service department also
15 generally. Occasionally, some of those calls will come
16 directly to our office, and our administrative assistant
17 is well versed in handling those calls also, so she will
18 sometimes dispatch those calls to our service
19 department.

20 Q Does the City get many complaints related to
21 gas utilities and gas service?

22 A Very few. Customer service is our number one
23 priority. I consider it a personal failure if a call
24 reaches anywhere beyond my desk. I consider it a
25 failure if it makes it to our desk, but if it does make

1 it to my desk, it should not end up at City Hall or
2 anywhere else. We handle the calls there.

3 I would say the majority of calls, if you even
4 want to call them majority, will be during the winter
5 season, you will have a couple of really cold days at
6 the beginning of the month, the bill comes out at the
7 end of the month. They have forgotten that it was in
8 the 30s, and they say how did my gas consumption go up
9 so high? Our service techs are all trained to run
10 consumption histories on that customer. We can then
11 that this has been your history for the past several
12 yeast years. We also run the temperatures for those
13 days so that we can go out and say, actually,
14 here's what happened. We were in the 20s, we were in
15 the 30s, we were in the 40s for a number of days in a
16 row.

17 And while our service tech is there, we also
18 run a preliminary check to make sure there is no gas
19 leaks on the system. We also check the operation of all
20 the appliances to make sure that something is not
21 malfunctioning, and ultimately, they are capable of
22 taking care of it.

23 So the majority of the complaints -- I would
24 say that was a long answer to, no, we don't get many
25 complaints. When we do, it was normally weather related

1 and they have forgotten that it was cold at the
2 beginning of the month, as an example.

3 Q There has been a little discussion in this
4 case about customers within the City Limits or customers
5 outside the City Limits with respect to customer service
6 or any other operations of your utility, do you make a
7 distinction between your customers?

8 A We make no distinction at all. We look at all
9 of our customers as the City of Leesburg natural gas
10 customers. And, you know, no slight to our service
11 technicians, but I would be willing to bet that probably
12 a number of them don't realize whether their subdivision
13 is within the corporate limits or whether it's not.

14 As you can see on the map, our corporate
15 limits are spread out. We have little enclaves here and
16 there. They are not directly attached. And so when we
17 get a call for a service call, that's a gas customer.
18 We go out and service that gas customer the same as we
19 would anybody else. We are the gas department for the
20 City of Leesburg, the entire service area.

21 Q And the number of customers that are in The
22 Villages area --

23 A Yes.

24 Q -- the number of people in homes, John and
25 Sarah Smith, what is that number today?

1 A Approximately 800 now.

2 Q Okay.

3 THE COURT: John and Sarah Smith live there
4 now? Really?

5 THE WITNESS: It's actually Bill and Sarah,
6 but I didn't correct counsel on it.

7 BY MR. MOYLE:

8 Q Have you had any complaints from anybody who
9 live there?

10 A Nothing has made my desk. Nothing has come to
11 my administrative assistant's desk, no. Nothing at all
12 that I am aware of.

13 Q Do you expect this to continue?

14 A Yeah, it better continue. Yes.

15 Q Could you tell the judge how you go about, and
16 why you go about turning on appliances before John and
17 Sarah Smith move in?

18 A Yeah, our practice with The Villages, as well
19 as with all new developments, we meet with the
20 developers at the very beginning of the project. And
21 our recommendation to them is that once the house is
22 complete, the meter has been set, the appliances have
23 been connected, we recommend that the developer turn the
24 gas on in their name prior to anybody moving into the
25 home.

1 We then come in and we run our safety check.
2 We run our leak check. We check all of the appliances
3 to make sure they are operating. What we are trying to
4 avoid is -- I am sorry, Jon, who were the two customers,
5 John and Sarah Smith?

6 Q John and Sarah, yeah.

7 A What we don't want to have happen is they move
8 in on a Friday afternoon, our gas service technician
9 goes out to turn that gas on, and it ends up that there
10 is a gas stove that is malfunctioning, or isn't working
11 properly, or the oven doesn't work, or the dryer doesn't
12 come on.

13 So we have it turned on in the developer's
14 name so that we can check all of those appliances out in
15 advance. If there is a problem, we then get back with
16 the developer and tell them that the range isn't
17 working, the dryer is not working, something is not
18 right with the system. They have an opportunity then to
19 go ahead and correct it. They call the gas department
20 to come back out again. We recheck the appliances
21 again, leave the gas on. Then, when the Smiths move in,
22 it is transferred from the name of the developer into
23 ultimately the end user, Mr. and Mrs. Smith.

24 Q And what impact does that have on the
25 relationships, if you know, between the end use customer

1 and the developer doing it that way?

2 A Well, if you end -- if you are moving in on a
3 Friday afternoon and you are having family over, and you
4 are planning on cooking for them, and that oven doesn't
5 work, they are upset with the developer. That's the guy
6 that ultimately installed that gas appliance. It makes
7 a much smoother -- a much smoother process. When that
8 customers comes in, they move in, their appliances are
9 all working seamless.

10 Q I want to talk for a minute about rates, could
11 you tell the Administrative Law Judge about the City's
12 natural gas rates?

13 A We are very proud of our natural gas rates.
14 We -- over the years, as we have done surveys, the City
15 of Leesburg has had among the lowest gas rates in the
16 state of Florida. I attribute that to a number of
17 things. We have a great gas purchasing agent that is
18 able to get the commodity at a good price. I think we
19 work very efficiently. We operate very efficiently, and
20 so we are able to keep our costs down, and we have a
21 good gas rate.

22 Q And how are they set?

23 A By the City Commission.

24 Q By the City Commission?

25 A Yes.

1 Q And do you know how your rates, you being the
2 City of Leesburg, they compare to the rates of PGS?

3 A Currently, this month, the City of Leesburg's
4 all-in rate is 94 cents per therm, and the PGS rate is
5 \$1.40 per therm.

6 Q And do you have information about how
7 Leesburg's rates compare to other municipal and natural
8 gas companies?

9 A As I say, historically, we have run below
10 other municipalities. I would be hard pressed to -- I
11 could name -- I know our rates are lower than Clearwater
12 at this point. I believe they are lower than
13 Tallahassee, but I wouldn't be able to quote those rates
14 to you. But I do know -- from time to time, I do run
15 rates. It's easy to access those rates. You can go to
16 their websites and you will find out what their rate is.

17 I also have close associations with all the
18 directors of those cities, so if that information
19 doesn't appear on the website, I have called them in the
20 past to find out what the rate is. It's just an
21 informal study that I do to make sure that we are
22 staying competitive, and actually below those rates.

23 Q Okay. And then just briefly, there is three
24 kinds of natural gas providers in the state of Florida?

25 A Yes, there are. Generally, you have the

1 investor-owned, the IOUs, which we believe are basically
2 a profit-driven organization. We have municipals, which
3 the City of Leesburg is. And I like to characterize
4 ourselves as being service oriented. And third, you
5 have gas districts. One that comes to mind would be
6 Lake Apopka Natural Gas, which is made up of a number of
7 areas that are then overseen by a board of directors.
8 So those are considered gas districts. I believe there
9 is two of those in the state of Florida.

10 THE COURT: Let me ask you a question. Does
11 the rate within the City of Leesburg vary, or is
12 there one rate that covers the entire Leesburg
13 service area, or are there varied rates depending
14 on whether you are in town, out of town?

15 THE WITNESS: No. The rates, with the
16 exception of The Village rate, which was being
17 discussed, there is one rate. It is set by the
18 City Commission. There is a price inflater index
19 that can be employed each year to keep up with the
20 cost of living.

21 The only thing that varies -- the rate doesn't
22 change, but the thing that varies is the cost of
23 the gas. So while you may be paying 94 cents a
24 therm this month, next month, you may be paying 92
25 cents a therm if the cost of gas goes down.

1 So the actual cost of the gas is simply a
2 pass-through to the customer. We don't make
3 anything on it. So if the cost of gas goes down,
4 your overall rate goes down. If the cost of gas
5 goes up a little bit, your overall rate will go up.

6 THE COURT: So the rates to The Village units,
7 which will be the rates that are covered by the
8 agreement with SSGC?

9 THE WITNESS: That is correct.

10 THE COURT: All right. And those are
11 different?

12 THE WITNESS: That those are a different rate,
13 that is correct.

14 BY MR. MOYLE:

15 Q And tell the judge how they are different, if
16 you would.

17 A I am sorry?

18 Q Could you tell the judge how they are
19 different, the rates for The Villages?

20 A Sure. The Village rate is designed to match
21 the rate of Peoples Gas, PGS, and that it's laid out
22 within the agreement that as The Villages rate -- as
23 TECO's rate raises or falls, the City of Leesburg is
24 required to match that rate.

25 Q And with respect to differential rates, there

1 are differential rates for different customer classes,
2 is that right?

3 A Yes. There is -- quiet often, you will see a
4 commercial rate, different class commercials depending
5 on how many therms they are using per month.

6 Q And with respect to the utility of water in
7 Leesburg, do they have different rates based on how
8 close you live to infrastructure?

9 A I wouldn't be able to speak as an expert on
10 the water rates. But my understanding in the past is
11 that there have been varying rates depending on where
12 you are, and it's based on the distance to serve and so
13 on. I don't know that the rates vary at this time, but
14 I do know they have in the past.

15 Q Okay. I want to just shift gears and have you
16 tell the Court how Leesburg handles emergencies.

17 We have talked about safety. There was some
18 discussion of PGS and their response to Hurricane
19 Michael, and so I just want the record to be complete
20 with respect to Leesburg and how Leesburg handles
21 natural gas emergencies.

22 A Of course, emergencies are handled as, I hate
23 to be redundant, as emergencies. They are first
24 priority. They are the first thing that are handled.
25 As soon as a service tech or distribution crew is able

1 to safely leave the job that they are on, they respond
2 to that emergency. There is different, I guess,
3 situations, that would constitute an emergency, but
4 those are the priority.

5 We generally are able to respond to most leak
6 calls, which we consider a leak call to be an emergency.
7 We are generally on those within about 20 minutes, at
8 the max. Quite often, within just mere minutes, because
9 we have four service techs that are taking care of the
10 area, four distribution crews are scattered throughout
11 the system. So if a call comes in, the likelihood is
12 that we are going to have somebody right there.

13 And I might add also that even -- our attitude
14 towards safety and our attitude towards emergencies, we
15 will quite often have a customer call in and say, you
16 know, I smell gas in my stove, somewhere around the
17 range. I have been smelling it for about a week. When
18 that is dispatched to our gas service technician, it is
19 not handled as a leak that's been going on for a week.
20 It is handled as a leak that just occurred. Our service
21 techs respond to those immediately. You know, it would
22 be natural to say, it's been leaking a week, it can wait
23 another hour. That's not the way Leesburg handles those
24 reports. We respond to them immediately.

25 Q And just so we understand, the way that you

1 smell a gas leak is the result of what? It's a safety
2 measure?

3 A Yeah. We add a chemical called mercaptan to
4 the system. Natural gas, in its purest form, is
5 odorless. You can't see it. It's tasteless. And so we
6 are required by federal regulation, and by good
7 conscious, to add odorant to the natural gas system so
8 that can be detected by the average individual before it
9 reaches an explosive level. So we have odorized that
10 gas to the point where you smell it before it can
11 ignite. And those are checked on a monthly basis.

12 We have points throughout the City of
13 Leesburg, our techs go out. We test those with
14 electronic equipment, and we make sure that that odorant
15 level is in compliance, and it always is.

16 Q You talked about a gas leak. How about a
17 natural disaster that might confront Leesburg, how would
18 you respond to that, or how have you responded to ones
19 that have happened previously?

20 A Yeah. We have had disasters that obviously
21 have come upon Leesburg. A few years back, we had the
22 distinction of being in the crosshairs of three
23 hurricanes that came across the state, and they
24 crisscrossed over Leesburg. We had personnel that were
25 placed on standby. We had personnel that were on the

1 outside of the system. We had equipment that was
2 strategically placed.

3 Fortunately, because most of your natural gas
4 facilities are underground, we are not as susceptible to
5 hurricanes inland here, like you will quite often see on
6 the coast.

7 We also happen to have the resources of 475
8 employees across the City of Leesburg. And so depending
9 on the nature of the disaster, we have access to
10 equipment that is owned by the City of Leesburg, by the
11 departments, personnel that can be used. For example,
12 if a section has to be shut down, we can use other
13 employees from other departments to put door hangers on
14 there saying your gas has been shut off for this reason.
15 Please don't turn it on. Call this phone number and
16 somebody will come out.

17 So we actually have access to 475 employees
18 that can do nonqualified required work to help our crews
19 and assist our crews. So we have lots of equipment,
20 lots of people.

21 Q Okay. And you do cross-training as well?

22 A Yes, we do, within our department. It's the
23 way I was brought up in the gas department, and I have
24 continued that practice.

25 Our gas service technicians, as I said,

1 generally primarily deal with matters on the customer
2 side of the meter. However, they are all trained on how
3 to respond to mainline breaks, service line breaks, gas
4 leaks on the outside. Our distribution crews generally
5 deal with the installation of mains and service lines;
6 however, they are also trained to go inside the
7 customer's home, check out appliances for safe operation
8 and respond to gas leaks also.

9 So we go to call cross-training our people so
10 that if a distribution crew is in an area, I don't have
11 to say, oh, that's a service related job, I need to wait
12 for a service tech. If there is emergencies, we can
13 scramble most of our employees.

14 We also work very closely with the fire
15 department, the police department, and I am in
16 department head meetings with all departments in the
17 City of Leesburg. We are local. Our employees are
18 local. Our department heads meet. We consider
19 ourselves a family, and we pitch in and help out where
20 it's needed.

21 Q How do you believe that Leesburg's response to
22 disasters is compared to other utilities in the area?

23 A We've actually -- we've helped other
24 utilities. We went down a few years ago when Fort Meade
25 was struck by the hurricane, Mr. Minner wasn't there at

1 the time, I don't think.

2 MR. MINNER: He was.

3 THE WITNESS: He was. I didn't have the
4 pleasure of meeting you at the time.

5 But we did send our gas crews to help out.
6 There were very few gas emergencies at that time,
7 but we still sent our crews down to help with
8 clearing the streets to be able to get the electric
9 services back up.

10 So we are also available. We also -- and I
11 guess I failed to mention this also, because
12 Leesburg is a member of the Florida Natural Gas
13 Association, which I serve on the Board of
14 Directors, Florida Gas Utilities, which I serve on
15 the Board of Directors, and the Florida Municipal
16 Natural Gas Association, which I serve on the Board
17 of Directors and am past president, we have
18 associations with gas companies across the state.

19 The gas industry considers ourselves to be
20 family. So if we have an emergency, we have a
21 problem, we can pick up the phone and call GRU. We
22 can pick up the phone and call TECO. We can pick
23 up the phone and call, we all come together in the
24 case of an emergency or disaster. I am confident
25 we have the personnel in the City of Leesburg, in

1 most cases, to handle nearly anything that comes
2 upon us.

3 BY MR. MOYLE:

4 Q Do you believe Leesburg is at the top of the
5 pecking order in terms of training and safety with
6 respect to responding?

7 A I think we are. We consider our people to be
8 experts in what they do. And I think our safety record
9 speaks to that.

10 Q Okay, shifting gears. One of the things that
11 you have to ensure with respect to a natural gas system
12 is that you have enough natural gas, the commodity,
13 correct?

14 A That's correct.

15 Q And also you have to ensure you have enough
16 natural gas transportation, correct?

17 A Yes.

18 Q And just briefly review what the distinction
19 is to the judge.

20 A Well, the commodity, obviously, is -- I think
21 I have heard it to referred to as the molecules, and
22 that's the actual natural gas. And then you have to
23 have the capacity in the pipeline to be able to serve.
24 So the capacity in the pipeline, if you will, is the
25 space in the tank that's delivering the commodity to

1 you. The commodity is the fuel that actually burns.

2 Q Does Leesburg have enough capacity to serve
3 its existing customers?

4 A Yes, we do.

5 Q Does Leesburg have enough capacity to serve
6 its future customers as contemplated by the --

7 A Within the agreement, yes, we do.

8 Q The agreement with The Villages?

9 A Yes, we do.

10 Q And how do you go about making sure that you
11 have enough natural gas, both the transportation and the
12 commodity?

13 A We are part of a great organization, Florida
14 Gas Utilities. We have been a part of them since 2000.
15 They are our gas purchasing agent, headed by Tom
16 Geoffroy. He is the CEO of that company. I believe he
17 has well over 30 years of gas experience. They are
18 responsible for going out and securing the gas supply
19 for Leesburg, helping us assure that we have sufficient
20 capacity to serve our customers.

21 Since Mr. Geoffroy came onboard with the
22 organization, he also offers a number of other services,
23 assistance with rate studies, marketing, a whole host of
24 other issues. And so they are a wonderful resource that
25 we can call on for anything related to natural gas; but

1 primarily, they are the ones that take care of our
2 capacity needs and our commodity needs, and have been
3 doing a great job since 2000.

4 Q And telling the Court what a SCADA system is.

5 A SCADA system?

6 Q Yeah.

7 A We have a -- it's a supervisory controlling
8 and data acquisition system. And it's an electronic
9 system basically that brings information back to a
10 central point, in our case, the Natural Gas Department.
11 It monitors pressure. It monitors usage, if you will,
12 at different points around the system. And it can do
13 that by being either attached to a larger industrial
14 customer, or any point along your line where you wish to
15 monitor pressure and usage. We have that all over our
16 system. And so -- and it's monitored 24/7.

17 We also have a phone call-out system. So we
18 set that system for certain parameters. For example, if
19 the line going out to Coleman prison operates at
20 250 pounds, we make a determination based on history out
21 there, for example, if the pressure were to drop to 190
22 pounds, something might be wrong on the system. So that
23 pressure point is set. At the point where that natural
24 gas would reach 190 pounds, it sends a signal to that.
25 It sends it to a group of phones, starting with our

1 distribution crew. If that's not immediately answered,
2 it goes to our service tech. If that's not an
3 immediately answered, it goes to our operations
4 supervisor. If that's not answered, it comes to me. It
5 better never get to me.

6 And in addition, it is being monitored by a
7 live person 24/7. And he knows that if that call is not
8 acknowledged in 10 minutes, then he needs to get on the
9 phone and begin calling those techs out because of the
10 probability that there is a phone system. And so we
11 monitor both usage and pressures throughout our entire
12 system.

13 Q Okay. Thank you.

14 I want to have you, shifting topics, tell the
15 Court about the role that the PSC plays with the City's
16 natural gas system.

17 A The Public Service Commission monitors us and
18 regulates us with respect to safety. They also receive
19 construction notifications from the City of Leesburg,
20 and send their inspectors out to assure that
21 construction is being done according to the
22 requirements.

23 Q And with respect to your most recent -- you
24 have inspection reports how often?

25 A Annually.

1 Q How have your annual, most recent annual
2 inspection reports gone?

3 A They have been very good. We have had no
4 violations, no recommendations, no citations.

5 Q Was the PSC involved in interacting with you
6 with respect to the construction in the Bigham area?

7 A From the very beginning, yes.

8 Q Tell the Court about that.

9 A Whenever it looked like this was going to
10 happen, I contacted Mr. Moses to let him know that they
11 would be receiving construction notifications from the
12 City of Leesburg that SSGC would be doing the initial
13 construction, and then Leesburg would become the
14 eventual owner once that system was complete to our
15 satisfaction and to our inspections.

16 We wanted to make sure that we covered all the
17 bases, that they didn't have any concern with that
18 arrangement, and so I wanted to stay in close contact
19 with Mr. Moses through the process. He has been a great
20 resource for us. I wanted to make sure that we weren't
21 missing anything, and I kept him in the loop as the
22 process went on.

23 Q And that's Mr. Rick Moses?

24 A Yes.

25 Q With the PSC?

1 A That's correct.

2 Q What's his position, if you know?

3 A He is the head of the Florida Division of the
4 Public Service Commission.

5 Q Okay. There is a couple of exhibits, let me
6 ask you to go to City Exhibit No. 4.

7 A All right. Yes, sir.

8 Q Could you just tell the judge briefly what
9 this exhibit is?

10 A Yeah. Obviously, from the topic, it's 2018.
11 Mr. Moses had asked us to send certain records to both
12 one of the local inspectors, his inspectors, and
13 himself. He wanted, as they are enumerated there, one
14 through eight, pressure test records, field inspection
15 records, our personnel qualifications, assuring that the
16 people that were doing the work and doing the
17 inspections were qualified.

18 And so we gathered all those records,
19 submitted those to him, and then I sent this
20 accompanying letter, just briefly laying out the history
21 of our interaction from my first phone call to him, and
22 then his request for these documents.

23 Q Did you and Mr. Moses ever have a conversation
24 about point of contact with respect to --

25 A Matter of fact we did, sometime after this.

1 Also, when the inspectors began to come down to inspect
2 the SSGC lines that were being -- the lines were being
3 installed by SSGC. Prior to Leesburg taking possession
4 of those, Mr. Moses contacted me and said that he was
5 sending his inspectors down, and -- but he wanted us to
6 be aware that, even though there was not a bill of sale
7 at that moment where Leesburg had taken possession of
8 those lines, that he held us responsible for any issues.

9 So the idea being that if there was an unsafe
10 construction practice, or something that was being
11 installed incorrectly, he would not be talking to the
12 contractor, he would be talking to me about the
13 situation that was out there. He viewed us as the owner
14 of the utility.

15 Q And you oversaw construction, you being
16 Leesburg?

17 A Yes. Yes, I have.

18 Q What did you do -- tell the Court how you
19 oversaw construction of the --

20 A My history of overseeing construction?

21 Q No, with respect to the project in question,
22 Bigham.

23 A We had one of our employees that I
24 designated -- actually, I designated a number of
25 employees to be inspectors out there, but primarily the

1 inspector was my operations supervisor that had been
2 with us for 19 years.

3 He started out in distribution and
4 construction. He moved into service work on the
5 customer side. He has been under my supervision, as I
6 said, for 19 years. He is very conscientious. He has
7 made the City of Leesburg Gas Department his home, and
8 he realizes anything that goes wrong with the
9 construction out there, the City of Leesburg ultimately
10 is going to be responsible for it and responding to
11 those issues. So he was assigned the main duties of
12 being the inspector, and he is out there every day.

13 Q And during the construction, did you assure
14 that all of the PHMSA, that's the federal regulatory
15 body --

16 A Yes.

17 Q -- all their rules and the PSC rules were
18 complied with?

19 A Yes. The construction of -- there are some
20 subtle differences in the construction of a plastic
21 system and an all steel system. Obviously, the
22 material. But as far as your clearances go, your depth,
23 your backfilling procedures, your testing of the lines
24 for leaks, those are all basically the same regardless
25 of the material that you are actually using.

1 And so Mr. Geffort (ph), our inspector, was
2 already very well versed in dealing with steel, and so
3 that's why he was assigned the duty of being the primary
4 inspector. He is out there every day. If the
5 contractor works late, quite often he will tell me he is
6 heading home. It may be 7:30, eight o'clock at night,
7 he is heading home after inspecting the system out
8 there. He wants to make sure he puts eyes on nearly
9 every inch of that line before it go in the ground.

10 Q Okay. The next Exhibit in the book is No. 5.
11 Could you identify that? It's been admitted. Just tell
12 the Court what that is.

13 A Exhibit 5, the ordinance --

14 Q Right.

15 A -- 1807. This is an ordinance that is
16 codifying the natural gas rate by which the Village
17 customers will be billed. It went before our City
18 Commission for consideration on the date of 2018 --
19 February 26th of 2018. And so the rate structure, which
20 was contemplated originally in the agreement and then
21 put into ordinance and it was brought before the City
22 Commission, and they gave approval to it unanimously.

23 Q Does The Villages or SSGC get to set the
24 rates?

25 A The City of Leesburg commission set that rate.

1 Q And in a situation in which there is a
2 differential in price, I believe, of natural gas, are
3 you aware, can The Villages have a say in rates in that
4 situation?

5 A No. No. As I say, you are -- if you are
6 talking about the quantity -- restate your question for
7 me, please. I want to make sure I understand.

8 Q I am talking about the differential -- the
9 situation in which, on that chart, it was the excess
10 earnings that showed up.

11 A Right.

12 Q If the gas prices got to a point, there was a
13 provision that Leesburg could go and ask --

14 A Yes, I am familiar with that.

15 Q Yeah. Could you just explain that briefly?

16 A Sure. Absolutely.

17 There is the native rate that is set by the
18 City of Leesburg. As I said, this month, it's 94 cents,
19 and PGS is \$1.40.

20 Whenever the rate differential is at 25 cents
21 difference, that's 25 cents difference between Peoples
22 Gas system and the City of Leesburg's native rate, then
23 Peoples Gas is earning 53 cents per therm, almost 54,
24 Leesburg is earning 28 cents per therm, okay.

25 As that rate differential squeezes, because

1 the cost of gas either rises or falls, that rate
2 differential could get beyond 25 cents, or it could
3 become less than 25 cents. When it becomes less than 25
4 cents, the amount that Leesburg recovers from the
5 revenue is actually reduced.

6 At the point where it reaches 15 cents
7 different -- drops below 15-cent differential, that's
8 the point where the City of Leesburg, where we agreed by
9 contract by the agreement, that we could then have the
10 option to go to The Villages and say, we need to bump it
11 up a penny this month. At the moment that that rate
12 differential separates again, you are right back into
13 the provisions of the agreements.

14 Q And with respect to this provision that you
15 just described, does it protect The Villages' customers
16 or Leesburg or both?

17 A Ultimately, it's protecting The Villages
18 customer. On the downside of it, The Villages customers
19 are protected by, first of all, the rate matches PGS's
20 rate, which is regulated by the Public Service
21 Commission. And the purpose of them regulating their
22 rates is to protect the customer. So The Villages rate
23 is going to match PGS rate at all times. The City
24 Commission looked at this, and they provided a level of
25 protection because the City Commission approved this

1 rate.

2 And then further, the purpose of -- if the
3 rate drops below the 15 cents, The Villages then is
4 looking at it and saying, we want to protect our
5 customers to make sure that Leesburg doesn't raise their
6 rates above what Peoples Gas rates are. Ultimately, the
7 purpose of that is to protect the ratepayers in The
8 Villages.

9 Q Let me flip you to the next exhibit in the
10 book, Exhibit No. 6.

11 A Okay.

12 Q And can you tell the Court just very briefly
13 what this is?

14 A This is, when I finished a deposition or
15 witnessing a deposition in Tampa, on my way back, I was
16 on Fowler Avenue, I stopped in to have some lunch and
17 then stopped into the racetrack, and I noticed locating
18 flags and pipeline markers. And it -- it stuck out to
19 me because I just finished hearing testimony about that
20 it's considered to be unsafe to have two gas companies
21 with their lines in the same area. And there had
22 actually been a great deal of concern about having a
23 line on 468 where Leesburg is on one side of the highway
24 and Peoples Gas has their gas nearly 100 feet away on
25 the other side of the highway.

1 So I thought it was ironic when I pulled in,
2 that here was Florida Gas Transmission on one side of
3 the sidewalk and Peoples Gas on the other side of the
4 sidewalk. So I rode Fowler Avenue and found that to be
5 the case all along that Fowler Avenue.

6 I also found areas where the Peoples Gas line
7 actually crossed Florida Gas Transmission as it headed
8 across Fowler Avenue. We don't -- I don't consider that
9 to be an issue. It's that PGS had concern that it was
10 an issue, and I just found it ironic that, in their
11 hometown, it was occurring all along one of their main
12 drags.

13 Q With respect to your professional opinion as
14 an expert this safety, do you have concerns about gas
15 lines that are located in close proximity to one
16 another, either run in a parallel fashion or crossing.

17 A No, I don't. And I will tell you why. And I
18 understand Mr. Wall's testimony on that, but the fact is
19 there are a lot of fail-safes that are, if you will,
20 that are put into place.

21 Contractors are required by state statute to
22 notify all utilities 48 hours in advance of digging
23 through the Florida Sunshine One-Call system. All
24 contractors have to be members of that system.
25 Everybody must submit to the system where all of their

1 utilities are located. We call it gridding. It grids
2 it out in that area.

3 As soon as the contractor calls in and says, I
4 am going to be digging on Fowler Avenue, that call
5 center then notifies Florida Gas Transmission and TECO
6 Peoples Gas and says, the contractor is going to be
7 digging on Fowler Avenue at this intersection and here
8 is what he is going to be doing. He going to be
9 excavating. He is going to be installing a water line.
10 He is going to be putting signage in. He is going to be
11 widening the road, whatever the case may be.

12 The utilities then have 48 hours to respond.
13 We send our people out. They mark the lines by paint,
14 and they also install flags. The flags are required to
15 have the identification of the utility and the phone
16 number on that flag.

17 In addition, the contractor is required to do
18 what's called a positive response, or check a positive
19 response. On his ticket, it will show the utilities
20 that are in that area, and it will list both Florida Gas
21 Transmission and Peoples Gas. The contractor can't dig
22 until there is a response from both of those gas
23 companies saying, we have marked the lines, or we don't
24 have any lines in that area.

25 In addition, as you can see in the picture

1 here, the transmission companies and distribution
2 companies make permanent markings called pipeline
3 markers, depending on the class location, along those
4 lines. And each one of those pipeline markers is
5 required by the Public Service Commission to have the
6 phone number and identification of that utility that is
7 in that area.

8 So while I understand what he may be raising
9 as a concern, in my mind, it's not an issue. If
10 Leesburg were to get a call about a gas leak in an area
11 where there were two utilities, we are going to treat it
12 the same. Our technicians have about been trained, they
13 go out -- all of our technicians and our distribution
14 crews have TECO Peoples Gas phone numbers in their truck
15 laminated, stored there so that if they get out into an
16 area and they determine the leak is not on Leesburg's
17 line, they are going to contact TECO Peoples Gas to say,
18 we got a leak out here, we don't think it's on our line.
19 We think it's on yours. And they have also been
20 instructed that they are to stay on site until personnel
21 arrive to make sure that the area is safe.

22 I don't have a serious concern, lines
23 paralleling and crossing each other occur all over the
24 state of Florida.

25 MR. MOYLE: Your Honor, I am getting ready to

1 shift into another topic. We have been going for a
2 little bit. I don't know if you want to take a
3 break. I got about another 15 minutes or so.

4 THE COURT: Let's go ahead and knock it out.
5 I am all right. Are you guys okay?

6 MR. BROWN: Yeah.

7 BY MR. MOYLE:

8 Q I want to ask you and talk to you a little bit
9 about SSGC, South Sumter Gas Company --

10 A Yes.

11 Q -- and the interaction that Leesburg had with
12 them from a natural gas perspective.

13 So with respect to the interaction of Leesburg
14 and SSGC for the inspection of the construction work,
15 could you just tell the Court how that process worked?

16 A How the inspection process worked?

17 Q The inspection -- start with the inspection,
18 the interaction, the meetings and the turnover.

19 A Well, the process actually begins whenever --
20 we have biweekly meetings with SSGC construction folks
21 with Mr. McDonough, he heads up those meetings. So we
22 meet with him every other week.

23 We go over if there are construction issues,
24 where the future expansion is going to take place. Are
25 there any issues that are occurring in the field? At

1 that time, or shortly thereafter, we become aware of
2 where the next area of expansion is going to be, where
3 the next subdivision is going to be going in, if you
4 will, or small section.

5 We then send notification to the Public
6 Service Commission. It's called construction
7 notification. And we let them know that we are going to
8 begin construction in this area, where it's going to
9 take place, the length of the lines, a map of the area
10 that is going to be under construction and, in general,
11 the length and size of those lines; that is sent up to
12 the Public Service Commission by the City of Leesburg.

13 Once construction starts, our inspectors are
14 on site every day inspecting those lines and assuring
15 that they are being put in correctly. Once the lines
16 are complete, a pressure test is required, a pressure
17 test is witnessed, obviously, by our inspector. He
18 keeps detailed records of his daily inspections which
19 portions of line were inspected. He keeps records of
20 the pressure test that has been run on the system to
21 assure that there is no leaks on it.

22 The next process then would be to introduce
23 gas into the line and purge all air out of the line. He
24 is present, or gas personnel are present during the
25 entire purging process.

1 At that point, SSGC then sends a packet, a
2 completion package over to us, if you will. It contains
3 their records of pressure tests. It contains as-builts
4 of the system. It contains all the GPS points of the
5 system. So we electronically map where that line is.
6 So we have a hard copy map and an electronic print of
7 where those lines are. It contains a warranty for the
8 work that has been done also, and then it contains a
9 sign-off sheet that both Mr. Minner and myself sign off
10 on accepting the system.

11 At that point, it is the property of the City
12 of Leesburg, that is the sale of the system to Leesburg.
13 However, I want to reiterate, we take responsibility for
14 that line from the very beginning, and Mr. Moses made it
15 very clear us to, and I told him I would have it no
16 other way, our people are going to be working on that
17 line, so we want to ensure that it's been installed
18 properly.

19 Q There has been an issue raised about who the
20 natural gas, the regulated natural gas utility is in
21 this case. And I want to ask you a series of factual
22 questions, if I could. I will try to run through these
23 pretty quickly.

24 A Yes. Thank you.

25 Q With respect to the relationship with The

1 Villages in the area in question, who provides the
2 customers with natural gas under the agreement and
3 otherwise?

4 MR. BROWN: Your Honor, I think there he is
5 now getting into a legal conclusion about who's --

6 MR. MOYLE: They are purposely designed to be
7 factual. Who provides the gas? Who does the
8 maintenance?

9 MR. BROWN: It may be designed that way, but
10 the way that one was asked --

11 COURT REPORTER: I'm sorry, I'm having
12 difficulty hearing you.

13 THE COURT: I am trying to read over it --

14 MR. MOYLE: I'm sorry?

15 THE COURT: So maybe you could -- is it the
16 phrase -- is it the phraseology --

17 MR. BROWN: Phraseology --

18 THE COURT: -- as much as issue as the
19 substance?

20 MR. BROWN: Yes, sir.

21 THE COURT: Let's see if we can get it
22 rephrased, and then I will --

23 MR. MOYLE: All right.

24 BY MR. MOYLE:

25 Q Let me start with No. 2.

1 A Okay.

2 Q Who bills the customers for natural gas
3 services?

4 A Who bills the customers? The City of
5 Leesburg.

6 Q And who is responsible for safety of the
7 Leesburg natural gas system, again, as it relates to
8 customers under this agreement and The Villages?

9 A The City of Leesburg under the watchful eye of
10 the Public Service Commission.

11 Q And who provides the customers with natural
12 gas?

13 A The City of Leesburg.

14 Q And who's responsible for providing the PSC
15 with safety reports?

16 A The City of Leesburg.

17 Q Who interacts with the PSC?

18 A The City of Leesburg.

19 Q Who owns the natural gas infrastructure?

20 A The City of Leesburg.

21 Q What documents do you have to show that
22 ownership?

23 A The closing agreements, and I think we have 21
24 closing packages so far.

25 Q And that includes a bill of sale?

1 A That includes a bill of sale and a warranty.

2 Q Okay. Who maintains the Leesburg natural gas
3 system?

4 A The City of Leesburg.

5 Q Who handles customers complaints?

6 A The City of Leesburg.

7 Q Who secures natural gas from the wholesale
8 market?

9 A The City of Leesburg, using our purchasing
10 agent Florida Gas Utilities.

11 Q The same question with respect to the
12 transportation of natural gas?

13 A Yes, the City of Leesburg.

14 Q And who operates the natural gas system?

15 A The City of Leesburg.

16 Q After SSGC constructs and installs the natural
17 gas infrastructure, what role, if any, will SSGC play in
18 the operation of the Leesburg natural gas utility?

19 A They play no role in it.

20 Q And who is the regulated gas utility in this
21 case under the agreement?

22 A The City of Leesburg is.

23 Q The final area that I want to discuss with you
24 is the role of safety. We've talked about some safety
25 issues, but just to kind of conclude, I want to spend a

1 minute and talk about the culture of safety --

2 A Sure.

3 Q -- and how that may differ from cathodic
4 protection.

5 So could you describe the culture of safety
6 and the emphasis that Leesburg places on it?

7 A The last thing in the world I want to get is a
8 call at night that a Leesburg employee has been to a
9 home and a customer has been injured, or a fire has
10 occurred, or an explosion has occurred. So we pass down
11 that culture to every one of our employees. They
12 understand that safety is the most important thing in
13 operating a gas system.

14 And, in fact, we go above and beyond what the
15 Public Service Commission requires in a number of areas
16 that I think are very important. One of them is the
17 corrosion control system, the cathodic protection
18 system.

19 The requirement is that we must take field
20 surveys, readings, to assure that voltage is up high
21 enough once each calendar year, not to exceed 15 months.
22 It's our practice to take those readings six times a
23 year. It's easier for us to detect problems, and you
24 don't have a system basically that's corroding for a
25 year after your last reading. So we do that.

1 Leak surveys are required. You have to survey
2 your entire system with the exception of your downtown
3 and your building of basements, again, your entire
4 system every five years. The City of Leesburg does our
5 entire system every three years.

6 Certain station and mains regulator stations
7 are required to be inspected annually. We inspect them
8 multiple times throughout the year, often inspecting
9 them once a month, and some of them we are inspecting
10 weekly.

11 So in areas that we think are key to safety,
12 we go above and beyond in those areas assuring that, as
13 much as is possible, we are operating a safe system.
14 And I pass that on our to our people, and they
15 understand that's what I expect, and it's what they do,
16 it's how they perform their jobs.

17 MR. MOYLE: Thank you. One quick minute.

18 THE COURT: Sure.

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

20 THE COURT: All right. Mr. Wharton.

21 CROSS EXAMINATION

22 BY MR. WHARTON:

23 Q Yes, sir, you talked quite a bit about the
24 rates of the City and the rates under the agreement,
25 correct?

1 A Yes, sir.

2 Q And there is a consideration under the
3 agreement called the excess charge inclusion, is that
4 right?

5 MR. BROWN: Your Honor, the agreement speaks
6 for itself. I love when I get to say this.

7 THE COURT: I agree. Let me hear what the
8 question is.

9 THE WITNESS: Could you direct me to the
10 exhibit?

11 BY MR. WHARTON:

12 Q Well, were you here during Mr. Durham's
13 testimony?

14 A Yes, I did.

15 Q And did you note that he had something in
16 there called the excess charge inclusion?

17 A Yes.

18 Q Are there months when that actually goes to
19 negative?

20 A Without a doubt. He assumed five cents over
21 for the entire 30 years, and there are many times that
22 is it is well under that.

23 Q Okay.

24 MR. WHARTON: Nothing further.

25 THE COURT: All right. You want to take a

1 break before you start your cross?

2 MR. BROWN: Well, can we talk scheduling? I
3 have got a lot to do, and I don't know if you want
4 to just continue on or you want to start in the
5 morning.

6 THE COURT: I like to knock out a witness so
7 that we have some continuity in testimony.

8 MR. BROWN: However you want to do it.

9 THE COURT: If everybody here is willing to
10 stay a little bit late, they don't throw us out.

11 MR. BROWN: Okay. However you want to do it,
12 Your Honor.

13 THE COURT: Yeah.

14 MR. KRUPPENBACHER: Could we take five
15 minutes?

16 THE COURT: Yeah, we will take a five-minute
17 break.

18 (Brief recess.)

19 THE COURT: Let's go back on.

20 CROSS EXAMINATION

21 BY MR. BROWN:

22 Q All right. Sir, if I were to ask you -- well,
23 let's start talking about the cost to serve issues,
24 okay, and see if we can knock those out.

25 If I were to ask you what it costs the City of

1 Leesburg for labor and the cost of the mains and pipes
2 and meters and gauges and regulators, et cetera, your
3 answer would be whatever the City is paying under
4 the agreement for all of that, correct?

5 A No, not necessarily.

6 Q Do you remember your deposition, sir?

7 A Yes, sir, I do.

8 Q Do you have a copy of it up there?

9 A Sure -- well, no, I do not. I am sorry.

10 Thank you.

11 Q Page 19.

12 A I am sorry, I have got to get to which section
13 is the deposition.

14 Q The main section.

15 A Got it, okay. The first section. Page 19,
16 you said?

17 Q Page 19.

18 A Yes, sir.

19 Q Do you see line 14, and my question was:

20 Well, if I were to ask you what it costs the City of
21 Leesburg for the labor and the cost of the mains and
22 pipes and meters and gauges and regulators, et cetera, I
23 assume your answer would be that it's whatever we are
24 paying under the agreement for all of that?

25 Answer: That would be correct.

1 Do you remember that being your testimony?

2 A Yes, I do.

3 Q Okay. And so today, now your testimony is a
4 little different than that?

5 A No, I mean, it depends on what you are asking.
6 We are able to easily calculate the cost of the line
7 that's on 501, for example, the cost of the ERTs, if
8 that's what you are asking me.

9 Q Well, let's leave those lines out. As far as
10 the distribution lines that are inside each development,
11 that is whatever it is under the agreement?

12 A The cost of those distribution lines and those
13 lines that are installed are the actual costs of those
14 distribution lines. The payment that is made to SSGC is
15 part of the agreement.

16 Q Right. But the amount that Leesburg is paying
17 for the infrastructure within those developments is
18 whatever the formula in the agreement says it is?

19 A It's set out in the agreement, yes, sir.

20 Q Okay. And that number is -- and that number
21 is being paid regardless of the actual cost to actually
22 install those lines?

23 A It is part of the provision of the agreement,
24 yes, sir.

25 Q All right. Now -- so in addition to whatever

1 that number is, what was the cost, the combined costs
2 for the 501 line and the 468 line?

3 A I am go to round that, that was 1.94 million.

4 Q Okay.

5 A I guess we have a few more decimals, but
6 that's what it is, 1.94.

7 Q All right. And then you mentioned meters,
8 what is the meters cost?

9 A Those are the devices that -- not the actual
10 meters but the ERTs that read the meters, those are
11 \$72.80 per. And to date, Leesburg has spent about
12 \$135,000, and that buys about 1,800 of those ERTs.

13 Q I'm sorry, what was that number again?

14 A About \$135,000 to date. We have made three
15 purchases of those ERTs, 600 ERTs a piece.

16 Q And just so I am clear, that number is
17 separate from whatever the payment is under the
18 agreement and separate from the payment for 501 and 468?

19 A Meaning it's a separate cost. It's not a part
20 of the 501 cost, yes, sir.

21 Q Now, let's talk about the growth projections
22 between the City of Leesburg. The only significant
23 growth for the City of Leesburg for the natural gas
24 system within Lake County, apart from The Villages,
25 would be a few hundred homes in the south part of the

1 county, correct?

2 A Well, that's actually changing since we talked
3 during the deposition.

4 Q Okay.

5 A We had new developers come in. We are
6 currently installing gas mains in a subdivision called
7 Lake Denham Cove. That will be approximately 600
8 customers.

9 We are doing another one called Deans Landing,
10 which is closer to the central hub of the City. They
11 are going to have 50 homes in there.

12 We are talking to a number of developers on
13 some assisted living communities. So there is some
14 growth beginning in Leesburg again.

15 Q Would you agree the vast majority of the
16 growth is going to be whatever comes from The Villages
17 developments?

18 A It appears that that's the case at this time.

19 Q It doesn't just appear that that's the case,
20 you are here as the expert on this, that's the case?

21 A You know, I cannot predict or project what
22 might come in later on. But, yes, right now The
23 Villages is the driver for the residential growth in the
24 City of Leesburg.

25 Q And right now, the City has enough capacity to

1 handle a few hundred homes in the south part of the
2 county?

3 A No, sir, that is not true.

4 Q You talked about that the Sabal Trail line is
5 generally for redundancy purposes?

6 A That was the main purpose of it. When we
7 began talking in 2015, it was actually two. The most
8 important, first and foremost, would be for a redundant
9 feed. If there were a problem on the FGT line, we would
10 have a second fee.

11 We are also aware, because of the property
12 that was vacant property, empty property, if you will,
13 that in the corporate limits of Leesburg, there was a
14 great deal of it to the south and -- I am sorry, I am
15 not offended by your map, I will just put Leesburg's map
16 up here -- so a lot of the growth that Leesburg
17 projected and where we knew a lot of growth could take
18 place would be back in this area here. And so -- and,
19 in fact, before the downturn in the economy in 2006,
20 there were a number of large subdivisions that were
21 looking to build in Leesburg.

22 And so for me, Sabal Trail offers an
23 opportunity to be able to meet additional growth, as
24 well as we were looking at marketing some industrial
25 property on, again -- excuse me -- on 470. And we

1 thought that because aggressively marketing that
2 property to industrial customers, we really didn't know
3 that might be, and so Sabal Trail offered the
4 opportunity for us to be able to feed industrial
5 customers and future residential growth.

6 THE COURT: Let me make sure so the record is
7 clear, when you said the area that was originally a
8 residential area was going to be served by the
9 Sabal Trail station, you were kind of directing the
10 attention to the south and east of the location of
11 that?

12 THE WITNESS: Yeah. And again, I wasn't
13 assigning those, Your Honor, to Sabal Trail. But
14 at some point, additional gas would be needed, and
15 so Sabal Trail offers that perfect opportunity.
16 So, yes, it was south and then back to the east.

17 Let me -- if I could, Mr. Brown, you missed a
18 real opportunity, if you have a transmission system
19 that crosses your gas line and you don't attach to
20 it.

21 BY MR. BROWN:

22 Q All right. Can we agree that Leesburg has
23 only about a capacity for a couple thousand more homes
24 before it's going to need to tie in and get another
25 source of gas?

1 A No, that is not correct. And I know you will
2 reference me to my earlier deposition.

3 Q That's because your answer was different.

4 A That is correct.

5 Q All right. Well, let's go to your deposition.

6 A Sure.

7 Q Page 43.

8 A I am sorry, page again?

9 Q Page 43.

10 A Okay.

11 Q And my question -- this is line 15. So my
12 question is: Roughly at how many additional therms
13 would it take before Leesburg says we have got to have
14 more capacity in order to meet the demand?

15 And then there was some -- the lawyers go back
16 and forth, and so you would -- answer: You would be
17 asking me to guess, but I would say when we begin
18 approaching a couple thousand homes, then we are going
19 to be -- and again, it depends on the time of year and
20 weather conditions, and so on, but, yes.

21 And we go down a few more questions, and then
22 there is a question on page --

23 MS. PUTNAL: Andy, I am sorry, could you tell
24 us what page?

25 MR. BROWN: Sure. Page 44, line 11.

1 MS. PUTNAL: I thought you were on 43.

2 MR. BROWN: I was. And I have read part of it
3 and now we are -- where did we go?

4 MS. PUTNAL: Are you referring to the bottom
5 of 43, line --

6 MR. BROWN: I'm sorry.

7 MS. PUTNAL: I missed the line 22 part.

8 BY MR. BROWN:

9 Q Let me start over for you. Line 43 -- I'm
10 sorry, page 43, line 15. And so my question is:
11 Roughly at how many additional therms would it take
12 before Leesburg says we have got to have more capacity
13 in order to meet the demand?

14 And then answer: You would begin asking me to
15 guess, but I would say when we begin approaching, maybe
16 a couple thousand homes, then we are going to be -- and
17 again, it depends on weather, et cetera.

18 And so then we go on and talk about that. And
19 then question, on line 44 -- page 44, starting at line
20 16: All right. If we say -- and I have got to get my
21 calculator out because I don't trust myself to do the
22 math on this. So if we do a little quick math and we
23 say 200 therms a year, and we will say 2,000 homes, is
24 that about accurate?

25 Answer: Okay.

1 And so do you recall that testimony?

2 A Yes, sir, I certainly do.

3 Q All right. So at that time, you said it was
4 about 2,000 -- once it was 2,000 homes, you were going
5 to need to get additional capacity?

6 A Yes, sir. I started out by saying that I
7 would be making an estimate, and I was making a very
8 high level estimate. And apparently now I have
9 information that it was a very high level estimate. I
10 was being pressed for when approximately we might need
11 more capacity. We have since had a five-year analysis
12 done on it, and Leesburg does have plenty of capacity
13 and Mr. Geoffroy will be testifying to that.

14 Q Well, let's let Mr. Geoffroy testify to
15 that --

16 A Right.

17 Q -- but in terms of your situation --

18 A Yes.

19 Q -- nonetheless, you are tying into the Sabal
20 Trail line by the middle of October?

21 A Yes.

22 Q And that's being done to provide more
23 capacity?

24 A That is being done to provide redundant feed
25 and more capacity if it is needed --

1 Q All right.

2 A -- and when it is needed.

3 Q And right now, the only driver of growth,
4 significant driver of growth is The Villages
5 developments?

6 A That is correct.

7 Q All right. Now, in terms of the cost of tying
8 into Sabal Trail, what's the total cost of the gate
9 station?

10 A We anticipate when it is done, it will be
11 approximately 2.15 million. That would be from start to
12 finish.

13 Q And can we agree that whatever capacity you
14 are getting off of Sabal Trail is likely going to be
15 more expensive than your current capacity?

16 A Not necessarily.

17 Q Okay. Your current capacity in FGT is 60 and
18 65 cents?

19 A Yes, FTS-1 and 2.

20 Q 1 and 2?

21 A From the transportation service.

22 Q Do you have a contract with Sabal yet as to
23 what the cost is going to be to take --

24 A No, we do not have a contract with them.

25 Q All right.

1 A We will be negotiating that in the future when
2 it's appropriate. And that will be done through Florida
3 Gas Utilities.

4 Q All right, sir, I am going to ask you about
5 some exhibits now. And I want to direct you -- and you
6 have got an exhibit book? Maybe it's over --

7 A Leesburg's or yours?

8 Q Ours.

9 A Okay. Right here behind my deposition.

10 Q That's the deposition. Keep that up there.
11 Hopefully you won't have to go back.

12 A Hopefully not.

13 Q All right. Sir, this is Exhibit 20.

14 A Yes, sir, 20.

15 Q Can you identify what this is?

16 A Let me take a moment to look it over.

17 Q Sure.

18 A Yes, I am familiar with it.

19 Q Okay. And this is a couple emails between you
20 and Tom Geoffroy in November of 2015, is that correct?

21 A That's correct.

22 Q And you are discussing issues having to do
23 with gas service and we will get into the details of it
24 in a minute, but is that generally what it discusses?

25 A Yes, I believe so.

1 MR. BROWN: Your Honor, I would like to move
2 this into evidence.

3 MR. MOYLE: No objection.

4 THE COURT: All right. Without objection, PGS
5 Exhibit 20 is received in evidence.

6 (Whereupon, PGS Exhibit No. 20 was received
7 into evidence.)

8 BY MR. BROWN:

9 Q And if we look at that email, it starts out by
10 saying -- this is from you to Mr. Geoffroy, and it --
11 why don't you just go ahead and read that out loud?

12 A You want me to start at the bottom and
13 follow --

14 THE COURT: Why don't you ask him some
15 questions. I can read it.

16 MR. BROWN: Okay.

17 BY MR. BROWN:

18 Q Is this discussing -- it looks like what this
19 is discussing is the possibility that, for redundancy
20 purposes, Leesburg was going to run a line from the --
21 the line to the prison up to somewhere in that area to
22 tie into Peoples Gas to be a backup system?

23 A No, sir.

24 Q What is it that about?

25 A Absolutely not. What is this about?

1 Q Yeah.

2 A We were approached by TECO Peoples Gas because
3 they had a concern about redundancy on their system, and
4 they were proposing a connection on Highway 44 near
5 Pembroke Fairways. I guess I could show you on --

6 Q The other map?

7 A So Leesburg had a line out here to, as I
8 recall, to Pembroke Fairways, a 250-pound line -- sorry,
9 Judge.

10 THE COURT: That's okay.

11 THE WITNESS: And the proposal -- and I don't
12 recall at the time exactly where TECO's line was
13 located, but there was a proposal to interconnect
14 those two lines so that -- at the time, Sabal Trail
15 was not under construction and it wasn't in the
16 picture, in my mind. And so they were concerned if
17 there was an interruption to their feed from the
18 north, then Leesburg, they would be able to provide
19 some emergency feed to them from our line on 44.

20 BY MR. BROWN:

21 Q And what you are asking about is if that line
22 got extended, there was a discussion about who it is
23 that would be able to serve additional customers off
24 that line?

25 A Yes, there was.

1 Q And the concept that was raised was,
2 essentially, if you owned the line, you would get to
3 serve those customers?

4 A No. That was the -- that was what I was going
5 to propose. I did not want that -- I wanted -- there
6 was no formal territorial agreement in that area. There
7 was nothing that was laid out as far as a legal
8 territory.

9 There was going to be minimal, if you will,
10 upside for Leesburg, because TECO Peoples Gas line
11 operates at about 100 pounds of pressure. We were
12 operating at 250. So if they had a break, we had a lot
13 more gas in our line to be able to feed them; whereas,
14 if we had a break in our line on the 250-pound size,
15 they wouldn't be able to provide as much pressure to us.

16 So I was looking for some benefit for the City
17 of Leesburg, and so if we are going to make an
18 interconnect and it's going to benefit TECO Peoples Gas
19 to provide them with the redundancy, and it wouldn't be
20 able to provide a lot of redundancy for Leesburg, what
21 would make it worth our while doing that?

22 And so I was inquiring with Tom, could we make
23 a part of this agreement that Leesburg would serve
24 commercial customers along Highway 44. And Tom said,
25 certainly, that could become part of an agreement.

1 Q Okay. And what he suggested was that you get
2 a territorial agreement in that area to resolve this
3 issue?

4 A Once we determined who was going to feed that,
5 we would then get the blessing of the Public Service
6 Commission. Yes, sir.

7 Q Right, but that was a suggestion where you
8 were going to be a situation where the two lines were
9 going to be very close to each other, that you get a
10 territorial agreement, that was his suggestion?

11 A Yes. Yes.

12 Q And then the next page, the next exhibit, page
13 22 -- or Exhibit 22, excuse me.

14 A Mr. Brown, I might add that that was to
15 protect Leesburg in that case. We would be looking for
16 a territorial agreement to make sure that, as part of
17 the agreement, that we would be able to serve those
18 customers.

19 Q Let's go to Exhibit 21, which is kind of a
20 continuation of that email.

21 A Okay.

22 Q And the part from you at 8:43 a.m. to Tom
23 Geoffroy, you say that PGS may want to own and serve the
24 line in this potential commercial corridor, but, hey,
25 that's what negotiating is for. I don't know if FGT can

1 put some pressure on. If Leesburg doesn't get some
2 potential customers out of this, then the benefit is
3 only to FGT and PGS.

4 So in other words, what you are proposing is
5 that, if you extend this line out, you wanted to be able
6 to serve them?

7 A Yeah. Yes. Absolutely. I needed some
8 benefit for Leesburg.

9 Q All right.

10 MR. MOYLE: Your Honor. This is a different
11 document and we had a relevancy objection in there.
12 These are discussions that took place years ago
13 about what if this, and what about that, you know,
14 it shows a little bit of discussion. So I'm not
15 sure --

16 THE COURT: I agree, but I am, frankly, not
17 seeing a great deal of relevance here. But as I
18 indicated, I want to build a record for the
19 Commission to have a full record, so I am going to
20 let it in, but I am not sure what I do with this.

21 MR. BROWN: And I would move -- that's Exhibit
22 21 and I would move it in.

23 THE COURT: Other than relevance, any
24 objection to 21?

25 MR. WHARTON: The same.

1 THE COURT: Okay. I will receive 21 in
2 evidence.

3 (Whereupon, PGS Exhibit No. 21 was received
4 into evidence.)

5 BY MR. BROWN:

6 Q Let me go to Exhibit 27. Do you have 27?

7 A I am there. Yes, sir.

8 Q Okay. Is this another set of emails between
9 you and Mr. Geoffroy?

10 A Yes, it is.

11 Q All right. And this is in September of 2017?

12 A That's correct.

13 Q And this is when there were discussions about
14 Leesburg going to be serving the areas that we have been
15 talking about up in the Bigham East, West and North?

16 A Yes, sir.

17 Q Okay. And at that time, you say at the bottom
18 there, the first email: I remember what I was going to
19 ask you, what about encroachment into TECO territory
20 north of 468, which is where they plan to build next?
21 And I assume by they, it's The Villages?

22 A Yes. That's correct.

23 Q Okay. TECO has a line on 468 that is feeding
24 the section currently under development.

25 A Right.

1 Q So in this email, you acknowledge that you are
2 going to be encroaching into TECO territory when you
3 start running a line up into that area?

4 A Well, first I submit that I used an
5 unfortunate term, the word territory, because there is
6 no clearly defined legal territory. I was using it in
7 the loose sense of an area where they have a line. It's
8 not a legally designed territory.

9 Q And you may have been unfortunate for you
10 using the word encroachment, so let's talk about that.

11 A No.

12 Q Whether or not there is a legally defined
13 territory --

14 A Right.

15 Q -- what you are talking about in this email is
16 that you -- that Leesburg is going to be heading north
17 from the line to the prison, heading up to and crossing
18 Peoples' lines on 468, which you term as an encroachment
19 into TECO territory, correct?

20 A Yes.

21 Q Okay.

22 A Yes.

23 Q And then Tom Geoffroy writes back and says:
24 We will need to ultimately work that out between
25 Leesburg and TECO PGS. And then he says: The deciding

1 factor is -- you know, he talks about customer
2 preference, which we will talk about that with him
3 tomorrow.

4 A Sure.

5 Q And then -- and I won't get into -- I will
6 deal with that with him. But at this point, your email
7 on September 27th, 2017, was you are worried you are
8 going to be -- that Leesburg is going to be encroaching
9 into TECO territory north of 468?

10 A I guess what I was actually getting at, sir,
11 in this email was that my concern was that I was
12 encroaching into what TECO considered to be their
13 territory.

14 Q So you were worried about TECO
15 misunderstanding, or what's the -- I mean, you know
16 that -- you know in the utility world, if TECO was
17 running a line from somewhere up in here, where they
18 have lines in the northern part of this area, and they
19 ran a line over to Fruitland Park and crossed it over to
20 serve somebody in there, that would be an encroachment
21 into the City's territory, wouldn't it?

22 A Sure. We would have discussions about that,
23 as we are having here today.

24 Q You wouldn't just have discussions, you would
25 consider it encroachment into your territory?

1 A It would depend on whether there is a clearly
2 defined territory, legally defined by the Public Service
3 Commission. There is not in this cause.

4 Q Okay. And so you would -- so you would say it
5 would be all right if Peoples just went --

6 MR. MOYLE: This is third time.

7 THE COURT: I think we are getting a little
8 argumentative.

9 MR. WHARTON: Yes.

10 THE COURT: I understand where you are going.

11 MR. WHARTON: It's badgering.

12 THE COURT: Well, I am not going to go there,
13 Mr. Wharton, but I think it's been fully explored.

14 MR. BROWN: And I would move that into
15 evidence, Exhibit 27.

16 THE COURT: All right. Any objection?

17 MR. WHARTON: Relevance.

18 MR. MOYLE: We would just make -- you have
19 ruled on hearsay and relevance.

20 THE COURT: All right. I actually find this
21 one to be more relevant than 20 and 21.

22 MR. BROWN: I would agree, Your Honor.

23 THE COURT: Without objection, I will receive
24 Peoples Exhibit 27 in evidence.

25 (Whereupon, PGS Exhibit No. 27 were received

1 into evidence.)

2 BY MR. BROWN:

3 Q All right. Let me go to Exhibit 29.

4 A All right.

5 Q And again, this is a series of emails
6 November 2017 between you and Mr. Geoffroy --

7 A Uh-huh.

8 Q -- correct?

9 MR. WHARTON: This is 28? I am sorry. Did
10 you direct me to --

11 BY MR. BROWN:

12 Q 29, excuse me. I am trying to streamline.

13 A I believe I am on 29. It starts out with, it
14 would depend on which option they choose at the top?

15 Q Yeah, that's at the top. Yes, sir.

16 A All right.

17 Q And so we start out with preparation for a
18 meeting tomorrow, that's from you to Tom Geoffroy?

19 A Right.

20 Q And up toward the top, you have had this
21 discussion about what is going to be at this meeting.
22 And then on November 16th, 2017, 2:54 p.m., you then
23 say, territorial agreement question; do you see that?

24 A Yes, I do see that.

25 Q And so is that something that you were adding

1 to the list of things that needed to be discussed that
2 you had forgotten earlier?

3 A If you will give me a minute just to review --

4 Q Absolutely.

5 A -- just to review it. All right.

6 Q To remind you, the question was, are you
7 bringing up territorial agreement as something that you
8 meant to include earlier?

9 A Yes, that eventually there would have to be
10 some discussions to clearly define a territory since one
11 did not exist at the time.

12 Q All right. And then it says: It depends on
13 which option they choose. Is that referring to The
14 Villages?

15 A To be honest with you, I would be guessing,
16 sir. I don't -- I don't recall from the context of this
17 email. I don't know what I was referring to.

18 Q Well, and that's --

19 MR. MOYLE: It's actually not -- I don't that
20 is from you, right?

21 THE WITNESS: It depends on which option they
22 choose.

23 BY MR. BROWN:

24 Q Yeah. Well, let me just -- I understand
25 that's from Mr. Geoffroy.

1 My question is: Do you know if he is
2 referring to The Villages or to Leesburg? And just to
3 be fair, read the whole line. It says: Then if they
4 become a utility, then yes. Do you see that?

5 A Direct me -- I am sorry.

6 Q Sure. At the very top.

7 A Yes.

8 Q The last part of it, it's from Tom Geoffroy to
9 you.

10 A Yes.

11 Q And it says: It depends on which option they
12 choose. If they become a utility, then yes.

13 And so my -- I assume he is talking about if
14 The Villages becomes a utility?

15 MR. WHARTON: Objection, calls for speculation
16 about --

17 THE WITNESS: I'm sorry --

18 MR. WHARTON: Objection, calls for
19 speculation.

20 THE COURT: I will sustain it. It sounds like
21 we are going to have Mr. Geoffroy here at some
22 point --

23 THE WITNESS: Yeah, this, so I really don't --

24 THE COURT: I sustained the objection.

25 MR. WHARTON: There is an objection.

1 THE COURT: You can stop.

2 THE WITNESS: Thank you.

3 BY MR. BROWN:

4 Q Was there any effort made after this series of
5 emails to get a territorial agreement with Peoples Gas?

6 A There have been discussions with Peoples Gas,
7 and --

8 Q Well, before the litigation began, let's talk
9 about in that sense.

10 A No, not at that point, there had not been.

11 Q Okay. Let's go to exhibit --

12 MR. BROWN: Let me move 29 into evidence, did
13 I already do that?

14 THE WITNESS: We already did 29.

15 THE COURT: We did not do 29.

16 MR. BROWN: Let me move it into evidence.

17 THE COURT: All right. Any objection?

18 MR. WHARTON: Relevance.

19 THE COURT: Over relevance -- Mr. Moyle?

20 MR. MOYLE: No objection.

21 THE COURT: Okay. 29, over relevance
22 objection, is received in evidence.

23 (Whereupon, PGS Exhibit No. 29 was received
24 into evidence.)

25 BY MR. BROWN:

1 Q All right. Let's go to Exhibit 30.

2 A All right.

3 Q Let me start on the second page of this. This
4 is an email between -- the initial email is from Fred
5 Morrison to you. And then it looks like this chain gets
6 forwarded to Tom Geoffroy, you see that at the top -- do
7 you see that?

8 A I see that the conversation was between Mr.
9 Morrison and Tom Geoffroy, yes, the top section.

10 Q All right. Let's go to the second page, and
11 this is from you to Fred Morrison, with a copy to Tom
12 Geoffroy. Who is Fred Morrison?

13 A He is the City Attorney.

14 Q Okay. And in this email, you say: Since it
15 appears that The Villages will convey the system to
16 Leesburg, is there a legal issue with them continuing to
17 collect revenue after their capital investment is
18 recovered? Admittedly, that may not occur for 15 years.
19 Do you see that?

20 A Yes, sir, I do.

21 Q And so was it your concern that even though --
22 that through this agreement, that the City would have to
23 continue making payments to The Villages even after the
24 capital investment was paid off?

25 MR. WHARTON: Objection. Objection. Now --

1 and I am waiting for a question. Now we are
2 getting into a huge series of emails between people
3 about what should we put in the agreement? What
4 would this paragraph in the agreement mean? What
5 would this sentence -- it's all parol evidence to
6 the contrary.

7 THE COURT: I understand. This is a -- this
8 is Mr. Rogers -- if we get into what Fred Morrison
9 says, or what some of these other, I will sustain
10 that objection. But this is asking Mr. Rogers what
11 he meant by his email on January 8th, 2000 -- I'm
12 sorry January 3rd, 2018, as far as it's just him,
13 I'm willing to hear what he has to say; but if it's
14 him opining as to what others have said, I will
15 keep your objection in mind.

16 MR. WHARTON: I understand.

17 THE WITNESS: Sir, I would categorize it more
18 of a question than a concern. I was basically
19 brainstorming on issues. I am not the attorney or
20 legal counsel, and so I was learning as we went
21 through this process on putting this legal document
22 together, and I was simply throwing things out. In
23 fact, there were ideas that I threw out to our
24 attorneys that would come back and say, it's not an
25 issue, it's not a problem.

1 So it was sort of a learning process for me,
2 and I was just throwing things out to find out if
3 these would be something that we need to be
4 concerned about, so it was a learning process for
5 me.

6 BY MR. BROWN:

7 Q This was certainly unlike any agreement you
8 had ever seen, where the City would be paying for --
9 paying somebody after it had paid off whatever
10 infrastructure it had purchased?

11 A Sure.

12 Q You have never done that before in the City of
13 Leesburg to your knowledge, have you?

14 A Not that I have been a part of.

15 MR. BROWN: I would move Exhibit 30 into
16 evidence, Your Honor.

17 MR. WHARTON: I object on the basis of
18 relevance, and a big part of it is uncorroborated
19 hearsay.

20 MR. MOYLE: I would also object on the
21 relevance basis. And, you know, there is a lot of
22 this email that Fred Morrison --

23 THE COURT: I am not going to pay any
24 attention to the email string other than what
25 Mr. Rogers had to write, and he has testified as to

1 that. It's fairly -- given his testimony, I think
2 it's a fairly tenuous threat of relevance, but I am
3 going to allow it in.

4 MR. MOYLE: Okay.

5 (Whereupon, PGS Exhibit No. 30 was received
6 into evidence.)

7 THE COURT: All right. Mr. Brown.

8 BY MR. BROWN:

9 Q Let's go to Exhibit 49. What is this
10 document, sir?

11 A This is the agenda memorandum to the City
12 Commission asking for approval of the natural gas
13 agreement with South Sumter Gas.

14 Q And this is something you authored and sent to
15 the Commission?

16 A Yes, sir.

17 Q And if we go down toward the bottom of it, it
18 says: To accomplish the objectives of the agreement,
19 Leesburg will establish -- wait a minute.

20 Up above that, it says: In consideration of
21 SSGC's significant investment and design, engineering
22 and construction the system, the City of Leesburg agrees
23 to share with SSGC revenue realized from the sale of
24 natural gas to residential and commercial customers
25 within the community. Do you see that?

1 A Yes, sir.

2 Q And so the way you characterized this at that
3 time was it was a sharing of revenue?

4 A Yes.

5 MR. BROWN: I need to move that into evidence,
6 please, Exhibit 49.

7 MR. FARRIOR: I think that's already in.

8 MR. BROWN: Oh, is it already in? Okay.

9 THE COURT: Let me make sure. Yes, it is.

10 THE WITNESS: To the extent --

11 THE COURT: Hang on. There is no question.

12 THE WITNESS: Sorry.

13 BY MR. BROWN:

14 Q Let me direct you to Exhibit 51.

15 A All right.

16 Q And that looks like a series of emails to a
17 variety of people, but I want to direct you to the top
18 one that you wrote to Tom Geoffroy, Al Minner and
19 Fred -- I forgot Fred's name all of a sudden -- the
20 outside City counsel. Do you see that, sir?

21 A Yes, I do.

22 Q And it says: Also, should we raise the issue
23 in advance of the meeting concerning the continuing
24 sharing of the rate once the capital investment is paid
25 off?

1 A Yes.

2 Q I don't want them to feel blindsided and
3 unprepared to discuss it. What was that referring to?

4 A That was just one of the provisions of the
5 agreement, and having -- and honestly, at this point I
6 don't remember who was going to be involved in the
7 meeting that I was referencing. It's been a
8 year-and-a-half ago, and it was just a back-and-forth
9 saying, you know, should we give them a heads-up that we
10 need to be discussing this during the meeting.

11 Q And this is again discussing the issue of the
12 continuing of payments once the investment is paid off?

13 A That is correct.

14 Q And so you still had concerns about this at
15 this point?

16 A I knew that it would be an issue for
17 consideration. I won't say that it was a concern, but
18 it was, again, something that I was brainstorming and
19 making sure that we were covering all the bases. I am
20 not an attorney.

21 MR. BROWN: All right. We would like to move
22 that in evidence, Your Honor.

23 THE COURT: There is an objection, I presume,
24 Mr. Moyle?

25 MR. MOYLE: Let we just maintain the relevancy

1 objection.

2 THE COURT: I understand, I am going to, over
3 objection, receive 51 into evidence.

4 (Whereupon, PGS Exhibit No. 51 was received
5 into evidence.)

6 BY MR. BROWN:

7 Q Let me go back to Exhibit 24. Oh, no, I am
8 sorry -- is that right? Nope, excuse me. All right.
9 We will come back to that one.

10 Let's talk about Exhibit 44.

11 A 44?

12 Q Yes, sir.

13 A Okay.

14 Q You had a lot of discussion about safety, and
15 you talked about that it was a personal failure if you
16 got the word -- if something came to you. You talked
17 about the culture of safety, you don't want to get a
18 call yourself about a fire, an injury, and said you were
19 going to be the point person for anything that happened.

20 Let's look at this email here. This looks
21 like -- it first starts out as -- on the first page
22 here, there is an email that goes from Bruce Stout to
23 Tommy McDonough. Do you see that?

24 A Yes, I do.

25 Q And it looks like Tommy McDonough then

1 forwards that email to you. Do you see that?

2 A Yes.

3 Q First, he sends it to -- he actually to Brian
4 Hudson and a host of other people --

5 A Yes.

6 Q -- and then it is sent to you. Do you see
7 that?

8 A That's correct.

9 Q All right. And so in the bottom portion,
10 Bruce Stout, who testified earlier, says, essentially,
11 that he is concerned about the leak situations where the
12 lines are close. And what he says was I would like to
13 have a contact with Leesburg's gas that we can refer
14 those issues to. Do you see that?

15 A Yes.

16 Q And then it -- Tommy -- it's sent to Brian
17 Hudson, who sends it to you, and your response is, our
18 24/7 emergency contact number is the following?

19 A Yes.

20 Q Okay. Can we agree that historically,
21 Leesburg has only served in Lake County other than the
22 line to the prison?

23 A The prison line is the only line into Sumter
24 County, yes.

25 Q All right. And going back on the issue of the

1 installations that you do -- you described in detail how
2 the installations were done. Were those done
3 essentially by using the Peoples Gas manual?

4 A No, they were not.

5 Q Well, didn't -- in fact, when it came to
6 plastic installations, Leesburg didn't have a manual for
7 that?

8 A That is correct.

9 Q And, in fact, Leesburg had never installed
10 plastic pipe up until the --

11 A Yes, that's correct.

12 Q Okay. So let me direct you the other part of
13 Exhibit 44, the pages that are in the back.

14 A 44, okay. All right.

15 Q Well, strike that. Well, you are not on any
16 of those, I am sorry, so we will move on from that,
17 because I think I know where that will end up.

18 Now, you talked about being very proud of the
19 City's rates. Those rates are not being charged to The
20 Villages customers, are they?

21 A No. That native rate is not being directly
22 charged to The Villages customers.

23 Q It's not even being indirectly charged. It's
24 being set by whatever Peoples Gas' gas rate is, correct?

25 A Yes.

1 Q And in fact, what you said was anytime the PGS
2 rate rises or falls, the Leesburg rate must match it;
3 correct?

4 A That's correct.

5 Q All right. And so in that sense, the City
6 Commission for the City of Leesburg doesn't have any
7 control what the rate is because it's all determined on
8 whatever Peoples' cost to serve is?

9 A The City Commission approved the rate
10 structure to begin with. They were aware of all the ins
11 and outs of how the rate worked, and they approved that.

12 Q But they can't change it if they want to?

13 A They can. They can review it annually, and if
14 determine that is not the rate, then they have influence
15 this that rate, yes, sir.

16 Q They have influence in the sense that they can
17 go to The Villages and say, we would like to raise it,
18 would you please let us do that?

19 A Okay.

20 Q That's the only influence they have, right?

21 A I don't know that I --

22 MR. MOYLE: Objection with respect to -- I am
23 not sure, A, who he is referencing with respect
24 to --

25 THE WITNESS: The --

1 THE COURT: Hang on a second.

2 I am going to sustain it as posed. You might
3 want to rephrase it and see if you can get there.

4 MR. BROWN: Okay.

5 BY MR. BROWN:

6 Q The City Commission cannot, on its own, go and
7 change the rates being charged to The Villages
8 customers, can they?

9 MR. WHARTON: Objection, the agreement speaks
10 for itself.

11 THE COURT: Overruled.

12 You can answer.

13 THE WITNESS: The City Commission would have
14 to operate within the parameters of the agreement,
15 yes.

16 BY MR. BROWN:

17 Q And the parameters of the agreement, meaning
18 they got to go talk to The Villages?

19 A Yes.

20 Q And so when you say that The Villages sets --
21 when you say that Leesburg sets the rate and the County
22 Commission sets the rate, they really just entered into
23 this agreement that sets what the rate is going to be in
24 the future?

25 A They entered into the agreement that set the

1 parameters of the rate, and then the actual rate
2 structure was approved by the City Commission.

3 Q Right. But in terms of, if the City said --
4 like, for example, in the rest of the City of Leesburg,
5 if the City Commission said, we want to change our
6 rates, we want to raise rates or lower rates, they could
7 just pass an ordinance and do that, right?

8 A Yes.

9 Q They can't do that with The Villages
10 customers, can they?

11 A You would be asking me to make a legal
12 determination on that. That's outside of my area of
13 expertise. I am sorry.

14 Q Well, you just answered a lot of questions --

15 A Yes.

16 Q -- about the rate structure, and how all this
17 works.

18 A I can answer how it works, but I can't answer
19 the legality of whether the City Commission can, in some
20 way, affect this agreement or the rate structure.

21 Q But the rate structure and the structure of
22 the whole relationship of who's providing gas for The
23 Villages' customers is very different than what the City
24 of Leesburg is doing with its regular customers in the
25 City?

1 A The agreement --

2 MR. MOYLE: Asked and answered.

3 THE COURT: Go ahead. You can answer that.

4 But I think we probably have explored the limits of
5 this witness' testimony.

6 THE WITNESS: Yes. The agreement with SSGC is
7 different than the way the native customers are
8 being handled, yes.

9 BY MR. BROWN:

10 Q How many City employees are qualified to do
11 gas work?

12 A Well, in varying degrees, we have 23.

13 Q How many are fully qualified?

14 A Every employee that is performing a covered
15 task is fully qualified to do the task that they are
16 performing.

17 Q All right. Let's talk a little bit about the
18 lines that are in close proximity. You showed the
19 pictures you took of transmission lines and the
20 distribution lines out on Fowler Avenue and Tampa, I
21 think it was?

22 A Yes.

23 Q Now, a transmission line is a large line,
24 like, 30 inches generally, or something along that line?

25 A Actually, the one that comes into Leesburg is

1 four-inch.

2 Q Well, the trunk line, but the -- well --

3 A No.

4 Q Okay.

5 A That's transmission line, and it's the lateral
6 that feeds Leesburg, it's four-inch. It looks exactly
7 the same as Leesburg's four-inch lines.

8 Q But in order to have a gas system throughout
9 the state, you have got to have close proximity
10 transmission lines. That's just the nature of the
11 businesses?

12 A Sure.

13 Q And so you can't avoid being close to
14 transmission lines on occasion, because those get put
15 in, and they have got to run near the distribution lines
16 in order to provide gas?

17 A Yes. I would argue, though, that if it's a
18 major safety concern, then I would position my lines
19 away from those transmission lines so there wasn't a
20 safety concern.

21 Q Right. So the whole point is, one should try
22 to avoid having lines close together?

23 A I don't have a concern with them being there.
24 I realize they have them throughout the state. I am not
25 saying that -- what I am saying is, just because the

1 transmission line is in the area doesn't mean that there
2 is nothing you can do about it. You can position your
3 lines away from the transmission line if you have a
4 major concern for safety.

5 Q Well, but Peoples, in this case, they have a
6 major concern with safety, and they couldn't
7 repositioned their lines because it's Leesburg's lines
8 that came up to theirs?

9 MR. MOYLE: I am not sure he is referencing
10 the Tampa case or --

11 THE COURT: I think he is now segued into --

12 MR. BROWN: Yes, I have.

13 THE COURT: And that's what you want --

14 THE WITNESS: My contention is, if it's a
15 major safety concern, then I would be sure that my
16 line on Fowler Avenue was not located in close
17 proximity to FGT's line.

18 BY MR. BROWN:

19 Q I understand that. But we don't know who came
20 furs on Fowler Avenue, we don't know anything about that
21 other than you took a picture of the lines on Fowler
22 Avenue, correct?

23 A That's correct.

24 Q Okay. And you said, if I had a concern about
25 the safety of having lines close together, I would not

1 put my lines close together. I would route them in a
2 way they aren't close together?

3 A Yeah, I would find a way to do that.

4 Q Okay. But in this case, Peoples doesn't have
5 that choice, because it's Leesburg that came up to
6 Peoples and crossed their lines and put their lines in
7 cross proximity?

8 A Sure.

9 Q Okay. So if Peoples believes it's a safety
10 concern, that's a safety concern that's been created by
11 Leesburg putting their lines up there?

12 MR. WHARTON: Object to -- calls for
13 speculation about what Peoples believes.

14 THE COURT: Yeah. I mean, I think this is all
15 based on Peoples' belief that it's a concern. And
16 I think what I have heard from Mr. Rogers'
17 testimony so far is he doesn't share that concern,
18 so it's kind of a circular argument.

19 MR. BROWN: Well, it's not circular, though,
20 if --well --

21 THE COURT: Peoples -- I recognize that
22 Peoples has a concern. Whether it's a concern or
23 not for my purposes in managing this territorial
24 dispute is whole different issue.

25 MR. BROWN: I don't have any further

1 questions, Your Honor.

2 THE COURT: All right. Anything further, Mr.
3 Moyle?

4 MR. BROWN: Excuse me, let me do one thing.
5 Let me move in 44.

6 MR. FARRIOR: It's already in?

7 MR. BROWN: Is it already in? It's already
8 in. Never mind.

9 THE COURT: Let me make sure. Better safe
10 than sorry. It is.

11 MR. MOYLE: Just a couple brief points.

12 REDIRECT EXAMINATION

13 BY MR. MOYLE:

14 Q With respect to the City Commission, the City
15 Commission has the ability under the agreement, does it
16 not, to work within certain parameters? I mean, The
17 Villages can't come in on any kind of rate issue and say
18 we approve. It's only a limited subset of time, is that
19 right?

20 MR. BROWN: Leading -- very leading.

21 THE COURT: Well, I think it kind of goes into
22 an area -- I mean, sort of sounds to me like an
23 area that this witness has already indicated -- he
24 has kind of explained his understanding of how the
25 Commission establishes the rate structure. But it

1 sounds like you are getting into something really
2 going beyond his area.

3 If you want to rephrase it and let me see if I
4 misreclected, but it seemed like that was going
5 into an area that I sustained an objection.

6 BY MR. MOYLE:

7 Q Yes, I guess the point that I am trying to
8 draw out of you is that the --

9 MR. BROWN: Your Honor, that's a leading
10 question.

11 THE COURT: That is pretty -- that's the
12 definition.

13 THE WITNESS: Would this be a yes or no answer
14 for me, please?

15 MR. MOYLE: I tell you what, we don't have any
16 further questions.

17 THE WITNESS: Thank you, Your Honor.

18 THE COURT: Yes, sir, thank you.

19 (Witness excused.)

20 MR. WHARTON: Your Honor, I have a quick
21 question about the exhibits that were moved in
22 earlier. Was 77 moved in? Were all three of the
23 Hudson depositions moved in?

24 THE COURT: Oh, yeah, all of those.

25 MR. BROWN: And the one in the red is in a red

1 folder, so it will be identified.

2 THE COURT: So 77 through 80 are all in.

3 MR. WHARTON: Got you.

4 MR. BROWN: But the confidential is in a
5 separate folder.

6 THE COURT: All right. Anything further that
7 we need to take up?

8 Yes, sir, Mr. Moyle.

9 MR. MOYLE: Maybe to just scratch off our list
10 of things to do on our side, Mr. Brown moved in a
11 bunch of depositions earlier, maybe yesterday we had said
12 that we had a deponent, Mr. McGee, our safety
13 expert, and we were going to move his exhibit in as
14 well. And so we would like to get that taken care
15 of.

16 THE COURT: All right. Mr. Brown, any
17 objection to moving in --

18 MR. MOYLE: Yeah, it's 24, I believe. 24, and
19 that should be in everybody's binder.

20 THE COURT: Leesburg --

21 MR. MOYLE: I think he only objected.

22 MR. BROWN: How many safety experts are we
23 going to have? They tendered Mr. Moses as a safety
24 expert, and we would like to challenge the
25 qualifications of Mr. McGee, I believe it is. But

1 at this point, I would say it's redundant. They
2 are telling me -- I mean --

3 MR. MOYLE: It's not, Your Honor. He agreed
4 when we had the discussion that the exhibits coming
5 in, and he said that he is going to have an issue
6 with respect to the expertise.

7 MR. WHARTON: This is not -- he is an employee
8 of the PSC.

9 MR. MOYLE: Ms. Putnal is telling me you
10 already admitted it.

11 MR. BROWN: The issue now is when he was going
12 to be testifying, we were going to be challenging
13 his qualifications. And now that it's turned out
14 that he can't testify, and so there is going to be
15 an issue about whether he is qualified to be a
16 safety expert, but on top of that --

17 THE COURT: On top of that, it's already been
18 admitted without objection earlier. It's already
19 in. It was one of the items. I wouldn't have put
20 an A here under admitted if it hadn't been offered
21 and admitted.

22 MR. BROWN: All right. That's fine.

23 THE COURT: So I will --

24 MR. BROWN: If we have done that --

25 THE COURT: Yeah, we have.

1 MS. PUTNAL: The report is what?

2 MR. FARRIOR: The report is 7.

3 MR. BROWN: Okay. We will object to the
4 report -- did we object to the report?

5 THE COURT: It's the report attached to the
6 deposition?

7 MR. BROWN: It may be attached to the
8 deposition. I don't know.

9 MR. MOYLE: It is.

10 MS. PUTNAL: The exhibit is the deposition --

11 THE COURT: Well, let's deal with that
12 tomorrow morning, we can take that up first thing.

13 So tomorrow morning, we have Commissioner
14 Garcia. We have --

15 MR. MOYLE: Tom Geoffroy.

16 THE COURT: -- Mr. Geoffroy, all right.

17 MR. MOYLE: And we are going to have Mr. David
18 Dismukes, who is the LSU professor who worked at
19 the Public Service Commission for many years.

20 THE COURT: All right. In that order,
21 Jeffrey, Garcia, Dismukes, that order?

22 MR. MOYLE: Yes, sir, Mr. Garcia --

23 MR. WHARTON: And I am going to have two
24 witnesses here, Judge.

25 THE COURT: All right.

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(Whereupon, the proceedings were adjourned for
the day at 5:48 p.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA R. KRICK, Professional Court
Reporter, certify that the foregoing proceedings were
taken before me at the time and place therein
designated; that my shorthand notes were thereafter
translated under my supervision; and the foregoing
pages, numbered 407 through 598, are a true and correct
record of the aforesaid proceedings.

I further certify that I am not a relative,
employee, attorney or counsel of any of the parties, nor
am I a relative or employee of any of the parties'
attorney or counsel connected with the action, nor am I
financially interested in the action.

DATED this 24th day of July, 2019.



DEBRA R. KRICK
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