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October 2, 2020

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA ELECTRONIC FILING

**RE: Pennsylvania Public Utility Commission v. Columbia Gas of Pennsylvania;
Docket Nos. R-2020-3018835 and C-2020-3020105**

Dear Secretary Chiavetta,


Attached please find for filing with the Pennsylvania Public Utility Commission the electronic versions of the Columbia Industrial Intervenors ("CII") Pre-Served Testimony in the above-referenced proceeding. The Testimonies are as follows:

1. CII Statement No. 1 – Direct Testimony of Frank Plank
2. CII Statement No. 1-R – Rebuttal Testimony of Frank Plank

As shown by the attached Certificate of Service, all parties to these proceedings are being duly served via email only due to the current COVID-19 pandemic. Upon lifting of the aforementioned Emergency Order, we can provide parties with a hard copy.

Sincerely,

McNEES WALLACE & NURICK LLC

By 
Charis Mincavage

Counsel to the Columbia Industrial Intervenors

Enclosures

c: Administrative Law Judge Katrina L. Dunderdale (via email)
Certificate of Service

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CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant).

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Counsel to the Columbia Industrial Intervenors

Dated this 2nd day of October, 2020, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2020-3018835
 :
 Columbia Gas of Pennsylvania, Inc. :

**DIRECT TESTIMONY
OF
FRANK PLANK**

**OF KNOUSE FOODS COOPERATIVE, INC.
ON BEHALF OF
COLUMBIA INDUSTRIAL INTERVENORS ("CII")**

JULY 28, 2016

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2020-3018835
	:	
Columbia Gas of Pennsylvania, Inc.	:	

**DIRECT TESTIMONY OF FRANK PLANK
OF KNOUSE FOODS COOPERATIVE, INC.
ON BEHALF OF
COLUMBIA INDUSTRIAL INTERVENORS**

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

2 A. My name is Frank Plank and my business address is Knouse Foods Cooperative,
3 Inc., 53 East Hanover Street, P.O. Box 807, Biglerville, PA 17307-080.

4 **Q. By whom are you employed?**

5 A. I am employed by Knouse Foods Cooperative, Inc. ("Knouse").

6 **Q. Have you ever provided testimony before the Pennsylvania Public Utility
7 Commission ("PUC" or "Commission") or any other regulatory body?**

8 A. Yes. I provided testimony in Columbia Gas of Pennsylvania, Inc.'s ("Columbia"
9 or "Company") 2010 Base Rate Proceeding at Docket No. R-2010-2215623; in
10 Columbia's 2015 Base Rate Proceeding at Docket No. R-2015-2468056; in
11 Columbia's 2016 Base Rate Proceeding at Docket No. R-2016-2529660; in
12 Columbia's 2018 Base Rate Proceeding at Docket No. R-2018-2647577; in the
13 FirstEnergy Companies' Third Default Service Plan Proceedings at Docket Nos.
14 P-2013-2391368; P-2013-2391372; P-2013-2391375; P-2013-2391378; and in the
15 FirstEnergy Companies' Fourth Default Service Plan Proceedings at Docket Nos.
16 P-2015-2511333, P-2015-2511351, P-2015-2511355, and P-2015-2511356.

1 **Q. What is your current position with Knouse?**

2 A. I am Manager of Purchasing for Knouse.

3 **Q. What are your duties as Manager of Purchasing?**

4 A. As Manager of Purchasing for Knouse, my duties include purchasing the natural
5 gas, recycled oil, electricity, nitrogen, water treatment, adhesives, pest control
6 services, pallets, and various other items for all of our processing plants. In
7 addition, I have responsibility for developing and negotiating contracts, setting
8 budgets, and providing upper management with projections of costs. My
9 responsibilities further include managing and training personnel that purchase our
10 stockroom items, bulk bins, bulk bin repair parts, machine parts, office supplies,
11 labels, and various other items. I also develop and enforce the policies and
12 procedures for purchasing and receiving, as well as approve purchase orders.

13 **Q. How long have you worked at Knouse?**

14 A. I have worked at Knouse for over 40 years.

15 **Q. What is your educational and employment background?**

16 A. I am a 1976 graduate of Gettysburg Area High School and have attended various
17 seminars on topics such as Fundamentals of Purchasing, Energy Procurement,
18 Managing People, and Negotiating of Contracts. I have also attended numerous
19 Knouse Foods development sessions. In addition to my role as Manager of
20 Purchasing for Knouse, I am a current Board member of the Metropolitan Edison
21 Company/Pennsylvania Electric Company Sustainable Energy Fund. I started
22 working for Knouse in March of 1977 on the shipping docks. In 1980, I moved
23 into the Label/Printing department. In 1983, I was promoted to Private Brand

1 Label Buyer. In 1990, I was promoted again to become the Manager of
2 Purchasing. In 1997, Knouse restructured its Purchasing department. This
3 restructuring included centralizing procurement activities. As Manager of
4 Purchasing, I became responsible for purchasing recycled oil, natural gas, and
5 electricity. I was also the Project Manager for and oversaw the development and
6 installation of a 3MW Solar System at our Peach Glen location, which was
7 completed in January 2011.

8 **Q. Please describe Knouse's operations.**

9 A. Knouse began more than seventy years ago when a group of prominent
10 independent fruit growers in the Appalachian region recognized the enormous
11 potential at their fingertips. Given their shared commitment to raising quality
12 fruit, these growers formed an alliance and began working together as a grower
13 cooperative. The growers quickly became aware of the need for a reliable
14 processor for their fruit. To address this need, they purchased apple processing
15 plants and equipment in Peach Glen, Pennsylvania; Ortanna, Pennsylvania; and
16 Chambersburg, Pennsylvania, thereby creating the cooperative that is Knouse.
17 Today, Knouse processes mainly apples and apple products, but also processes
18 other fresh fruits such as peaches and cherries. The recognized labels under
19 which Knouse processes these fruits includes Musselman's and Lucky Leaf.
20 Knouse currently operates five processing plants in two states.

1 **Q. How many of those processing plants are located in Pennsylvania?**

2 A. Four. Knouse currently has processing plants in Chambersburg, Ortanna,
3 Biglerville, and Peach Glen. Peach Glen is also the location of Knouse's
4 corporate headquarters.

5 **Q. How does Knouse use natural gas in its processes?**

6 A. Knouse uses natural gas in its boilers to produce steam. The steam is used to
7 cook our products and provide heat in our plants. We also use natural gas to heat
8 different areas of our plant through conventional heaters.

9 **Q. Does Knouse use large amounts of natural gas?**

10 A. Yes. We currently use over 400,000 Mcf of natural gas annually.

11 **Q. How does the cost of natural gas compare to Knouse's overall energy
12 consumption?**

13 A. Knouse's natural gas costs comprise approximately 50% of Knouse's overall
14 annual energy budget.

15 **Q. Are any of Knouse's processing plants located in Columbia service territory?**

16 A. Yes. Knouse's Ortanna, Biglerville, Gardners, and Peach Glen plants are located
17 in and receive natural gas distribution service from Columbia. Knouse has been a
18 customer of Columbia for at least the past 30 years.

19 **Q. What type of service does Knouse receive from Columbia?**

20 A. Knouse receives only distribution service from Columbia. Knouse purchases
21 natural gas supply from a competitive Natural Gas Supplier ("NGS").

1 **Q. Under what Rate Schedules does Knouse currently receive distribution**
2 **service from Columbia?**

3 A. Knouse has numerous accounts with Columbia. As a result, Knouse receives
4 distribution service from Columbia under Rate Schedules Large Distribution
5 Service ("LDS"), Small Distribution Service ("SDS"), and Small General
6 Distribution Service ("SGDS"). In previous years, because Knouse has
7 alternative fuel capability, Knouse took LDS, SDS, and SGDS service from
8 Columbia under a flexible rate pursuant to Rule 20 of Columbia's Tariff Pa.
9 P.U.C. No. 9. More recently, however, due to changes in Columbia's
10 requirements, as well as the increase in the cost of fuel oil, Columbia has been
11 unwilling to offer Knouse a flexible rate contract.

12 **Q. What do you mean by a flexible rate contract?**

13 A. As I understand it, if a customer on Columbia's system has a viable competitive
14 alternative, Columbia is willing to enter into a contract with that customer to offer
15 a rate lower than the rates set forth in Columbia's tariff. In other words, Columbia
16 "flexes" the customer's rate below the tariff rate.

17 **Q. What was the timing of Knouse's service from Columbia under a flexible rate**
18 **contract?**

19 A. According to internal records, Knouse received some type of flex rate from
20 Columbia for approximately 25 years. Knouse's last flexible rate contract with
21 Columbia was dated January 1, 2011.

1 **Q. How have Knouse's natural gas costs changed since the elimination of its**
2 **flexible rate contract with Columbia?**

3 A. Not surprisingly, Knouse's distribution costs have increased significantly, as
4 Knouse had to begin receiving service under Columbia's full tariff rate, which is
5 considerably higher than Knouse's flexed rate. In addition, Columbia requested
6 base rate increases in 2008, 2010, 2011, 2012, 2014, 2015, 2016, and 2018 (along
7 with the Company's base rate request currently before the PUC). When Knouse
8 was receiving service under a flexible rate contract prior to 2011, Knouse was
9 insulated from these rate increases. Once Knouse moved to Columbia's full tariff
10 rate, the ramification of continued base rate increases further affected Knouse's
11 energy costs. This impact continues and compounds, without any stabilization
12 period, because Columbia continues to file a rate increase every twelve to
13 eighteen months. Additionally, Columbia's implementation of a Distribution
14 System Improvement Charge ("DSIC") has also affected Knouse's natural gas
15 distribution costs. As I understand it, Columbia's tariff allows for the Company to
16 make a downward adjustment to the DSIC component and other rate components
17 for flex rate customers. Because Knouse is now a full tariff rate customer,
18 Knouse's natural gas costs are further increased upon Columbia's collection of
19 costs through the DSIC.

20 **Q. What are your concerns with Columbia's current rate increase request?**

21 A. As the Commission is aware, in 2020, Pennsylvania, the United States, and the
22 world have been devastated by the COVID-19 pandemic. Columbia filed its over
23 \$100 million rate increase request on April 24, 2020, approximately one month

1 after the COVID-19 pandemic began to impact Pennsylvania. Based upon my
2 discussions with counsel, Columbia's rate increase request does not reference the
3 impact of the pandemic on Columbia's proposed rates or reflect the impact of the
4 pandemic on the Company's customers, especially its large commercial and
5 industrial customers, such as CII members. While I recognize that Columbia is a
6 monopoly utility that must receive approval from the PUC for a rate increase, I
7 believe in reviewing such a rate increase request, the Commission must recognize
8 the impact that COVID-19 has had Columbia's customers. In other words, while
9 Columbia's filing suggests business as usual, in reality, business is anything but
10 usual at the current time.

11 **Q. What is your understanding with respect to how Columbia's \$100.4 million**
12 **rate increase request would apply to Knouse?**

13 A. Although Knouse has several accounts on Columbia's system, for purposes of this
14 question, I am only discussing our Rate LDS account. Columbia proposes to
15 increase the Rate LDS customer charge by approximately 24% and the Rate LDS
16 volumetric charge by approximately 28%. As a result, Knouse's natural gas rates
17 would increase by approximately 25%, which I think is excessive. Because
18 natural gas costs are approximately 50% of Knouse's overall energy costs,
19 Columbia's proposal would significantly impact Knouse's overall energy budget.

20 **Q. How is the COVID-19 pandemic impacting Knouse?**

21 A. Knouse has faced several challenges, and will most likely continue to face
22 challenges, during the course of the pandemic. For example, Knouse requires
23 personal protective equipment ("PPE") for its employees; however, this

1 equipment has been difficult to obtain and has increased in price. Similarly,
2 Knouse has needed to engage extra personnel to implement procedures such as
3 daily temperature checks for employees, while at the same time, Knouse faces
4 challenges in determining the size of its work force on a daily and weekly basis
5 due to illness and quarantine requirements stemming from the pandemic.
6 Moreover, Knouse cannot determine the future impacts of the pandemic. For
7 example, Knouse's processing is dependent upon the availability of crops;
8 however, uncertainty remains as to whether farmers will have the workforce
9 needed to pick the fruit off the trees.

10 **Q. As a result, how what will the combination of Columbia's rate increase and**
11 **the COVID-19 pandemic impact Knouse?**

12 A. As I stated above, Knouse has had to contend with Columbia seeking rate
13 increases approximately every twelve to eighteen months for almost the past
14 decade. Moreover, Columbia's proposal in this rate filing is especially excessive,
15 as the Company is seeking a rate increase of over \$100 million. This extremely
16 high increase translates to a 25% increase to Rate LDS, which will have a
17 damaging impact on Knouse's energy costs. When this 25% increase is combined
18 with the uncertainty that Knouse faces due to the impact of COVID-19 pandemic,
19 the results are especially alarming.

20 **Q. What are you suggesting for purposes of Columbia's requested rate increase?**

21 A. I suggest that the PUC deny Columbia's requested rate increase at this time.
22 Instead, Columbia should have the opportunity to file another rate increase
23 request in 2021. Hopefully, by 2021, more certainty regarding the impact of the

1 COVID-19 pandemic may exist. Moreover, this timing would allow Columbia to
2 more accurately reflect the impact of COVID-19 in the Company's filing.

3 If, however, the PUC allows Columbia to increase its rates at this time, I would
4 ask that the PUC significantly limit any rate increase to the Rate LDS class. As
5 proposed by Columbia, raising LDS customers' rates by 25% in light of the
6 current landscape would be an excessive increase to large customers.

7 **Q. Does this conclude your testimony at this time?**

8 A. Yes.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2020-3018835
 :
 Columbia Gas of Pennsylvania, Inc. :

**REBUTTAL TESTIMONY
OF
FRANK PLANK**

**OF KNOUSE FOODS COOPERATIVE, INC.
ON BEHALF OF
COLUMBIA INDUSTRIAL INTERVENORS ("CII")**

AUGUST 26, 2016

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2020-3018835
	:	
Columbia Gas of Pennsylvania, Inc.	:	

**REBUTTAL TESTIMONY OF FRANK PLANK
OF KNOUSE FOODS COOPERATIVE, INC.
ON BEHALF OF
COLUMBIA INDUSTRIAL INTERVENORS**

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

2 A. My name is Frank Plank and my business address is Knouse Foods Cooperative,
3 Inc., 53 East Hanover Street, P.O. Box 807, Biglerville, PA 17307-080.

4 **Q. Are you the same Frank Plank who previously submitted Direct Testimony**
5 **in this proceeding on behalf of the Columbia Industrial Intervenors ("CII")?**

6 A. Yes.

7 **Q. To which parties' Direct Testimony are you responding?**

8 A. I am responding to the testimony of Office of Consumer Advocate ("OCA")
9 witness Jerome D. Mierczwa, Office of Small Business Advocate ("OSBA")
10 witness Robert D. Knecht, OCA witness Roger D. Colton, Community Action
11 Association of Pennsylvania ("CAAP") witness Susan A. Moore, and the
12 Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania
13 ("CAUSE-PA") witness Mitchell Miller.

14 **Q. On what issues do you wish to generally respond?**

15 A. I am responding to the OCA and OSBA proposals to further increase the rates of
16 Large Distribution Service ("LDS") customers. I am also responding to the OCA,

1 CAUSE-PA, and CAAP proposals to allocate low-income program costs to all
2 customer classes.

3 **Q. What are your concerns regarding the OCA and OSBA proposals to further**
4 **increase Rate LDS?**

5 A. As I testified in my Direct Testimony, I am very concerned about Columbia's
6 proposal to increase LDS rates by approximately 25%. I understand from counsel
7 that OCA witness Mierzwa proposes a 36% increase to Rate LDS, while OSBA
8 witness Knecht proposes an increase to Rate LDS that would be between
9 approximately 38% and 43%. Such proposals would further escalate the rate
10 increase already proposed by Columbia during very difficult economic conditions
11 for all customers, especially large commercial and industrial customers.

12 **Q. What is your response to the proposal by OCA, CAUSE-PA, and CAAP to**
13 **allocate low-income program costs to all customer classes, including Rate**
14 **LDS?**

15 A. Currently, Knouse does not remit any costs for low-income programs. I
16 understand from counsel that OCA, CAUSE-PA, and CAAP suggest allocating
17 low-income program costs to all customers, including Rate LDS, which would
18 further exacerbate any rate increase to Rate LDS. I also understand from counsel
19 that such a reallocation of those costs would depart from current practices.
20 Considering the hardships currently faced by large commercial and industrial
21 customers related to the COVID-19 pandemic, I believe that changing the policy
22 with respect to allocation of low-income program costs would further exacerbate
23 the issues faced by Rate LDS customers at this time.

1 Q. Does this conclude your testimony at this time?

2 A. Yes.

VERIFICATION

I, Frank Plank, Manager of Purchasing of Knouse Foods Cooperative, Inc., hereby state that the facts contained in the Direct Testimony of Frank Plank (CII Statement No. 1) and Rebuttal Testimony of Frank Plank (CII Statement No. 1-R) are true and correct to the best of my knowledge, information, and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904, relating to unsworn falsification to authorities.

9/22/20

Date



Frank Plank