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July 26, 2022

VIA E-MAIL

Honorable Christopher P. Pell
Honorable John Coogan
Administrative Law Judges
Pennsylvania Public Utility Commission
801 Market Street, Suite 4063
Philadelphia, PA 19107

RE: Pennsylvania Public Utility Commission v. Columbia Gas of Pennsylvania, Inc.;
Docket No. R-2022-3031211

Your Honors:

Attached please find Columbia Industrial Intervenors ("CII") Statement No. 1 – Surrebuttal Testimony of Frank Plank.

As evidenced by the attached Certificate of Service, all parties to the proceeding are being duly served via email. Thank you.

Sincerely,

A handwritten signature in black ink that reads 'Charis Mincavage'.

Charis Mincavage
MCNEES WALLACE & NURICK LLC

cc: Rosemary Chiavetta, Secretary (via electronic filing)
Athena DelVillar, Legal Assistant (via e-mail)
Certificate of Service

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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Charis Mincavage

Counsel to the Columbia Industrial Intervenors

Dated this 26th of July, 2022, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2022-3031211
 :
 Columbia Gas of Pennsylvania, Inc. :

**SURREBUTTAL TESTIMONY
OF
FRANK PLANK**

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

JULY 26, 2022

1 in the FirstEnergy Companies' Fourth Default Service Plan Proceedings at Docket
2 Nos. P-2015-2511333, P-2015-2511351, P-2015-2511355, and P-2015-2511356.

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

4 A. I am Manager of Purchasing for Knouse.

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

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

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

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

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

18 A. I am a 1976 graduate of Gettysburg Area High School and have attended various
19 seminars on topics such as Fundamentals of Purchasing, Energy Procurement,
20 Managing People, and Negotiating of Contracts. I have also attended numerous
21 Knouse Foods development sessions. In addition to my role as Manager of
22 Purchasing for Knouse, I am a current Board member of the Metropolitan Edison
23 Company/Pennsylvania Electric Company Sustainable Energy Fund. I started

1 working for Knouse in March of 1977 on the shipping docks. In 1980, I moved
2 into the Label/Printing department. In 1983, I was promoted to Private Brand
3 Label Buyer. In 1990, I was promoted again to become the Manager of
4 Purchasing. In 1997, Knouse restructured its Purchasing department. This
5 restructuring included centralizing procurement activities. As Manager of
6 Purchasing, I became responsible for purchasing recycled oil, natural gas, and
7 electricity. I was also the Project Manager for and oversaw the development and
8 installation of a 3MW Solar System at our Peach Glen location, which was
9 completed in January 2011.

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

11 A. Knouse began more than seventy years ago when a group of prominent
12 independent fruit growers in the Appalachian region recognized the enormous
13 potential at their fingertips. Given their shared commitment to raising quality
14 fruit, these growers formed an alliance and began working together as a grower
15 cooperative. The growers quickly became aware of the need for a reliable
16 processor for their fruit. To address this need, they purchased apple processing
17 plants and equipment in Peach Glen, Pennsylvania; Ortanna, Pennsylvania; and
18 Chambersburg, Pennsylvania, thereby creating the cooperative that is Knouse.
19 Today, Knouse processes mainly apples and apple products, but also processes
20 other fresh fruits such as peaches and cherries. The recognized labels under
21 which Knouse processes these fruits includes Musselman's and Lucky Leaf.
22 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
18 a 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. Due to changes in Columbia's requirements, as well as the increase
10 in the cost of fuel oil, Columbia has been unwilling to offer Knouse a flexible
11 contract. Although Knouse received some type of flex rate from Columbia for
12 approximately 25 years, Knouse's last flexible rate contract with Columbia was
13 dated January 1, 2011.

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

16 A. Not surprisingly, Knouse's distribution costs have increased significantly, as
17 Knouse had to begin receiving service under Columbia's full tariff rate, which is
18 considerably higher than Knouse's prior flexed rate. In addition, Columbia
19 requested eleven base rate increases in the past fourteen years. When Knouse was
20 receiving service under a flexible rate contract prior to 2011, Knouse was
21 insulated from these rate increases. Once Knouse moved to Columbia's full tariff
22 rate, the ramification of continued base rate increases further affected Knouse's
23 energy costs and more acutely impacted Knouse's annual energy budget. This

1 impact continues and compounds, without any stabilization period, because
2 Columbia continues to file a rate increase every twelve to eighteen months. In
3 addition, the percentage increase allocated to Rate LDS has approximately
4 doubled over the past two years, with Rate LDS receiving rate increases in 2020
5 and 2021 of approximately 20%. Moreover, the exponential increase in natural
6 gas supply costs over the past few months combined with the continuing increases
7 in Columbia's natural gas distribution rates has resulted in a substantial and acute
8 impact on Knouse's annual energy budget.

9 **Q. What is your understanding with respect to how Columbia's current rate**
10 **increase request would apply to Knouse?**

11 A. Although Knouse has several accounts on Columbia's system, for purposes of this
12 question, I am only discussing our Rate LDS account. Columbia proposes to
13 increase Rate LDS by approximately 22%. I understand from counsel that the
14 Office of Small Business Advocate ("OSBA") and the Office of Consumer
15 Advocate ("OCA") are arguing that Rate LDS should receive a close to 30% rate
16 increase (*i.e.*, 28.4%), while the Bureau of Investigation and Enforcement ("I&E")
17 is proposing that, even if Columbia receives less than its requested rate increase,
18 Rate LDS should not receive any scaleback from the Company's proposed
19 allocation at the full revenue requirement.

20 **Q. Did you submit Direct or Rebuttal Testimony in this proceeding?**

21 A. No, I did not. CII membership has been extremely limited over the past decade,
22 with Knouse being the only member for purposes of the current proceeding (as
23 well as Columbia's 2021 base rate proceeding). The continued prosecution of

1 Columbia rate cases, combined with the continued increases to Rate LDS, limits
2 the discretionary budgets of large commercial and industrial customers needed to
3 fund participation in this matter. As a result, Knouse has at least tried to monitor
4 Columbia's base rate proceedings due to the significant impact that these rate
5 increases have on Knouse's energy budget.

6 **Q. Why are you submitting Surrebuttal Testimony in this proceeding?**

7 A. I am responding to the Rebuttal Testimony submitted by Penn State University
8 witness, James L. Crist, in which Mr. Crist notes that the Company's proposed
9 rate increase for Rate LDS customers is grossly unjust and unfair. Mr. Crist goes
10 on to note that "[i]f adopted as proposed by Columbia, this could result in dire
11 consequences to the business and institutions in the Rate LDS/LGSS class who
12 have faced the challenges of Covid impacts to business operations and are still
13 dealing with such disadvantageous business conditions and rampant inflation."¹

14 **Q. What is the purpose of your Surrebuttal Testimony?**

15 A. The purpose of my Surrebuttal Testimony is to confirm Mr. Crist's claims that
16 these continued rate increases at such high levels (*i.e.*, approximately 20% or
17 more) have a significant and detrimental impact on Knouse's operations, Knouse's
18 workforce, and the Knouse community. Knouse has had to contend with
19 Columbia seeking rate increases for Rate LDS approximately every twelve to
20 eighteen months for the past decade with those increases doubling over
21 approximately the past two years. Moreover, Knouse has faced several
22 challenges during the course of the COVID-19 pandemic, and Knouse (and its

¹ Rebuttal Testimony of James L. Crist, PSU Statement No. 1-R, pp. 6-7.

1 end-use customers that purchase its products) must now deal with the results of
2 soaring inflation.

3 Columbia's proposed 22% increase would already significantly impact Knouse,
4 especially in light of the fact that natural gas costs are 50% of Knouse's energy
5 budget. The OCA, OSBA, and I&E proposals would only exacerbate Columbia's
6 proposal, resulting in a damaging impact on Knouse's energy costs. When an
7 approximate 22%-28.4% increase is combined with the uncertainty that Knouse
8 must confront due to the continuing challenges faced by large businesses, the
9 results are especially alarming.

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

11 A. I would ask the PUC to recognize that these unending and significantly high rate
12 increases that are being applied to Rate LDS are creating innumerable challenges
13 for energy-intensive businesses to weather. Knouse cannot automatically flow
14 through these continuing increases in energy costs to its customers. Rather,
15 Knouse must consider how to address these increases through other means, such
16 as considering the depth and breadth of its workforce. Thus, the Commission, as
17 well as the parties to this proceeding, need to be aware that these continued rate
18 increases not only plague large businesses, but the resulting ramifications on these
19 businesses may extend beyond the businesses themselves to members of the
20 public, such as Knouse employees. Moreover, I understand from counsel that the
21 role of the Commission (as well as I&E) is to balance the interests of *all*
22 consumer classes with the interests of the utility. With that objective in mind, I
23 respectfully submit that the public interest is best served by recognizing that

1 several of the parties' rate allocation proposals would result in rate shock to Rate

2 LDS customers.

3 **Q. Does this conclude your testimony?**

4 A. Yes.