



100 Pine Street • PO Box 1166 • Harrisburg, PA 17108-1166
Tel: 717.232.8000 • Fax: 717.237.5300

Alessandra L. Hylander
Direct Dial: 717.237.5435
ahylander@mceeslaw.com

July 31, 2018

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 No. R-2018-2647577**

Dear Secretary Chiavetta:

Please find enclosed for electronic filing with the Pennsylvania Public Utility Commission the following pre-served pieces of Rebuttal Testimony and Surrebuttal Testimony presented by the Columbia Industrial Intervenors ("CII") in the above-referenced proceeding:

1. CII Statement No. 1: Rebuttal Testimony of Frank Plank; and
2. CII Statement No. 1-S: Surrebuttal Testimony of Frank Plank.

The aforementioned pieces of testimony were admitted into the evidentiary record for this proceeding during the evidentiary hearing on July 26, 2018.

As shown by the attached Certificate of Service, all parties to these proceedings are being duly served with copies of this transmittal letter. If you have any questions regarding this electronic filing, please contact the undersigned. Thank you.

Sincerely,

McNEES WALLACE & NURICK LLC

By 
Alessandra L. Hylander

Counsel to the Columbia Industrial Intervenors

c: Administrative Law Judge Jeffrey A. Watson (via e-mail and First-Class Mail)
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).

VIA E-MAIL AND FIRST-CLASS MAIL

Michael W. Hassell, Esq.
Lindsay A. Berkstresser, Esq.
Post & Schell PC
17 North Second Street
Harrisburg, PA 17101-1601
mhassell@postschell.com
lberkstresser@postschell.com

Theodore J. Gallagher, Esq.
Nicole M. Paloney, Esq.
Meagan B. Moore, Esq.
Columbia Gas of Pennsylvania
121 Champion Way, Suite 100
Canonsburg, PA 15317
tjgallagher@nisource.com
npaloney@nisource.com
mbmoore@nisource.com

Lauren M. Burge, Esq.
Darryl A. Lawrence, Esq.
Hayley E. Dunn, Esq.
David T. Evrard, Esq.
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Harrisburg, PA 17101-1923
lburge@paoca.org
dlawrence@paoca.org
hdunn@paoca.org
devrard@paoca.org

Erika McLain, Esq.
Scott B. Granger, Esq.
Allison C. Kaster, Esq.
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265
ermclain@pa.gov
sgranger@pa.gov
akaster@pa.gov

Joseph L. Vullo, Esq.
1460 Wyoming Avenue
Forty Fort, PA 18704
jlvullo@bvrrlaw.com

Daniel G. Asmus, Esq.
Sharon E. Webb, Esq.
Elizabeth Rose Triscari, Esq.
Office of Small Business Advocate
Suite 202, Commerce Building
300 North Second Street
Harrisburg, PA 17101
dasmus@pa.gov
swebb@pa.gov
etriscari@pa.gov

Patrick M. Cicero, Esq.
Kadeem G. Morris, Esq.
Elizabeth R. Marx, Esq.
John W. Sweet, Esq.
The Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
pulp@palegalaid.net
pciceropulp@palegalaid.net
kmorrispulp@palegalaid.net
emarxpulp@palegalaid.net

William E. Lehman, Esq.
Thomas J. Sniscak, Esq.
Whitney E. Snyder, Esq.
Hawke McKeon and Sniscak LLP
100 North Tenth Street
Harrisburg, PA 17101
tjsniscak@hmslegal.com
welehman@hmslegal.com
wesnyder@hmslegal.com

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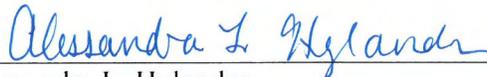
Todd S. Stewart, Esq.
Hawke McKeon and Sniscak LLP
100 North Tenth Street
Harrisburg, PA 17101
tsstewart@hmslegal.com

Kristine Marsilio, Esq.
Daniel Clearfield, Esq.
Eckert Seamans Cherin & Mellott, LLC
213 Market Street 8th Floor
Harrisburg, PA 17101
kmarsilio@eckertseamans.com
dclearfield@eckertseamans.com

G. Blair Bauer
657 Maple Lane
Sewickley, PA 15143

Philip L. Bloch
341 Ridge Avenue
McSherrystown, PA 17344

Robin A. Harrison
1111 Vine Street
West Newton, PA 15089



Alessandra L. Hylander
Alessandra L. Hylander

Counsel to the Columbia Industrial Intervenors

Dated this 31st day of July, 2018, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, <i>et al.</i>	:	
	:	
v.	:	R-2018-2647577
	:	
Columbia Gas of Pennsylvania, Inc.	:	

VERIFICATION

I, Frank Plank, hereby state that the facts set forth in Columbia Industrial Intervenors ("CII") Statement Nos. 1 and 1-S are true and correct to the best of my knowledge, information, and belief, and 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.

7/23/18
Date


Signature

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, *et al.* :
v. : R-2018-2647577
Columbia Gas of Pennsylvania, Inc. :

**REBUTTAL TESTIMONY
OF
FRANK PLANK**

**OF KNOUSE FOODS COOPERATIVE, INC.
ON BEHALF OF
COLUMBIA INDUSTRIAL INTERVENORS**

July 3, 2018

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, <i>et al.</i>	:	
	:	
v.	:	R-2018-2647577
	:	
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, Inc.,
3 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 Commission**
7 **("PUC" or "Commission") or any other regulatory body?**
- 8 A. Yes. I provided customer impact testimony in Columbia Gas of Pennsylvania, Inc.'s
9 ("Columbia" or "Company") 2010 Base Rate Proceeding at Docket No. R-2010-2215623;
10 Columbia's 2015 Base Rate Proceeding at Docket No. R-2015-2468056; and Columbia's
11 2016 Base Rate Proceeding at Docket No. R-2016-2529660. I also provided customer
12 impact testimony in the FirstEnergy Companies' Third Default Service Plan Proceedings
13 at Docket Nos. P-2013-2391368; P-2013-2391372; P-2013-2391375; P-2013-2391378;
14 and in the FirstEnergy Companies' Fourth Default Service Plan Proceedings at Docket Nos.
15 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 gas,
5 recycled oil, electricity, nitrogen, water treatment, adhesives, pest control services, pallets,
6 and various other items for all of our processing plants. In addition, I have responsibility
7 for developing and negotiating contracts, setting budgets, and providing upper
8 management with projections of costs. My responsibilities further include managing and
9 training personnel that purchase our stockroom items, bulk bins, bulk bin repair parts,
10 machine parts, office supplies, labels, and various other items. I also develop and enforce
11 the policies and procedures for purchasing and receiving, as well as approve purchase
12 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 seminars
17 on topics such as Fundamentals of Purchasing, Energy Procurement, Managing People,
18 and Negotiating of Contracts. I have also attended numerous Knouse Foods development
19 sessions. In addition to my role as Manager of Purchasing for Knouse, I am a current Board
20 member of the Metropolitan Edison Company/Pennsylvania Electric Company Sustainable
21 Energy Fund. I started working for Knouse in March of 1977 on the shipping docks. In
22 1980, I moved into the Label/Printing department. In 1983, I was promoted to Private
23 Brand Label Buyer. In 1990, I was promoted again to become the Manager of Purchasing.

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

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

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

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

19 A. Five. Knouse currently has processing plants in Chambersburg, Ortanna, Biglerville,
20 Gardners, and Peach Glen. Peach Glen is also the location of Knouse's corporate
21 headquarters.

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

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

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

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

7 **Q. Does Knouse have any alternatives to using natural gas from Columbia?**

8 A. Yes. In addition to our ability to burn natural gas, Knouse can burn recycled oil or No. 2
9 fuel oil in our boilers. Knouse also has the ability to directly run steam lines to the areas
10 where we currently have natural gas-run conventional heaters. In addition, Knouse's
11 facilities are in close proximity to an interstate natural gas pipeline.

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

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

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

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

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

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

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

3 A. Knouse has numerous accounts with Columbia. As a result, Knouse receives distribution
4 service from Columbia under Rate Schedules Large Distribution Service ("LDS"), Small
5 Distribution Service ("SDS"), and Small General Distribution Service ("SGDS"). In
6 previous years, because Knouse has alternative fuel capability, Knouse took LDS, SDS,
7 and SGDS service from Columbia under a flexible rate (also referred to as a "flex rate")
8 pursuant to Rule 20 of Columbia's Tariff. Due to changes in Columbia's requirements, as
9 well as the increase in the cost of fuel oil, Columbia has been unwilling to offer Knouse a
10 flexible rate contract for approximately the last seven years. As a result, Knouse is now a
11 non-flexible rate ("non-flex") customer.

12 **Q. How have Knouse's natural gas costs changed since it became a non-flex customer**
13 **with Columbia?**

14 A. Unsurprisingly, Knouse's distribution costs increased, as Knouse had to begin receiving
15 service under Columbia's full tariff rate, which is significantly higher than Knouse's flex
16 rate. The Company has filed for several base rate increases over the past ten years, and
17 because Knouse is a non-flex customer, the ramifications of almost yearly base rate
18 increases more directly impact Knouse. In fact, in this 2018 rate proceeding, Columbia is
19 proposing to allocate approximately \$2.1 million of the Company's overall revenue
20 increase request to LDS and LGSS customers. Although Columbia claims that this
21 allocation would result in a 4.54% increase to LDS customer rates, based upon my review

1 of the proposed rates, Knouse's resulting increase would be approximately 16%.¹
2 Moreover, as I understand it, Columbia is proposing to flow the entirety of the \$2.1 million
3 rate increase through volumetric rates, rather than a combination of volumetric rates and
4 the customer charge. This proposal would further impact Knouse as a large volume
5 customer.

6 Additionally, Columbia's implementation of a Distribution System Improvement Charge
7 ("DSIC") has also affected Knouse's distribution costs. As I understand it, Columbia's
8 Tariff allows for the Company to make a downward adjustment to the DSIC component
9 and other rate components for flex rate customers. Because Knouse is now a non-flex rate
10 customer, Knouse's natural gas costs are further increased upon Columbia's collection of
11 costs through the DSIC.

12 **Q. What is the purpose of your Rebuttal Testimony?**

13 A. My Rebuttal Testimony responds to the Direct Testimony of the Office of Consumer
14 Advocate ("OCA"); the Office of Small Business Advocate ("OSBA"); the Pennsylvania
15 State University ("PSU"); and Direct Energy Business, LLC, Direct Energy Services, LLC,
16 and Direct Energy Business Marketing, LLC (collectively, "Direct Energy"). Specifically,
17 I am responding to the positions of the OCA, OSBA, and PSU regarding rate allocation. I
18 also address Direct Energy's position regarding the C&I Network program.

¹ Columbia's proposed allocation assumes that all ratepayers in the LDS/LGSS class would receive a rate increase; however, because approximately half of the LDS/LGSS customers receive flex rates, the entirety of the \$2.1 million allocation would apply to non-flex customers.

1 **Rate Allocation**

2 **Q. What are your concerns regarding the OCA's and OSBA's rate allocation proposals?**

3 A. As I understand it, the OCA is proposing to utilize the results of a different Cost of Service
4 Study ("COSS") than that relied upon by Columbia for purposes of rate allocation. As a
5 result, the OCA is proposing a rate increase of approximately 13.7% to the LDS/LGSS
6 class. Because that increase would only be collected from non-flex LDS/LGSS customers,
7 I would assume the actual rate increase for non-flex LDS/LGSS customers would most
8 likely be higher than 13.7%. Considering that Columbia's proposed rate increase of 4.54%
9 translates to an approximate 16% rate increase to Knouse, I am concerned that the OCA's
10 proposed rate increase of 13.7% would translate to a significantly higher rate increase to
11 Knouse.

12 As I understand it, the OSBA also relies on a different COSS than that relied upon by
13 Columbia (or the OCA) for purposes of rate allocation. The OSBA's testimony notes that
14 approximately 50% of Rate LDS is comprised of flex-rate customers. Because the
15 LDS/LGSS class contains both flex and non-flex customers, the OSBA advises that, in
16 future proceedings, Columbia separate flex and non-flex customers for COSS purposes. I
17 would support that recommendation, as I think it would assist in determining the impact of
18 any rate increase on non-flex LDS customers. I do not, however, support the OSBA's
19 recommendation to increase non-flex customers' rates by approximately 23%, as such an
20 increase would detrimentally impact Knouse's energy costs.

21 **Q. What is your position on PSU's proposed rate allocation?**

22 A. PSU appropriately notes that approximately half of the customers in the LDS/LGSS class
23 are flex rate customers that would not receive any of the \$2.1 million rate allocation

1 proposed by Columbia. For this reason, PSU argues that Columbia's proposed rate
2 allocation for the LDS/LGSS class should be reduced by 50%. Based upon that
3 recommendation, PSU proposes to lower the rate increase for the LDS/LGSS class to
4 approximately 2.5% (*i.e.*, half of Columbia's proposed 4.54% increase), which I believe
5 would translate to an approximate 8% rate increase for non-flex LDS customers.

6 Although an 8% rate increase would still have a serious impact on Knouse's natural gas
7 costs, I support PSU's recommendation, as it reflects my concerns that non-flex customers
8 would receive the entirety of any rate increase given to the LDS/LGSS class because both
9 non-flex and flex rate customers are both grouped together for purposes of the proposed
10 rate allocation to that class.

11 **C&I Network Charges**

12 **Q. What does Direct Energy propose regarding the C&I Network system?**

13 A. CII's counsel advises me that the PUC-approved settlement in Columbia's 2016 base rate
14 case required Columbia to file a tariff supplement that would mandate the installation of
15 daily read measurement equipment for certain customer classes, including SDS, LDS, and
16 Main Line Distribution Service ("MLDS"), in order to transmit daily usage information to
17 Columbia. The recovery of associated costs were to be addressed in a future base rate case.
18 As I understand from counsel, Columbia updated its estimated one-time capital cost for the
19 C&I system from \$4.3 million to \$6 million, along with noting additional increases in other
20 on-going costs, as part of this filing. Columbia has proposed conducting a cost-benefit
21 analysis of the C&I Network system, as well as exploring other alternatives, but Direct
22 Energy's testimony submits that Natural Gas Suppliers ("NGSs") must have access to

1 timely and accurate customer usage data in order to comply with Operational Flow Orders
2 ("OFOs") and Operational Matching Orders ("OMOs").

3 **Q. What is your concern regarding the C&I Network system?**

4 A. As part of Columbia's filing, LDS customers would incur a C&I Network Charge of
5 approximately \$368.76 per bill if the customer's annual throughput exceeds 540,000 thm.
6 If the C&I Network system is implemented, the resulting costs will further increase
7 Knouse's natural gas distribution rates. As explained above, non-flex LDS rates are already
8 poised to rise significantly under the Company's and other parties' rate allocation proposals.
9 I also recognize, though, that if NGSs are not able to obtain accurate data, resulting
10 penalties may eventually be figured into the costs to serve large transportation customers.
11 As a result, I think a balance is needed so that NGSs can obtain the data they need without
12 placing an additional burden on non-flex customers' rates.

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

14 A. Yes.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, *et al.* :
v. : R-2018-2647577
Columbia Gas of Pennsylvania, Inc. :

**SURREBUTTAL TESTIMONY
OF
FRANK PLANK**

**OF KNOUSE FOODS COOPERATIVE, INC.
ON BEHALF OF
COLUMBIA INDUSTRIAL INTERVENORS**

July 17, 2018

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, <i>et al.</i>	:	
	:	
v.	:	R-2018-2647577
	:	
Columbia Gas of Pennsylvania, Inc.	:	

**SURREBUTTAL 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, Inc.,
3 53 East Hanover Street, P.O. Box 807, Biglerville, PA 17307-080.

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

6 A. Yes.

7 **Q. To which party's Rebuttal Testimony are you responding?**

8 A. I am responding to the Rebuttal Testimony of Paula A. Strauss on behalf of Columbia Gas
9 of Pennsylvania, Inc. ("Columbia" or "Company"), regarding the proposed rate increase
10 and revenue allocation for Rate LDS customers. My lack of response to other parties'
11 Rebuttal Testimony does not mean I agree with their proposals.

1 **Q. On page 43, line 21 of Ms. Strauss' Rebuttal Testimony, she clarifies that Columbia**
2 **proposes to allocate approximately \$1.78 million of its overall requested rate increase**
3 **to the LDS class. Would you agree with this figure?**

4 A. Yes. My Rebuttal Testimony had referenced a \$2.1 million increase due to Columbia's
5 grouping of the LDS and LGSS rate classes in this proceeding. Miss Strauss' testimony
6 clarifies that the Company is proposing an approximate revenue allocation of \$1.78 million
7 to LDS customers.

8 **Q. On page 44, line 18 of Miss Strauss' Rebuttal Testimony, she indicates that**
9 **Columbia's approximate \$1.78 million allocation to the LDS rate class translates to a**
10 **9.95% increase in LDS rates. Do you agree?**

11 A. Upon reviewing Miss Strauss' Rebuttal Testimony, I would agree that, if \$1.78 million was
12 allocated to all customers on Rate LDS, the result would possibly be a 9.95% rate increase
13 for all Rate LDS customers. As I understand it, however, the \$1.78 million would only be
14 allocated to non-flex LDS customers.

15 **Q. To that end, on page 45, line 1 of Miss Strauss' Rebuttal Testimony, she indicates that**
16 **the Company's proposal to allocate \$1.78 million to the LDS class translates to an**
17 **approximate 12.83% rate increase for non-flex LDS customers. Do you agree?**

18 A. Yes, however, I would note that Columbia is proposing to flow the entirety of the \$1.78
19 million rate increase through LDS customers' volumetric rates. As a result, LDS

1 volumetric rates are increasing by 16%, while the LDS customer charge is remaining
2 unchanged.

3 **Q. Upon review of Miss Strauss' Rebuttal Testimony and your clarifications above, does**
4 **your view change with respect to The Pennsylvania State University's ("PSU")**
5 **proposal to reduce any rate allocation to the LDS class by approximately 50%?**

6 A. No, as I continue to support PSU's proposal. If the Company's proposed rate increase and
7 revenue allocations were adopted, Knouse's annual increase would be approximately
8 \$100,000 per year.¹ Even if this increase were reduced by 50%, a \$50,000 increase in
9 natural gas rates would still be extremely difficult for a company such as Knouse.

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

11 A. Yes.

¹ As indicated in my Rebuttal Testimony, the majority of Knouse's natural gas usage is through its LDS account; however, Knouse also has smaller accounts receiving service under Rate SDS. While the majority of this estimated \$100,000 annual increase is attributable to the Columbia's proposed rate increase for LDS rates, this estimate also includes the impact on Knouse's SDS accounts.