



1 **I. Introduction**

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

3 A. Nancy J. D. Krajovic, Southpointe Industrial Park, 121 Champion Way, Suite 100,  
4 Canonsburg, PA 15317.

5 **Q. Are you the same Nancy J.D. Krajovic who submitted Direct,**  
6 **Supplemental, and Rebuttal Testimony in this proceeding?**

7 A. Yes.

8 **Q. What is the purpose of your Surrebuttal testimony?**

9 A. The purpose of my testimony is to comment on Mr. Magnani's purported support (on  
10 behalf of Direct Energy) of Mr. Knecht's proposal (on behalf of the Office of Small  
11 Business Advocate) that only certain customers should be required to have installed  
12 and pay for the C&I Network. I also provide a quantification of the rate impact of  
13 Mr. Knecht's proposal.

14 **Q. In his rebuttal testimony, what position does Mr. Magnani take with**  
15 **regard to Mr. Knecht's position that only transportation customers**  
16 **served on Rate Schedules SDS, LDS and MLDS should be required to**  
17 **have and be subject to payment for the C&I Network?**

18 A. Mr. Magnani states in his rebuttal testimony:

19 It is my opinion that the customers who should be required  
20 to have (and pay for) the C&I Network Installation should be  
21 those contemplated in the settlement at Docket No. R-2016-  
22 2529660 and in the underlying proceeding approving the  
23 C&I Network Installation at Docket No. R-2017-2586190. As  
24 such, it is my opinion that only customers eligible to be  
25 served on Rate Schedules SDS, LDS, and MLDS (Small

1 Distribution Service, Large Distribution Service, and Main  
2 Line Distribution Service) should be required to have C&I  
3 Network communications equipment installed. I also agree  
4 that only these customers should pay for the necessary  
5 equipment and installation. Therefore, I agree with Mr.  
6 Knecht's recommendations related to the customers that  
7 should be charged for the C&I Network Installation.  
8

9 **Q. Are Mr. Magnani's statements contradictory?**

10 A. Yes. Customers eligible to be served under Rates SDS, LDS and MLDS include sales  
11 service customers having the ability to become transportation customers should they  
12 choose an NGS. The rates for the C&I Network proposed in this case are based on  
13 total eligible customers, including both sales and transportation service customers.  
14 Mr. Magnani states that "customers eligible to be served" on the transportation rate  
15 schedules should be required to have the C&I Network. Mr. Knecht, in his direct  
16 testimony stated that:

17 As such, the Company's proposal to apply the C&I Network  
18 Charge to large SGSS sales customers, SCD Choice  
19 customers and LGSS sales customers is not consistent with  
20 the settlement, and simply makes no sense. If a sales  
21 customer decides to switch to transportation service, it  
22 should simply be required to pay for the metering that is  
23 deemed necessary to allow NGSs to comply with OFO/OMO  
24 requirements.  
25

26 **Q. What number of customers would be included in the group that Mr.  
27 Knecht proposes to be subject to the charges for the C&I Network?**

28 A. Four hundred sixty-one customers (599 meters), including thirteen flex customers  
29 who are not subject to the rate increase.

1 **Q. What number of customers were included in the rate design that**  
2 **assigned the costs to all customers eligible to be served under Rate**  
3 **Schedules SDS, LDS and MLDS?**

4 A. Six hundred sixty-seven customers (863 meters), including thirteen flex customers  
5 who are not subject to the rate increases.

6 **Q. What would be the monthly charges for the C&I Network if the costs were**  
7 **assigned only to the current 448 (461 total – 13 not subject to rate**  
8 **increase) SDS, LDS, MLDS customers subject to a rate increase**  
9 **identified above?**

10 A. \$403.22 per month for SDS customers, \$465.26 per month for LDS customers, and  
11 \$443.52 per month for MLDS customers. See attachment NJD-SR-1.

12 **Q. What were the monthly charges for the C&I Network when costs were**  
13 **assigned to all customers eligible to be served under Rate Schedules SDS,**  
14 **LDS and MLDS?**

15 A. \$314.14 per month for SGS2/SCD2/SGDS2 customers, \$314.13 per month for SDS  
16 customers, \$362.45 per month for LDS customers, and \$345.51 per month for MLDS  
17 customers. See Exhibit 111, Schedule 1, Page 31.

18 **Q. Does this complete your Prepared Surrebuttal Testimony?**

19 A. Yes, it does.

20

COLUMBIA GAS OF PENNSYLVANIA, INC.  
C&I NETWORK CUSTOMER BASED COSTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019

ALLOCATED COST OF SERVICE  
CUSTOMER/DEMAND

111, SCHEDULE 1

PAGE 31 OF 31

WITNESS: M. P. BALMERT

LINE NO.	ACCT NO.	ACCOUNT TITLE (A)	ALLOC FACTOR (B)	TOTAL COMPANY (C) \$	RSS/RDS (D) \$	SGSS1/SCD1/SGDS1 (E) \$	SGSS2/SCD2/SGDS2 (F) \$	SDS/LGSS (G) \$	LDS/LGSS (I) \$	MLDS (J) \$
1	303.30	INTANGIBLE PLANT - C&I NETWORK ONLY	26	1,621,536	0	0	0	1,266,274	316,572	38,690
2	381.10	AUTOMATIC METER READING - C&I NET ONLY	26	<u>3,773,337</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,946,637</u>	<u>736,669</u>	<u>90,032</u>
3		TOTAL GROSS PLANT		5,394,873	0	0	0	4,212,910	1,053,241	128,722
4	303.30	INTANGIBLE PLANT - C&I NETWORK ONLY	26	108,102	0	0	0	84,418	21,105	2,579
5	381.10	AUTOMATIC METER READING - C&I NET ONLY	26	<u>83,852</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>65,481</u>	<u>16,370</u>	<u>2,001</u>
6		TOTAL DEPRECIATION RESERVE		191,954	0	0	0	149,899	37,475	4,580
7	282	ACCUMULATED DEF INCOME TAX - C&I NET ONLY	26	(260,149)	0	0	0	(203,153)	(50,789)	(6,207)
8		TOTAL C&I NETWORK RATE BASE		4,942,770	0	0	0	3,859,859	964,977	117,934
9		EQUITY CAPITAL @ 52.340%		2,587,046	0	0	0	2,020,250	505,069	61,727
10		RETURN ON RATE BASE @ 8.100%		400,364	0	0	<u>0</u>	<u>312,649</u>	<u>78,163</u>	<u>9,553</u>
11		RETURN ON EQUITY @ 10.950%		283,282	0	0	0	221,217	55,305	6,759
12	303.30	INTANGIBLE PLANT - C&I NETWORK ONLY	26	324,307	0	0	0	253,255	63,314	7,738
13	381.10	AUTOMATIC METER READING - C&I NET ONLY	26	<u>251,556</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>196,443</u>	<u>49,111</u>	<u>6,002</u>
14		TOTAL DEPRECIATION EXPENSE		575,863	0	0	0	449,697	112,426	13,740
15	920	SALARIES - C&I NETWORK ONLY	26	102,594	0	0	0	80,117	20,029	2,448
16	923	OUTSIDE SERVICES EMPLOYED - C&I NETWORK ON	26	<u>1,036,683</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>809,556</u>	<u>202,392</u>	<u>24,735</u>
17		TOTAL OPERATING EXPENSES		1,139,277	0	0	0	889,673	222,421	27,183
18		TOTAL OPERATING EXPENSE (LINE 17)		1,139,277	0	0	0	889,673	222,421	27,183
19		TOTAL DEPRECIATION EXPENSE (LINE 14)		575,863	0	0	0	449,697	112,426	13,740
20		INCOME TAXES (LINE 11 / (1-.2889) * .2889)		115,100	0	0	0	89,883	22,471	2,746
21		RETURN ON RATE BASE (LINE 10)		<u>400,364</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>312,649</u>	<u>78,163</u>	<u>9,553</u>
22		TOTAL C&I NETWORK COST		2,230,604	0	0	0	1,741,902	435,481	53,222
23		C&I CUSTOMERS (PAGE 13, LINE 51)		461	0	0	0	360	90	11
24	Less:	C&I FLEX CUSTOMERS Not Subject to rate increase		<u>13</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12</u>	<u>1</u>
25		NET C&I CUSTOMERS		448	0	0	0	360	78	10
26		MONTHLY COST PER CUSTOMER (LINE 22 / LINE 25 / 12 MONT		414.92	0.00	0.00	0.00	403.22	465.26	443.52