

BEFORE THE  
STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

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In the Matter of  
Corning Natural Gas Corporation

Cases 24-G-0447

December 09, 2024

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Prepared Testimony of:

Danielle Panko,  
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Utility Intervention Unit,  
Division of Consumer Protection,  
NYS Department of State  
99 Washington Avenue  
Suite 500  
Albany NY 12231-0001

1    **I.    INTRODUCTION AND OVERVIEW**

2    Q.    Please state your name and business address?

3    A.    My name is Danielle M. Panko, and my business  
4           address is 99 Washington Avenue, Suite 500,  
5           Albany, NY 12231.

6

7    Q.    By whom are you employed, in what capacity, and  
8           what are your professional backgrounds and  
9           qualifications?

10   A.    I currently hold the position of a Utility Analyst  
11           with the Utility Intervention Unit (UIU) of the  
12           New York State Department of State's Division of  
13           Consumer Protection. I received a Bachelor of  
14           Science in Mathematics from the State University  
15           of New York at New Paltz in 2001 and a Master of  
16           Science in Electrical Engineering from the State  
17           University of New York at New Paltz in 2008.

18           Since I joined UIU in 2012, I have worked on  
19           several New York utility rate cases as well as  
20           other rate and policy-related proceedings. I  
21           primarily oversee projects pertaining to  
22           proceedings before the Public Service Commission  
23           (PSC or Commission), research utility policy and  
24           regulatory related issues, and represent UIU

1 during various utility-related meetings and rate  
2 case negotiations.

3 Prior to joining UIU, I worked as an Analyst,  
4 and later as a Senior Analyst, for Consolidated  
5 Edison Company of New York, Inc. in the Rate  
6 Engineering Department Gas Rate Design Section  
7 from 2007 to 2012. I worked for Philips  
8 Semiconductors as a reliability engineer from  
9 2004-2007 and for Central Hudson Gas and Electric  
10 Corporation as an intern in the Accounts Service  
11 Department and subsequently in the Electrical  
12 Engineering Department from 2000 to 2001.

13

14 Q. Have you previously testified before the  
15 Commission or any other state utility commission?

16 A. Yes. I have testified in numerous regulatory  
17 proceedings before the Commission.

18

19 Q. What is the scope of this testimony?

20 A. I will be responding to the Direct Testimony of  
21 Paul M. Normand, which was included with the rate  
22 filing package that the Company filed with the  
23 Commission on July 31, 2024, in Case 24-G-0447.  
24 My direct testimony is primarily focused on the

1 residential rate design proposal submitted by the  
2 Company. I reserve the right to comment on other  
3 issues during rebuttal, in response to proposals  
4 offered by other parties, or information that  
5 becomes available after this testimony was  
6 prepared. The absence of discussion of other  
7 topics in this testimony should not be construed  
8 as support for, or opposition to, the Company's  
9 positions.

10

11 Q. How is your testimony organized?

12 A. This testimony has four sections. First, in this  
13 section I introduce my testimony, background, and  
14 experience. Second, I summarize my  
15 recommendations. Third, I offer some brief  
16 introductory comments concerning the Company's  
17 rate filing. Fourth, I discuss rate design.

18

19 Q. Have you prepared any exhibits to be filed with  
20 your testimony?

21 A. Yes. Exhibit\_\_(DP-1) contains the Company's  
22 responses to Information Requests (IRs) that I  
23 relied upon in preparing this testimony.  
24 Exhibit\_\_(DP-2) shows the Company's Current and

1 Proposed Residential Rate Design. Exhibit\_\_ (DP-3)  
2 summarizes my recommended rate design proposal,  
3 using the Company's initially filed requested  
4 non-levelized revenue requirement as set forth in  
5 its initial filing.

6

7 **II. SUMMARY OF RECOMMENDATIONS**

8 Q. Please briefly summarize your recommendations.

9 A. I recommend an alternative residential Service  
10 Classification (SC) 1 rate design approach. My  
11 recommendation pertaining to this rate design is  
12 explanatory in nature given that there are a few  
13 variables that impact rates and assumes the  
14 Company's proposed non-levelized revenue  
15 requirement for each of Rate Year (RY). At  
16 minimum, I recommend maintaining the Company's  
17 current residential SC 1 current tail-block rate  
18 (Block 3) to the mid-block rate (Block 2) ratio  
19 in RY1 instead of the Company's proposal to reduce  
20 the ratio. In the outer rate years (i.e., RY 2,  
21 RY 3, RY4), I recommend moving away from the  
22 existing declining rate design structure. In  
23 addition, I propose the customer charge to be  
24 lower than the Company's initial proposal of

1       \$27.50 and maintained at the lower amount in the  
2       outer rate years. However, the magnitude of my  
3       proposed change will be dependent upon the final  
4       revenue requirements and bill impacts.

5

6   **III. GENERAL RATE CASE BACKGROUND**

7   Q.   Can you briefly describe the Company's current  
8       rate case, which was filed on July 31, 2024?

9   A.   Yes. Corning filed a petition with the Commission  
10       on July 31, 2024, requesting an increase to its  
11       gas rates. The Company is proposing to increase  
12       its gas revenues by \$13,655,078, \$905,542,  
13       \$113,481, and \$377,424 for the twelve months  
14       ending June 30, 2026, June 30, 2027, June 30,  
15       2028, and June 30, 2029, respectively. (see  
16       Exhibit\_(AP-10), Direct Testimony of Accounting  
17       Panel) If adopted, the Company's proposal would  
18       result in an overall revenue increase of 42.26  
19       percent, 1.9 percent, 0.24 percent, and 0.8  
20       percent, respectively. (See page 1 of the  
21       Company's July 31, 2024 rate case filing letter).  
22       The Company mentions it is proposing to levelize  
23       the four-year revenue requirement to \$5,857,186.  
24       (see Exhibit (AP-10), Direct Testimony of

1 Accounting Panel). If approved, this levelized  
2 approach would impact customer total bills by  
3 13.76 percent. (See page 1 of the Company's July  
4 31, 2024 rate case filing letter). However, the  
5 Company does not provide any corresponding data  
6 on bill impacts in its rate filing which results  
7 from this levelized approach. Attachment B of the  
8 Company's July 31, 2024 letter only contains the  
9 major cost drivers of the Company's filing.

10 Under the Company's initial filing, the  
11 Company provided bill impacts associated with its  
12 non-levelized revenue requirement proposal. A  
13 typical residential customer with annual usage of  
14 911 therms would experience an annual bill  
15 increase in RY1 of approximately \$628.03, which  
16 is 61.0 percent of the delivery charges, or 40.5  
17 percent of the total bill. (See Exhibit\_\_ (CNG-  
18 10), Schedule PMN-9, page 1 and page 41). Outer  
19 rate years delivery increases equate to 2.6  
20 percent (RY2), 0.3 percent (RY3), and 1.0% (RY4).  
21 ( Schedule PMN-9, page 42-44). Outer rate years  
22 total bill increases equate to 2.0 percent (RY1),  
23 0.2 percent (RY2), and 0.8% (RY3). (Schedule PMN-  
24 9, pages 2-4).

1

2 Q. Did the Company provide any updates or corrections  
3 to its initial July 31, 2024 filing?

4 A. Yes. On October 14, 2024, the Company filed  
5 corrections and updates to its initial filing that  
6 included the additional Direct Testimony of  
7 Charles Lennns and new Exhibits CNG-13 and CNG-  
8 14. As revised and shown in Exhibit\_\_ (CNG-13),  
9 the Company is proposing a total gas rate increase  
10 of \$11,381,032 (RY1), \$749,500 (RY2), (111,382)  
11 (RY3), and \$265,843, which equates to an overall  
12 reduction of \$2,389,107 when compared to the  
13 proposal set forth in the Company's initial  
14 filing. The change proposed in Mr. Lenns'  
15 testimony would result in an overall revenue  
16 increase of 35.16 percent (RY1), 1.71 percent  
17 (RY2), -0.25 percent (RY3), and 1.44% (RY4) and  
18 delivery only revenue increase of 50.05 percent  
19 (RY1), 2.19 percent (RY2), -0.32 percent (RY3),  
20 and 1.84% (RY4).

21 For simplicity and to avoid confusion,  
22 unless otherwise specified, my discussion of the  
23 Company's proposed rate design will refer to the  
24 numbers included in the initial July 31, 2024



1 filing.

2

3 Q. How many customers will be affected by the  
4 proposed rate increases?

5 A. The Company's requested rate changes will impact  
6 over 181,600 gas customers, where the majority  
7 of the customers are considered residential SC  
8 1. (See Exhibit\_\_(CNG-10) Schedule PMN-5, page  
9 90).

10

11 **IV. RATE DESIGN**

12 Q. What changes is the Company proposing for its firm  
13 residential gas rates?

14 A. The Company proposes to increase the current  
15 residential SC 1 monthly gas customer charge,  
16 which includes the first three therms of usage,  
17 from \$22.00 to \$27.50 in the first RY (12 months  
18 ending June 30, 2026). In addition, the Company  
19 proposes to maintain the \$27.50 customer charge  
20 in RY2, RY3, and RY4. (See Testimony of Paul M.  
21 Normand, at 19-20; see also page 1 of Schedule  
22 PMN-5 contained in Exhibit\_\_(CNG-10)). The  
23 remaining delivery revenue increase for this  
24 class is proposed to be collected through the

1 volumetric portion, which consists of two block  
2 rates (Block 2 and Block 3). These two volumetric  
3 block rates are designed such that the Block 2  
4 rates are higher than Block 3 tail-block rates -  
5 which continues to result in declining block rate  
6 structures.

7 As shown in Exhibit\_\_ (DP-2), there are no  
8 significant changes from the current and proposed  
9 ratios of the tail-block rate (Block 3) to the  
10 mid-block rate (Block 2). As such, there is no  
11 evidence the Company intends to move away from  
12 declining block rates. In fact, the Company's  
13 proposal for RY1 shows a slight decline in the  
14 tail-block rate (Block 3) to mid-block rate (Block  
15 2) ratio (66 percent (Current) versus 65 percent  
16 (RY1)). The Company proposes to maintain the 65  
17 percent ratio in the outer rate years. For  
18 comparison purposes, a flat rate structure would  
19 have a ratio of 100% and an inclining rate  
20 structure would have a ratio greater than 100%.

21

1 Q. What is your response to the Company's proposed  
2 rate design for residential accounts?

3 A. First, it must be noted that UIU does not support  
4 the high revenue requirement that the Company  
5 proposes in RY1, as it results in significant rate  
6 increase for residential customers. There are a  
7 few variables that impact rates such as: (1)  
8 revenue requirement, (2) revenue allocation, (3)  
9 customer charges, and (4) the portion of the  
10 revenues that flow through each of the volumetric  
11 rates (e.g., increasing the ratio of tail-block  
12 to mid-block). This discussion is explanatory in  
13 nature, since UIU's recommendation will depend on  
14 the final revenue requirement, which will  
15 influence the magnitude of any potential changes  
16 to the customer charge and volumetric rates.

17 At a minimum, I recommend maintaining the  
18 Company's current residential SC 1 current tail-  
19 block rate (Block 3) to the mid-block rate (Block  
20 2) ratio in RY1 instead of the Company's proposal  
21 to reduce the ratio shown in Exhibit\_\_ (DP-2). In

1       the outer rate years, I recommend moving away from  
2       the existing residential declining rate design  
3       structure. Movement away from declining rate  
4       design is the general trend the Commission has  
5       approved in other utility rate cases, provides  
6       stronger price signals to encourage energy  
7       conservation and reductions in greenhouse gas  
8       emissions, and supports public policy goals.  
9       However, the movement must be gradual in the event  
10      a large revenue increase is adopted in any of the  
11      rate years (such as proposed by the Company in  
12      RY1). A moderate change is needed to not  
13      financially overburden high usage customers  
14      (which may include low-income customers).  
15      However, if the Company's residential SC 1 class  
16      revenue responsibilities are reduced in Rate Year  
17      1 and/or if the final, overall revenue  
18      requirements are reduced in general, then there  
19      should be greater movement toward flat rates.

20             In addition, I recommend a lower customer  
21      charge in RY1 compared to the Company's \$27.50  
22      proposal. A lower customer charge also translates

1 to stronger price signal in support of the State's  
2 public policy goals. Under this scenario, I  
3 propose maintaining the lowered customer charge  
4 for the outer rate years. However, the magnitude  
5 of my proposed change will be dependent upon the  
6 final revenue requirements and bill impacts. For  
7 example, the customer charge can be lower than  
8 what is shown in my illustrative example if the  
9 revenue requirement is lower than proposed by the  
10 Company.

11

12 Q. Have you developed illustrative rates that are  
13 consistent with your recommended approach to rate  
14 design for RY1?

15 A. Yes. I have relied upon the workpapers located on  
16 the Company's discovery portal under the  
17 "Management Applications" folder that is  
18 mentioned in the discovery response to UIU-1,  
19 which is shown in Exhibit\_\_(DP-1). It is my  
20 understanding that the Company did not include  
21 revised rate design files as part of their updates  
22 and corrections filing on October 14, 2024, and  
23 that no additional evidence is provided in the

1       discovery response to UIU-2. I have illustrated  
2       the effect of my recommendation for RY1 rate  
3       design in the exhibits attached to my direct  
4       testimony. Exhibit\_\_(DP-3) summarizes my  
5       recommended rate design for RY1 using the  
6       Company's requested non-levelized revenue  
7       requirement for RY1. If the Commission ultimately  
8       approves revenue requirements that differ from  
9       the ones requested by the Company, the rates and  
10      corresponding bill impacts would need to be  
11      revisited.

12

13   Q.   Does this conclude your direct testimony, which  
14       was prefiled with the Commission on December 09,  
15       2024?

16   A.   Yes.