**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for Approval of Tariffs to Adjust its Automated Meter Reading Cost Recover Charge and Related Matters. | ))))) | Case No. 11-5843-GA-RDR |

**DIRECT TESTIMONY OF CARLEEN F. FANELLY**

**ON BEHALF OF**

**THE EAST OHIO GAS COMPANY D/B/A DOMINION EAST OHIO**

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**Direct Testimony of**

**Carleen F. Fanelly**

I. INTRODUCTION

**Q. Please introduce yourself.**

A. My name is Carleen F. Fanelly. I am employed by The East Ohio Gas Company d/b/a Dominion East Ohio (“DEO” or “Company”) as Director, Customer Service. My business address is 2100 Eastwood Avenue, Akron, Ohio 44305.

**Q. Please describe your educational background and work experience.**

A. I graduated from The University of Akron with a Bachelor of Science degree in Business Administration in 1988 and a Master of Science in Business in 1995. Prior to 1985, I held various positions in Retail Sales and Marketing. In March 1985, I was hired by The East Ohio Gas Company as a Meter Reader and have held several positions including Business Analyst, Community Affairs Representative, Manager Customer Service Center, Director Customer Contact Services and Director Gas Billing. In 2006, I joined the Dominion Services Company as Director of Dominion LDCs Customer Service Centers which included both gas and electric call center operations. In June 2008 I rejoined DEO as Director, Customer Service.

**Q. What are your job responsibilities as Director, Customer Service?**

A. My present duties include oversight of DEO’s customer service operations. I am responsible to plan, direct, and coordinate DEO customer services (i.e., Customer Service Center, Customer Relations, Metering Services, Billing & Credit, Meter Reading, Dispatch and Field Meter Services) to ensure customers receive prompt, courteous, and efficient handling of inquiries and service requests. This role includes oversight of regulatory compliance associated with customer service operations.

**Q. What is the purpose of your testimony in this proceeding?**

A. The purpose of my testimony is to explain that DEO has accomplished an accelerated deployment of AMR technology to over 99% of its service territory by the end of 2011, resulting in a significant reduction in meter-reading labor and O&M costs that is expected to be more fully realized in the revenue requirement for the 2012 program year.

II. 2011 AMR DEPLOYMENT PLAN

**Q. Are you familiar with the Commission Order in Case No. 09-1875-GA-RDR with respect to filing requirements for the next AMR Cost Recovery Charge proceeding?**

A. Yes. In that Order, the Commission stated: “While the evidence in this case supports DEO’s calculation, the Commission finds that DEO should be installing the AMR devices such that savings will be maximized and rerouting will be made possible in all of the communities at the earliest possible time. Therefore, the Commission expects that DEO’s filing in 2011, for recovery of 2010 costs, will reflect a substantially greater number of communities rerouted. The Commission anticipates that, by the end of 2011, it will be possible to reroute nearly all of DEO's communities. To that end, the Commission finds that, in its 2011 filing, DEO should demonstrate how it will achieve the installation of the devices on the remainder of its meters by the end of 2011, while deploying the devices in a manner that will maximize savings by allowing rerouting at the earliest possible time.” Case No. 09-1875-GA-RDR, Opin. & Order 7 (May 5, 2010).

**Q. Did DEO’s filing in Case No. 10-2853-GA-RDR reflect a substantially greater number of communities rerouted than its filing in Case No. 09-1875-GA-RDR?**

A. Yes. The Company had rerouted 310,721 accounts or 671 routes by the end of 2010, as compared to 25,284 accounts or 63 routes by the end of the previous year.

**Q. Did DEO provide information in its filing in Case No. 10-2853-GA-RDR showing how it would achieve the installation of AMR devices by the end of 2011?**

A. Yes. The AMR plan filed in February 2011 with its application in Case No. 10-2853-GA-RDR described how the remaining AMR installations and rerouting of meter-reading routes would be carried out during 2011. (I will refer to this plan as the “2011 AMR Plan” or “2011 Plan.”) As explained in the plan, DEO prioritized the remaining 275,292 meters as follows: 243,783 active meters first; meters that had been inactive for 24 months or less (4% of total remaining meters) next; and meters that had been inactive for more than 24 months (8% of total remaining meters) would be scheduled for disconnection and worked last.

DEO also specifically stated in the 2011 AMR Plan that by the end of 2011, it would initiate the rerouting of all but the Western and Youngstown shops and transition its entire service territory to monthly meter reading. (*See* Case No. 10-2853-GA-RDR, Appl., Ex. B, DEO AMR Plan 2 & 4*.*)

**Q. Was information from the 2011 Plan shared with anyone outside DEO before it was filed with the Commission?**

A. Yes. Prior to submitting the 2011 AMR Plan, DEO submitted its Revised Meter Reading Plan for Staff’s review on August 16, 2010. The Revised Meter Reading Plan is attached as DEO Exhibit 2.1 to my testimony. Staff reviewed and approved this plan, as shown in the letter dated December 6, 2010, attached as DEO Exhibit 2.2 to my testimony.

**Q. Why is the Revised Meter Reading Plan relevant to DEO’s 2011 AMR Plan?**

A. The Revised Meter Reading Plan included information regarding DEO’s AMR installation strategy that was later incorporated into the 2011 AMR Plan. For example, the Meter Reading Plan stated that monthly meter reading would not occur until “an area reaches approximately 95% saturation,” and also described DEO’s “two-prong installation strategy” that included “a targeted shop-by-shop AMR conversion, with priority given to areas that present meter access or billing challenges,” and “installing a device while working at the customer premise on other scheduled work.”

**Q. Did DEO take any additional steps to facilitate the deployment of AMR devices that are not listed in the plan?**

A. Yes. In January 2011, DEO developed a letter that was mailed to customers who had not scheduled an AMR installation appointment. The letter advised them that their community was being moved to a monthly meter reading schedule and that DEO would not be able to read the meter monthly until an AMR device could be installed.

Also, on August 23, 2011, DEO reached out to Staff via e-mail for approval of a new multi-meter manifold process.  DEO developed a process to allow it to complete in a single visit all work on multiple meter manifolds, and thus avoid the need to schedule individual appointments with every account holder at a given premise.  DEO received Staff's approval on September 1, 2012, and began the new process the following week.

**Q. Had the Commission, in Case No. 10-2853-GA-RDR, ordered DEO to revise its plan for deploying AMR devices, would DEO have done so?**

A. Yes.

**Q. During 2011, did DEO deploy AMR devices in accordance with its 2011 AMR Plan?**

A. Yes.

**Q. How many communities had DEO rerouted by the end of 2011?**

A. By the end of 2011, DEO had initiated or completed the rerouting of 1,108,478 accounts or 2,850 routes for all of the communities in its service area except for those serviced by the Western and Youngstown shops. These two shops are expected to be rerouted by June 2012.

**Q. By the end of 2011, had it become possible to reroute those two shops?**

A. Yes. Youngstown had achieved 97% saturation while Western had achieved 95% saturation. As indicated in the AMR Plan, once a shop reaches approximately 95% saturation of AMR installations, rerouting becomes possible.

**Q. Why weren’t the Western and Youngstown shops rerouted by the end of 2011?**

A. Rerouting cannot occur until shops reach a sufficient level of saturation with AMR devices. The required saturation level for these shops was reached during 2011, but rerouting could not have followed instantaneously.

**Q. Why is there a delay between achieving saturation with AMR installation and the completion of rerouting?**

A. There are several steps that must occur. First, accounts must be moved to a monthly meter-reading schedule. (Both Western and Youngstown shops were moved to monthly meter reading in December 2011.) Then, DEO acquires two actual readings prior to a change in their billing cycle; this allows DEO to true-up any over- or under-estimated billings for the customer and provide proper notification to customers that the change is going to take place. In addition, when DEO performs rerouting, it may change the length of billing cycles for that month.  Because the impacted billing cycles may be shorter or longer than planned, the volume of gas brought onto our system by Energy Choice suppliers may be more or less than is needed. In developing new routes, DEO must account for these operational requirements to minimize any disruption for the suppliers, who may need to either bring additional gas onto the system to cover a shortage or eliminate the excess supplies.  This process in its entirety can take several months.

**Q. By the end of 2011, had DEO moved all areas to monthly meter reading schedule?**

A. Yes, including (as noted) the shops that remained to be rerouted, Western and Youngstown.

**Q. By the end of 2011, how many AMR devices had DEO installed on its system?**

A. 1,243,358. This is greater than 99% percent of active meters or 97% of all meters.

**Q. As of January 1, 2012, how many active meters remained for conversion to AMR?**

A. 9,530. This represents 0.8 percent of DEO’s total active meter population of 1,244,404. Of this number, 3,143 were large commercial meters and 6,387 were hard-to-access meters.

**Q. Why had DEO not installed an AMR device on every commercial meter by the end of 2011?**

A. The commercial meters without an AMR device as of December 31, 2011, are larger meter set-ups for commercial or industrial accounts. These customers require special appointments to avoid disrupting their operations or creating an undue hardship on their business. This type of installation is often worked on odd shifts or non-traditional business days.

**Q. Why had DEO not installed an AMR device on every hard-to-access meter by the end of 2011?**

A. As the category name implies, some customers refuse to allow DEO access to their premises. To gain access, DEO must engage in a time-consuming process that provides the customer multiple opportunities to provide access and avoid a disconnection. Once the initial contact is made and the customer fails to contact DEO for an appointment, an additional 40-day equipment-access process is invoked. This includes a progression of letters and an automated outbound phone call between each letter. If the customer still fails to make contact, an employee will attempt to make a personal contact to schedule an appointment. A notice is then issued on the customer’s bill and after the bill notice is rendered, a no-access termination order is issued for the account. If the customer contacts DEO to schedule an appointment, the process will stop. If DEO is unable to obtain access to the customer’s meter on the scheduled appointment date, the process will go back one step and reinitiate. The final remedy is that DEO disconnects service. Once the customer contacts DEO for service restoration, we respond the same day and complete all necessary work on the equipment at that time.

 Throughout 2011, DEO proactively implemented the 40-day no-access process in order to address hard-to-access meters, and it did so well before the onset of cold weather. The Company cannot predict how or when customers will respond to that process, but the fact that by year-end DEO installed all AMR devices on all but 6,387 hard-to-access accounts shows that the Company’s efforts were effective.

**Q. Were there any other reasons DEO was delayed in installing AMR devices on hard-to-access customers?**

A. Yes. As requested by Staff, DEO had agreed in its Revised Meter Reading Plan that it would not terminate service for lack of access to equipment during the winter months (December 1 to March 1). After March 1, we resumed the 40-day process by repeating the step prior to where the customer left off as of December 1. Cumulatively, this cost DEO roughly three months of opportunity each year to deal with hard-to-access customers.

**Q. What steps is DEO taking to finish installing AMR devices?**

A. DEO is actively working with commercial customers to schedule installation appointments. Contact has been made with all the commercial customers to ascertain their scheduling requirements, and resulting appointments are being worked daily.

Regarding hard-to-access customers, DEO is dealing with all of them in accordance with its no-access policies. As described above, this process is time-consuming, but DEO is executing it to the best of its ability.

**Q. As of April 20, 2012, how many AMR devices remained to be installed?**

A. 3,523. Of this number, 2,003 were commercial, and 1,520 were hard-to-access meters.

**Q. Besides customers who either required special appointments or refused access, did any meters on DEO’s system remain for conversion to AMR at the end of 2011?**

A. No. DEO will schedule inactive meters for removal rather than installing AMR devices on them.

**Q. Did DEO’s inability to install the remaining 9,530 active meters affect the level of O&M cost savings achieved in 2011?**

A. No. The inability to install AMR on large commercial and hard-to-access meters had no recognizable effect on O&M cost savings. By the first day of 2012, DEO had already moved to systemwide monthly meter reading and made full staffing reductions. And while two shops remained to be rerouted in 2012, this would have been so even had DEO been able to achieve 100% AMR installation by the end of 2011—the handful of unconverted meters did not delay rerouting.

**Q. Has DEO reduced its meter-reading labor force during the accelerated deployment of AMR?**

A. Yes; in fact, as of the first of this year, it has achieved full staffing reductions under the program. During the 2007 baseline year, prior to acceleration of the program, DEO had 108 meter readers and 8 supervisory salaried employees. As of January 1, 2012, DEO reduced the number of meter readers to 27 and salaried staff to 2. To show the process impact of this reduction, including the reduction on walking routes for meter reading, see the chart below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Shop** | **Previous Number of Meter Readers** | **Previous Number of Walking Routes** | **Current Number of Meter Readers** | **Current Number of AMR Routes** |
| Akron | 19 | 588 | 5 | 48 |
| Canton/Wooster/NP | 12 | 322 | 4 | 36 |
| Youngstown | 15 | 421 | 4 | 33 |
| Eastern | 19 | 477 | 4 | 31 |
| Western | 16 | 308 | 3 | 16 |
| Northeast/Ashtabula | 19 | 466 | 5 | 40 |
| West Ohio | 6 | 205 | 1 | 18 |
| River | 2 | 63 | 1 | 12 |
| **Total** | **108** | **2,850** | **27** | **234** |

**Q. Could DEO have made any further staffing reductions in 2011?**

A. No. DEO maintained Project Employees who continued to read meters via walking routes until December when the final two offices in Youngstown and Western were converted to monthly meter reading. The 2007 Project Employee Meter Reading Agreement, entered into between Gas Workers Local G 555 and DEO, had a termination date of December 31, 2011. Any Project Employees who remained in December were released as of December 31, 2011; however, because of the timing of the associated pay period end, the final cost for these last Project Employees will be reflected in January 2012. The remaining 27 meter readers will each be fully employed with reading the roughly 1.3 million meters across DEO’s system.

The two remaining salaried employees supervise the entire meter-reading process, with one covering the Northern service area and the other the Southern area. A minimum of two supervisors is required, given the size of the service area, the need to effectively supervise the team’s safety and operational performance, and to handle any labor-related issues. These two supervisor positions will support each other for back-up coverage, and each one will be fully employed in supervising their respective area.

**Q. Has DEO taken any other steps to reduce costs?**

A. Yes, through rerouting, DEO was able to consolidate smaller shops and eliminate previous Meter Reading Departments. For example, the New Philadelphia and Wooster Shops no longer have meter readers, and those driving routes are now deployed and managed from the Canton Local Shop. Further, an agreement entered into with the Gas Workers Local G 555 established a Project Meter Reader job classification, which provided a lower-cost labor solution by allowing DEO to move more experienced employees to the Field Service positions to complete AMR installations. The Project Meter Reader classification employees were engaged for most of the duration of the AMR Project and received only general contract increases instead of higher progression increases which could have increased meter reading expenses.

III. CONCLUSION

**Q. Does this conclude your Direct Testimony?**

A. Yes.

**CERTIFICATE OF SERVICE**

 I hereby certify that a copy of the foregoing Direct Testimony of Carleen F. Fanelly was served by electronic mail to the following persons on this 27th day of April, 2012:

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