

# Limited Opportunities



More electric utilities are being consolidated under corporations, but regulations restrict the opportunities to reduce costs or standardize equipment.

By Daniel P. Bearth

Utility fleets are accustomed to sharing resources during emergencies. But when it comes to operating and maintaining equipment on a daily basis, because of the way utilities are regulated, there is a limit to what they can do for each other.

Many of the expenses associated with utility fleet operations must be kept separate so that costs are aligned with the rates charged for electricity, natural gas and water.

That has forced utility fleets to look for other ways to share expenses and reduce costs.

“We’re not necessarily permitted to share costs. Each utility stands on its own,” said William Hilbrunner, director of fleet services in the United States for National Grid in Waltham, Mass. National Grid provides electricity and natural gas to homes and businesses in the northeastern United States and in Great Britain. NG ranks No. 10 on the LIGHT & MEDIUM TRUCK Top 50 Utility & Telecom Fleets list.

“We cannot take a cost from Niagara Mohawk, for example, and share it with another utility within the group,” Hilbrunner said.

The primary way in which individual utilities can save money is to combine purchases to get lower prices on vehicles and supplies, a task that is made easier when the utilities are owned by the same corporate entity.

“I put all of the engines that I buy into one [order],” said Hilbrunner, “and instead of paying \$10,000 for an engine, I now spend about \$7,000.”

Hilbrunner said he expects similar savings on purchases of tires and fuel, replacement parts and even roadside maintenance and repair services.

National Grid spends up to \$3 million a year on tires and replaces between 1,500 and 2,000 vehicles a year.

To get the most benefit from volume purchases, fleet managers say it is important to standardize equipment specifications as much as possible.

Robert Polka, director of fleet services for Iberdrola USA (No. 34), said he was able to save \$1.4 million

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Jim Galligan for L&MT

## New Names Mark Alliances

**A**s more utilities operate under corporate umbrellas, many of those corporate entities are taking on new identities as they expand across state lines and launch new business ventures.

Florida Power & Light Co. first became FPL Group, for instance, and now has adopted the name NextEra Energy Inc.

Chairman Lew Hay said the change, which was approved by FPL Group shareholders in May, reflects the fact that the company operates in 28 states and Canada and is a leading generator of wind, solar and nuclear power.

To help readers see the connection between new corporate entities and utility subsidiaries, LIGHT & MEDIUM TRUCK magazine presents this handy reference:

**Ameren Corp.** — Ameren Illinois Utilities, Ameren Energy Resources, Ameren UE.

**American Electric Power** — AEP Ohio, AEP Texas, AEP Appalachian Power, Indiana Michigan Power, Kentucky Power, Public Service Co. of Oklahoma, Southwestern Electric Power Co.

**CenterPoint Energy** — CenterPoint Energy Services, CenterPoint Energy Gas Transmission Co., CenterPoint Energy — Mississippi River Transmission Corp.

**CMS Energy Corp.** — Consumers Energy, CMS Enterprises, EnerBank USA.

**Consolidated Edison Co.** — Consolidated Edison Co. of New York, Rockland Electric Co., Pike County Light & Power Co.

**Dominion Resources Inc.** — Dominion Virginia Power, Dominion North Carolina Power, Dominion East Ohio, Dominion Hope, Dominion Transmission, Dominion Cove Point LNG, Dominion Exploration and Production, Dominion Gathering-Producer Services, Dominion South Pipeline Co., Dominion Clearinghouse, Dominion Generating, Dominion Energy Solutions, Cirro Energy, Dominion Technical Solutions.

**DTE Energy Corp.** — Detroit Edison, MichCon, MichCon Pipeline Co., MichCon Storage & Transportation, Citizens Gas Fuel.

**Duke Energy Corp.** — Duke Energy Carolinas, Duke Energy Ohio, Duke Energy Indiana, Duke Energy Kentucky.

**Entergy Corp.** — Entergy Arkansas, Entergy Gulf States Louisiana, Entergy Louisiana, Entergy Mississippi, Entergy New Orleans, Entergy Texas, Entergy Nuclear, Entergy Solutions, Entergy Thermal.

**Exelon Corp.** — Exelon Generation, Exelon Transmission, ComEd Illinois, PECO Pennsylvania.

**FirstEnergy Corp.** — Jersey Central Power & Light, Metropolitan Edison Co., Ohio Edison Co., Pennsylvania Electric Co., Pennsylvania Power Co., Cleveland Electric Illuminating Co., Toledo Edison Co.

**Iberdrola USA** — New York State Electric & Gas,

Rochester Gas and Electric, Central Maine Power, Southern Connecticut Gas, Connecticut Natural Gas, Berkshire Gas.

**Integrus Energy Group** — Peoples Gas Light and Coke Co., Wisconsin Public Service Corp., Minnesota Energy Resources Corp., Michigan Gas Utilities Corp., North Shore Gas Co., Upper Peninsula Power Co., Integrus Energy Services.

**MDU Resources Group** — Intermountain Gas Co., Great Plains Natural Gas Co., Montana-Dakotas Utilities Co., Fidelity Exploration Production Co.

**NextEra Energy Inc.** — Florida Power & Light Co., NextEra Energy Resources.



*Consolidations are creating families of utilities. While some resources can be shared, regulations prevent the fleets from sharing equipment.*

**Northeast Utilities** — Connecticut Light and Power Co., Public Service of New Hampshire, Western Massachusetts Electric Co., Yankee Gas Services Co.

**NV Energy** — Nevada Power Co., Sierra Pacific Power Co.

**OGE Energy Corp.** — OG & E Electric Services, Enogex LLC, OGE Energy Resources.

**PPL Corp.** — PPL Electric Utilities Corp., PPL Generation, PPL EnergyPlus LLC, PPL Global, PPL Services Corp.

**Progress Energy** — Progress Energy Carolinas, Progress Energy Florida.

**Public Service Enterprise Group** — Public Service Electric and Gas Co., PSEG Power, PSEG Energy Holdings.

**SCANA Corp.** — South Carolina Electric & Gas Co., PSNC Energy, Carolina Gas Transmission Corp., SCANA Energy Marketing, ServiceCare Inc., SCANA Communications.

**Sempra Energy** — San Diego Gas & Electric Co., Southern California Gas Co., Sempra Generation, Sempra LNG, Sempra Pipelines & Storage.

**Southern Company** — Alabama Power, Georgia Power, Gulf Power, Mississippi Power.

**Xcel Energy** — Northern States Power Minnesota and Wisconsin, Public Service Co. of Colorado, Southwestern Public Service Co.

— Daniel P. Bearth



## Telecom Vehicles Outnumber Utility Trucks

A survey by LIGHT & MEDIUM TRUCK shows that the nation's largest utility and telecommunications fleets operated a total of 346,978 vehicles in 2010.

Telecom fleets dominated the vehicle count, with 11 companies accounting for 207,620 vehicles, or about 60% of the total. Electric and natural gas utilities operated 129,532 vehicles, or 37%. Two water and two combined electric and water utilities had a total of 9,826 vehicles, or 2.8%.

Most of the information for the Top 50 Utility & Telecom Fleets came directly from fleet managers and company spokespersons. In some cases, vehicle data was obtained from other publicly available sources.

Rank	Company Name/Location	Services	Total Vehicles 2010	Type of Fuel	Maintenance Services
1	<b>AT&amp;T</b> San Antonio	Telecommunications	77,000	Gas, Diesel, CNG, Hybrid	Outsourced
2	<b>Verizon Communications</b> New York	Telecommunications	44,086	Gas, Diesel, Biodiesel, CNG, Hybrid	PM, EO, HD, EU, Tire, APU
3	<b>Comcast Corp.</b> Philadelphia	Telecommunications	38,733	Gas, Diesel, Hybrid	Outsourced
4	<b>Cox Enterprises</b> Atlanta	Telecommunications	13,200	Gas, Diesel, Hybrid, E-85	PM, EO
5	<b>Southern Company</b> Atlanta	Electric	10,517	Gas, Diesel, Hybrid	PM, HD, CM, EU
6	<b>Pacific Gas &amp; Electric Co.</b> San Francisco	Natural Gas/ Electric	9,872	Gas, Diesel, Biodiesel, CNG, LNG, Hybrid, Electric	PM, HD, EU
7	<b>Qwest Communications<sup>1</sup></b> Denver	Telecommunications	9,750	Gas, Diesel	PM, HD, EO, CM
8	<b>Charter Communications</b> St. Louis	Telecommunications	7,450	Gas, Diesel	Outsourced
9	<b>MDU Resources Group</b> Bismark, N.D.	Electric/ Natural Gas	7,355	Gas, Diesel	PM, EO, HD, Tire
10	<b>National Grid</b> Westborough, Mass.	Electric/ Natural Gas	7,298	Gas, Diesel, Biodiesel, CNG, LNG, Hybrid, Electric	PM, HD, Tire, APU
11	<b>Exelon Corp.</b> Chicago	Electric	6,534	Gas, Biodiesel, LNG, Hybrid	PM, HD, CM
12	<b>American Electric Power</b> Columbus, Ohio	Electric	6,275	Gas, Diesel, Biodiesel, Hybrid, Electric	PM, HD, EO, EU, Tire, APU, DPF
13	<b>Dominion Resources Inc.</b> Richmond, Va.	Electric/ Natural Gas	4,872	Gas, Diesel, Biodiesel, CNG, Hybrid, Electric	PM, EO, HD, EU
14	<b>Sempra Energy</b> San Diego, Calif.	Electric/ Natural Gas	4,813	Gas, Diesel, Biodiesel, CNG	PM, HD, CM, Tire, APU, DPF
15	<b>Consolidated Edison Co.</b> Brooklyn, N.Y.	Electric	4,641	Gas, Diesel, Biodiesel, CNG, Hybrid, Electric	PM, HD, CM, EU, Tire, APU
16	<b>Public Service Enterprise Group</b> Newark, N.J.	Electric/ Natural Gas	4,379	Gas, Diesel, Biodiesel, CNG, Hybrid	PM, HD, EU, Tire, APU
17	<b>American Water</b> Voorhees, N.J.	Water	4,030	Gas, Diesel, CNG, Hybrid	Outsourced
18	<b>Cablevision Systems Corp.</b> Bethpage, N.Y.	Telecommunications	3,951	Gas, Diesel, Hybrid	PM, EO, HD, APU
19	<b>Windstream Communications</b> Little Rock, Ark.	Telecommunications	3,892	Gas, Diesel	Outsourced
20	<b>FirstEnergy Corp.<sup>2</sup></b> Akron, Ohio	Electric	3,812	Gas, Diesel, Bio-diesel	PM, HD, DPF
21	<b>CenterPoint Energy</b> Houston	Electric/ Natural Gas	3,702	Gas, Diesel, Biodiesel, CNG, Hybrid	PM, EO, HD, CM, EU
22	<b>NiSource Inc.</b> Merrillville, Ind.	Electric/ Natural Gas	3,685	Gas, Diesel, Hybrid	PM, HD, Tire, General Repairs
23	<b>Xcel Energy</b> Minneapolis	Electric	3,576	Diesel, Gas, Biodiesel, Natural Gas, Hybrid	PM, EO, HD, EU

Rank	Company Name/Location	Services	Total Vehicles 2010	Type of Fuel	Maintenance Services
24	<b>CenturyLink Inc.</b> <sup>1</sup> Monroe, La.	Telecommunications	3,552	Gas, Diesel	PM, EO, HD, EU
25	<b>PacificCorp</b> Portland, Ore.	Electric	3,536	Gas, Diesel, Biodiesel, E85, CNG, LNG	PM, HD, EU
26	<b>Southern California Edison</b> Rosemead, Calif.	Electric	3,500	Gas, Diesel, Electric	PM, HD
27	<b>Entergy Corp.</b> New Orleans	Electric	3,470	Gas, Diesel, CNG, Hybrid	PM, HD, APU, DPF
28	<b>L.A. Dept. of Water &amp; Power</b> Los Angeles	Water/Electric	3,441	Gas, Diesel, CNG, Biodiesel, Hybrid, Electric	PM, EO, HD, CM, EU, Tire, DPF
29	<b>Duke Energy Corp.</b> Charlotte, N.C.	Electric/ Natural Gas	3,354	Gas, Biodiesel, Natural Gas, Hybrid	PM, HD
30	<b>Sprint Nextel Corp.</b> Reston, Va.	Telecommunications	3,317	Gas, Diesel	N/A
31	<b>Atmos Energy Corp.</b> Dallas	Natural Gas	3,265	Gas, Diesel, CNG, Hybrid	Outsourced
32	<b>Tennessee Valley Authority</b> Knoxville, Tenn.	Electric	2,905	Gas, Diesel, Flex Fuel	Outsourced
33	<b>CMS Energy Corp.</b> Jackson, Mich.	Electric	2,833	Gas, Diesel, Hybrid, Natural Gas	PM, EO, HD, CM
34	<b>Iberdrola USA</b> <sup>3</sup> New Gloucester, Maine	Electric/ Natural Gas	2,726	Gas, Diesel, Hybrid	Outsourced
35	<b>Frontier Communications Corp.</b> <sup>4</sup> Stamford, Conn.	Telecommunications	2,689	Gas, Diesel	Outsourced
36	<b>NextEra Energy Inc.</b> Juno Beach, Fla.	Electric	2,466	Gas, Diesel, Biodiesel, Hybrid	PM, EO, HD, Tire, APU
37	<b>Northeast Utilities</b> Hartford, Conn.	Electric	2,386	Gas, Diesel, Biodiesel, CNG, Hybrid	PM, EO, HD
38	<b>Progress Energy</b> Raleigh, N.C.	Electric	2,385	Gas, Diesel, Biodiesel, Hybrid, Electric	PM, EO, HD, EU, Tire, DPF
39	<b>Integrus Energy Group</b> Chicago	Electric/ Natural Gas	2,251	Gas, Diesel, CNG, E85, Hybrid	PM, HD, EU
40	<b>DTE Energy Corp.</b> Detroit	Electric/ Natural Gas	2,127	Gas, Diesel, Biodiesel, CNG	PM, HD, EO, CM, APU, DPF
41	<b>Southwest Gas Corp.</b> Las Vegas	Natural Gas	1,804	Gas, Diesel, Hybrid, CNG, LNG, Electric	PM, HD, EU
42	<b>Oncor Electric Delivery Holding Co.</b> Dallas	Electric	1,763	Gas, Diesel, Hybrid, Biodiesel	Outsourced
43	<b>PPL Corp.</b> <sup>5</sup> Allentown, Pa.	Electric/ Natural Gas	1,472	Gas, Diesel, Biodiesel, Hybrid	PM, EO, HD
44	<b>Salt River Project</b> Tempe, Ariz.	Electric/ Water	1,335	Gas, Diesel, Biodiesel, CNG, LPG, Hybrid, Electric	PM, EO, HD, CM, EU
45	<b>NV Energy</b> Las Vegas	Electric/ Natural Gas	1,302	Gas, Diesel, Biodiesel, CNG, Hybrid, Electric	PM, HD, EU
46	<b>Westar Energy</b> Topeka, Kan.	Electric	1,273	Gas, Diesel, Biodiesel	PM, HD, CM, EU
47	<b>SCANA Corp.</b> Columbia, S.C.	Electric/ Natural Gas	1,169	Gas, Diesel, Hybrid	PM, HD, EU, Tire, APU, DPF
48	<b>Ameren Corp.</b> St. Louis	Electric/ Natural Gas	1,150	Gas, Diesel, Biodiesel, Hybrid	PM, HD, Tires, APU
49	<b>OGE Energy Corp.</b> Oklahoma City	Electric/ Natural Gas	1,064	Gas, Diesel, Biodiesel	PM, EO, HD, CM, EU
50	<b>Aqua America Inc.</b> Bryn Mawr, Pa.	Water and Sewer	1,020	Gas, Diesel, Biodiesel, Hybrid	PM, HD, CM, EU, Tire, DPF

#### FOOTNOTES

1. A merger of Qwest Communications and CenturyLink Inc. is pending.
2. FirstEnergy Corp. is in the process of acquiring Allegheny Energy.
3. Iberdrola USA has agreed to sell its natural gas subsidiaries to UIL Holdings.
4. Frontier Communications Corp. is in the process of acquiring local Verizon Communications operations in 14 states.
5. PPL Corp. is in the process of acquiring Louisville Gas and Electric Co. and Kentucky Utilities Co. It also has agreed to sell a Long Island generating business.

#### KEY

- PM:** Preventive Maintenance  
**HD:** Hydraulics  
**EO:** Engine Overhauls  
**EU:** Equipment Upfitting  
**CM:** Contract Maintenance

- APU:** Auxilliary Power Unit  
**DPF:** Diesel Particulate Filter  
**CNG:** Compressed Natural Gas  
**LPG:** Liquefied Natural Gas

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over five years simply by changing preventative maintenance practices and consolidating purchases of replacement parts for a group of electric and gas utilities in upstate New York and New England.

In May, the Spain-based Iberdrola Group announced plans to sell all three of its gas utility companies — Connecticut National Gas, Southern Connecticut Gas and Berkshire Gas Co., for \$1.3 billion. Iberdrola said it will use the proceeds to fund construction of a major electricity transmission line for Central Maine Power, one of three electric utilities that it owns.

Gary Butler, manager of assets and fleet maintenance at Progress Energy in Raleigh, N.C. (No. 38), said he has been able to consolidate purchases of tires and lubricants and even some services, such as windshield repair, for Progress Energy's two electric utilities that otherwise operate separately in the Carolinas and Florida.

"We have standards teams in the Carolinas and Florida that meet individually and together to review standards and to ensure consistent specs and leveraged cost," Butler said.

Each utility also shares best practices regarding vehicle utilization and disposal.

There are limits to how much utility vehicles can be standardized.

Wayne Farley, fleet administration manager for American Electric Power in Columbus, Ohio (No. 12), said geography and local needs have a role in shaping equipment acquisition strategies.

AEP owns eight utilities and operates the nation's largest electric transmission system, covering 39,000 miles from Ohio

and Kentucky to Oklahoma and Texas.

"We interact with each utility," Farley said. "We have been successful in creating a standardized fleet model."

Although fleet managers for each utility in the group report to a "shared services" organization, Farley said the company has tried to keep some local "flavor" in terms of equipment needs.

"Some things are different because of location and conditions," he said.

Instead of a single truck model, for instance, AEP developed specs for nearly a dozen vehicle types used for meter reading, station operations and transmission and distribution.

"A bucket truck might have three variations, but the same body and chassis," Farley said.

Hilbrunner of National Grid also said it is important to accommodate widely varying operating requirements.

"Our service territory goes from rural areas of New Hampshire to the most highly populated urban areas in New York City and Long Island," he said. "We have to have vehicles that

can go and operate on the beach on Fire Island, operate in any kind of weather conditions in Syracuse and still be able to excavate a gas pipe in Brooklyn, N.Y."

Still, Hilbrunner said the company was able to standardize some aspects of its equipment, including the operating controls on backhoes and digger derricks. The company also moved away from customized racks and bins for its fleet of 2,000 cargo vans and adopted new dump body specs to fit a standard 33,000-pound chassis.

At AEP, the effort to standardize equipment specs started with the merger between AEP and Southwestern Electric Power Co. about 10 years ago. It picked up steam when the company began asking vendors to submit consolidated bids for equipment used by all of the utilities in 2002.



This F-750 is typical of Oncor Electric Delivery's fleet.

Genald Owens/Oncor Electric Delivery



Comcast Corp.

Only 11 telecommunication fleets made it onto the 2010 Top 50 Utility & Telecom Fleets list, but they control more than 207,000 vehicles, or about 60% of the total.

## Utilities Rely on Light-Duty Vehicles

This year's survey of utility and telecom fleets provides a much more detailed breakdown of equipment. While the ranking is still based upon the total number of vehicles, fleets were asked to delineate the type of vehicles they use, namely digger derricks, heavy, medium and light aerial and splicer vehicles, reel trucks, supply trucks, cars and pickup trucks, and heavy-duty tractors and trailers.

The picture that emerges shows a heavy reliance on light-duty vehicles. Cars, pickup trucks, vans and SUVs accounted for 3,914 vehicles, on average, per fleet. That represents nearly three-quarters of all vehicles operated by utility and telecommunications firms.

Light-, medium- and heavy-aerial and splicer vehicles accounted for 1,352 units on average, or 26% of the total number of vehicles, based on responses from 39 companies. The average number of supply trucks was 589 vehicles, or 11% of the total. Digger derricks averaged 214 units, or 4.1% of all vehicles. The average number of reel trucks was about 35 units, less than 1%.

When asked about plans to purchase vehicles, survey respondents indicated that they would buy 1,723 aerial and splicer vehicles in the next 12 months, an increase from 1,388 vehicles purchased in previous 12-month period. In addition, fleets plan to buy more supply trucks (1,574 vs. 1,071), but fewer cars, pickup trucks, vans and SUVs (8,393 vs. 9,116) and digger derricks (297 vs. 307), reel trucks (25 vs. 45) and truck tractors (101 vs. 176).

Use of some alternate fuels continued to expand in the latest survey, with 64.1% of respondents reporting that they use biodiesel or E-85 ethanol fuel blends, compared with 63.3% of respondents in a similar survey a year ago.

Hybrid-fuel vehicles were used by 69.2% of respondents in 2010 versus 71.4% of fleets surveyed a year ago.

Use of electric vehicles also slipped a bit in 2010. Just under 18% of fleets surveyed this year used electric vehicles compared to 18.4% in 2009.

Vehicle maintenance remains a priority function for utility and telecom fleets with 77% of survey respondents providing service in house. Preventive maintenance and hydraulics were the most commonly provided service activity. Roughly half of the fleets surveyed did work on tires (53.8%), auxiliary power units (48.6%) and engine overhauls (41%). About one in three fleets provided service for diesel particulate filters and equipment up-fits. Approximately 23% of fleets did contract maintenance for other parties.

Practically all fleets use some kind of mobile communications. Nine out of ten fleets use mobile phones or handheld data terminals. Roughly 74% of fleets use software for maintenance and parts management, 69% use some kind of engine diagnostics software and 64% use some form of vehicle tracking or Global Positioning System technology. Just over 50% of fleets use dispatch and routing software, based on survey responses.

In response to a question about safety, an overwhelming majority of respondents (89.7%) said they provide driver training and 85% said they restrict the use of cell phones and text messaging by drivers.

Nearly three out of four fleets surveyed said they have purchased safety-related technologies for their vehicles, including backup sensors and camera systems. About 56% of respondents indicated they are using technology to monitor driver and vehicle performance. — Daniel P. Bearth

“Over time, this has become the norm,” Farley said. “It has worked well. The savings are significant.”

Internal collaboration among fleet managers also has helped to raise the level of expertise within the company and led to a closer working relationship with equipment vendors on development of new truck technology.

“We learn from each region,” Farley said. “By sharing what we know, we help improve our maintenance practices. Plus, with a large group it is easier to get efficiencies versus working in an isolated site.”

As an example of its close ties with truck manufacturers, Farley said AEP has invested in hybrid-power bucket trucks and will have more than 60 units in service this year.

“We’ve seen the benefit of this technology,” Farley said. “Vendors have helped us and we have helped the technology to grow.”

Equipment vendors also have provided training to AEP personnel to allow them to do warranty work and the company is experimenting with extending the life of some vehicles by 18 to 20 months, based on the experience of other utility fleets, Farley said.

At National Grid, fleet workers repair all kinds of utility vehicles and the charges are assessed against each of the companies in the group.

“Each utility pays for what it consumes,” Hilbrunner said. “We have one common management team, one philosophy, one engineering group and one procurement group. We have been able to bring management and philosophy together and execute at a corporate level.”



The electric and natural gas utilities on the 2010 Top 50 Utility & Telecom Fleets list operate almost 130,000 vehicles, or 37% of the total.