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March 12, 2013

Via e-mail

Honorable Jeffrey C. Cohen, Acting Secretary
State of New York Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: CASE 12-G-0297 – Proceeding on Motion of the Commission to Examine
Policies Regarding the Expansion of Natural Gas Service

**Initial Comments of International Brotherhood of Electrical Workers, Local Unions 97, 320,
503, 2154 and 2199 Regarding Issues of Concern in the Above Proceeding**

Dear Acting Secretary Cohen:

Pursuant to the Notice of Technical Conference and Notice of Soliciting Comments , issued November 30, 2012; Notice Revising Deadline for the Submission of Comments issued December 12, 2012 and the letter from Acting Secretary Jeffrey C. Cohen dated February 7, 2013, enclosed please find an electronic file in .pdf format containing the Initial Comments Regarding the issues of concern to International Brotherhood of Electrical Workers (“IBEW”), Local Unions 97, 320, 503, 2154 and 2199 relative to this proceeding including certain of the 21 issues noticed in the Notice of Technical Conference and Notice of Soliciting Comments.

Respectfully submitted,

/s/ Richard J. Koda

Richard J. Koda, Principal
on behalf of
International Brotherhood of Electrical
Workers, Local Unions 97, 320, 503,
2154 and 2199.

cc: w/encl: Active Party List

Theodore Skerpon, President/Business Manager/Financial Secretary IBEW,Local 97
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STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission to Examine
Policies Regarding the Expansion of Natural Gas Service

CASE 12-M-0192

**INITIAL COMMENTS OF INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS LOCAL UNIONS 97, 320, 503, 2154 AND 2199
REGARDING ISSUES OF CONCERN IN THE ABOVE PROCEEDING**

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Dated: March 12, 2013
Ridgefield, Connecticut

Introduction

International Brotherhood of Electrical Workers, Local Unions 97, 320, 503, 2154 and 2199 (“IBEW Local Unions”) would like to commend the New York State Public Service Commission (“Commission”) on this timely and ambitious docket seeking to dramatically grow natural gas infrastructure and positively impact the New York State (“NYS”) economy and ecology, as well as deliver enormous savings to New York customers that includes 550,000 residential customers within 100 feet of existing gas mains. We would specifically like to comment on the Commission regulations alignment of stakeholder interests, issues that should be considered prior to expansion of the natural gas delivery system including: outreach planning, use of third party outside contractors, as well as suggestions for securing funding and/or incentives to accommodate docket objectives, as well as the 100 foot rule.

Notice Item No. 2 - Commission regulation alignment of stakeholder interests

Notice Item No. 2 references utility shareholders, rate payers and the State as a whole but fails to reference utility workers. IBEW Local Unions believe that its represented utility workers are an integral and necessary component of the stakeholder interest equation in that they are key to the provision of safe, adequate and reliable gas service to New York gas service customers. Any alignment of stakeholder interests must include the consideration of utility workers.

Notice Item No. 7 - Issues that should be considered prior to expansion of the natural gas delivery system

IBEW Local Unions believe that the following is issues should be considered prior to the expansion of the natural gas delivery system:

1. Outreach Planning

With regard to outreach efforts presently being undertaken, we respectfully provide the following job specifications for positions supported by one of our employers, Niagara Mohawk, a National Grid Company, highlighting the following:

Consumer Representative:

- *Canvass for prospects and sell additional use of electric and gas service;*
- *Promote the extension and construction of electric and gas facilities including all necessary negotiations with customer and property owners;*
- *Expedite the sale of electricity and gas by obtaining and furnishing to other departments the necessary information to provide the required service to customers;*

Design Representative:

- *Promote the extension or construction of electric/gas facilities including all necessary negotiations with customers or third parties, location of services, and attainment of rights of way;*
- *Advise customers in the proper application of the electric/gas service;*
- *Apply the Company standards, guides, specifications, practices and procedures in preparing layouts of overhead and underground electric/gas distribution and transmission facilities;*

We therefore submit, with respect to the National Grid franchise area and the other franchise areas of New York serviced by the other utility companies that employ our represented members, that we have job classifications specific to the task at hand for 12-G-0297. We further submit that these positions have dwindled in numbers over the past decade as illustrated by the following two examples: (1) from 417 across NYS, to present levels of approximately 211 Consumer and Design Representatives in the upstate National Grid franchise area; and (2) circa 1998, National Fuel Gas disbanded its Energy Services Dept which had approximately 8 clerical staff supporting its Management Reps, whose primary duty was to develop sales for NFG. Those members were moved to other clerical positions within the Company which we believe decreases the effectiveness of the department responsible for increasing gas sales. Presently, it is believed that National Fuel Gas has 1 new service clerk assisting all of its five Metro Service centers in National Fuel Gas'

franchise area. The fact is that staffing reductions have resulted in customers being underserved in many parts of the State.

This service deficiency at National Fuel Gas is illustrated by a recent incident involving a new service and mainline installation which shows that at present obtaining service is very slow and not customer friendly. An employee recently applied to convert to natural gas 6/15/12. The mainline installation was completed 1/24/13 and the new service installed 1/25/13. When the employee initially applied for gas, little information was sent to him about the mainline installation. His calls and email (through company email) were not answered by the new management service rep. The requester of the service was told it was his burden to bring enough customers onboard to generate interest by NFG to extend the mainline. He was offered a mainline extension repayment plan-which at the end of ten years would double the initial cost, because of the interest carrying charge.

Investor Owned Utilities (“IOUs”) have maintained that having representatives to service individual customers who desire to convert to natural gas, or have other service requests, does not pay an adequate return adequate compared to the efforts involved. This condition should receive focused consideration by the Commission. Protected franchise areas bring with it an obligation to serve every customer class; therefore, while we believe that a return to traditional staffing levels is an appropriate item for Commission support, the more immediate objective of this proceeding is to establish staffing levels commensurate with the goals and objectives of Case 12-G-0297 – more specifically – a fully staffed compliment of job classifications such as Consumer and Design Representatives for realistic outreach planning and implementation to support the expansion of natural gas service in New York.

Even though existing job classifications presently have inherent skill-sets to approach the community at every level to coordinate and act on interest for natural gas conversion, we would be available to discuss collaborative efforts with qualified performance contractors to provide cost effective heating system conversion options to customers, options that include rational approaches to financing conversions.

In addition, we believe that gas utilities could do a better job of promoting compressed natural gas (“CNG”) vehicles. For instance, National Fuel Gas’ (“NFG’s”) own fleet is not powered by CNG. How do you promote a product to others, when the utility doesn't even use it in an application which would illustrate and its practical, environmental and financially beneficial use? Increased interest in CNG vehicles, on both a personal and fleet level, would undoubtedly be created by the gas utilities providing easier access to a public filling station and by having all gas utilities create public filling stations on all appropriate gas utilities’ properties.

2. Erosion and Loss of Knowledge Base

Related to an issue in the introduction, for the past few years gas LDCs have been excessively and inappropriately using third party contractors in providing questionable service to customers. On December 31, 2001, it was known that Central Hudson Gas & Electric Corporation (“Central Hudson”) had 902 employees, 604 of that number were operational “boots on the ground” employees represented by the Union while 298 employees were management and staff employees. A little more than a decade later, (as of December 31, 2012), there are now 869 employees, (a 3.7% decline or 33 fewer total employees), yet the management and staff employees increased to 344, (a greater than 15% increase), but only 525 are now operational “boots on the ground” jobs, (more than a 13% decline or 79 fewer workers). Stated another way, whereas at December 31, 2001 there were two operational

employees for every management/staff employee, there were only 1.5 operational employees for every management/staff employee, a 25% variance over that period. This continued loss of internal workers without adequate replacements to learn and acquire the working knowledge of the LDCs' systems will inevitably lead to ratepayers receiving sub-par services and longer restoration times when emergency conditions occur. In addition, the safety of both the general public and utility workers is put at risk from lack of in-house expertise to deal with every day job complexities, as well as sudden emergencies. Similar decreases have been exhibited by NFG as shown by gas utility workers represented by IBEW Local 2154 going from 527 in December of 2002 to 424 in December of 2012 a decrease of 20%, all of whom are New York employees. In addition, the current membership of IBEW Local 2199 at National Fuel Gas is approximately 209 important clerical members including those in areas such as engineering mapping, compared to a membership of 342 in 2004 or a decrease of 40%. While IBEW Local 503 represented gas workers at Orange and Rockland Utilities, Inc. have remained relatively constant at approximately 623, its management ranks have swelled to a total of 472 or 1.3 boots on the ground employee per manager. The above statistics illustrate a dichotomy of a significant decline in internal gas utility workers compared to significant increases in gas utility management.

Also, there have been third party contractors used by utilities rather than using their internal workforce. Central Hudson has used these contractors to perform work at the utility's gas regulator stations with problematic results. Important components at the Stewart Terrace Regulator Station were not properly installed and led to the over-pressurization of the gas system supplying a development at Stewart Terrace by more than twice the standard operating pressure which resulted in damaging gas regulators on approximately 75 individual customer's homes. In another instance, lines were under-pressurized in Kingston resulting in

loss of service to customers. At a North Cornwall regulator station, even though the station had been tagged out by Central Hudson's internal workforce, a third party contractor crew had started working at the station causing a serious safety violation. And in Cohecton a third party contractor that had been instructed to remove pressure gauges, instead painted over the gauge faces causing costly damage to Central Hudson's pressure gauges and as a consequence, the internal workforce could not view those gauges to judge whether or not a problem existed on the line controlled by the regulator.

As noted above, IBEW Local 2199 at National Fuel Gas has lost many of engineering mapping jobs to out-sourced contractors. Since this outsourcing has taken place, there have been many errors committed by these contractors, which in an emergency can be life threatening. For example, there have been two recent incidents, in which the engineering maps made by the outside contractor were of poor quality. One incident resulted in an interruption of service to an entire neighborhood, while the second and most recent incident of maps being of poor quality and difficult to read occurred during a gas explosion, thus hampering the eventual shut down and placing both workers and general public at risk.

The Local IBEW Unions believe that there must be a baseline standard regarding the employment of an internal operational "boots on the ground" workforce compared to its use of third party contractors. It is the IBEW Local Unions' belief that this standard must be established before the point is reached where the internal gas utility knowledge base is lost forever.

3. LDC Operating Costs

IBEW Local Unions believe that its members provide the LDCs and their ratepayers with better and more cost effective work product than that provided by third party outside contractors. IBEW Local Unions would like to bring to the Commission's attention a finding

made as a result of a management audit of other gas and electric companies operating in New York. The auditors found that “there is no strong plan for replacing the Companies’ aging work force...”¹ and that :

Liberty believes the New York Companies operate with very low internal resources while overusing contractors, indicating there are opportunities for increasing the efficiency and effectiveness of capital program spending, which will ultimately benefit New York State ratepayers. Liberty finds that the overuse of contractors threatens cost performance in both the short- and long-term.²

While the companies which were the subject of that audit claim that “Liberty’s asserted linkage between its workforce reductions and use of IEP is unsupported and claims that they use an optimal mix of internal and external resources”³, it should be noted that the finding of Liberty was one of an independent auditor with no axe to grind, as opposed to the self-serving claims of the companies that were subject to the audit. As referenced in the section above, IBEW Local Unions believe that the Commission should establish a baseline standard regarding the employment of an internal operational “boots on the ground“ workforce compared to its use of third party contractors. IBEW Local Unions also believe that ratepayers and workers safety interests are best protected, along with the ratepayers rights to adequate and cost effective utility service, by having such a baseline standard.

Understanding the Local Distribution Companies’ observations that the labor intensive nature of the gas distribution business creates a challenge to a successful outcome of docket 12-G-0297 has revenue challenges, the IBEW Local Unions offer suggestions

¹ Case Numbers 10-M-0551, Comprehensive Management Audit of Iberdrola, S.A., Iberdrola USA, Inc., New York State Electric and Gas Corporation, and Rochester Gas and Electric Corporation, and 12-M-0066, Petition of New York State Electric and Gas Corporation, Rochester Gas and Electric Corporation , RGS Energy Group, Inc., Iberdrola, USA Networks, Inc., Iberdrola USA, Inc., and Iberdrola Finance UK Limited for Approval of an Internal Reorganization Pursuant to Section 70 of the Public Service Law, Order Directing the Submission of a Management Audit Implementation Plan and Establishing Further Procedures on Corporate Structure and Governance Issues, (Issued and Effective August 28, 2012) at 8.

² *ibid.* at 9.

which may secure funding to assist in accomplishing this critical initiative. These suggestions are in addition to other funding comments and tariff considerations.

We begin by briefly stating that there are efforts within NYS to dramatically reduce greenhouse gas emissions – spearheaded by State Authorities such as NYSERDA and NYPA, as well as securing funding specifically dedicated to this outcome through the Regional Greenhouse Gas Initiative or RGGI. With respect to docket 12-G-0297 and dramatic reductions in greenhouse gas emissions, we offer the following facts:

- Conversion from propane and home heating oil to natural gas results in reductions of 22% and 27% respectively in pounds of CO₂ emitted per million BTU (*US Energy Information Administration, Independent Statistics and Analysis*).
- Natural gas appliances can result in 60 percent fewer carbon dioxide emissions compared to electric appliances in some regions. Of the 113 million primary residences in the United States in 2009, 99.5 percent of them had electricity access, while only 61 percent had natural gas access. (*Center for Climate and Energy Solutions*).

Regarding areas where reasonable rates of return could be secured for LDCs to staff up and aggressively accomplish the objectives for 12-G-0297, we offer the following potential sources of funding:

- At least for a commensurate period of time, an appropriate amount of RGGI funding should be committed to the goals and objectives of 12-G-0297. Customers directly support the noble renewable objectives at NYSERDA through the System Benefit Charges (SBC) on everyone's electric bill. A portion of RGGI funds administered through NYSERDA should be committed to stated intent – reduction in GHG and not be redundant to SBC renewable objectives.
- The exception to those that pay into NYSERDA's SBC are the 47 Municipal Electric Companies in NYS that enjoy among the lowest electric rates in the country through contracts with NYPA. While the *price* of the power is provided primarily by the NYPA hydropower project in Niagara County, the delivery is through the IOU's transmission systems which does not differentiate whether power is fossil or

³ *ibid.* at 18.

4. Potential Problems with Increased Use of Contractors

The greater the utilization of third party contractors, IBEW Local Unions believe that there is a corresponding increase in the potential for graft to occur. It is certainly not unknown for such potential to be realized. In the current proceedings involving Consolidated Edison Company of New York, Inc.⁴ the Commission is having to deal with the aftermath of the arrest of 10 Consolidated Edison Company of New York, Inc. supervisors and one retired supervisor. Based on the US Attorney's investigation, the Con Edison employees were charged with arranging for Con Edison to pay inflated claims by a contractor and with receiving from the contractor over \$1 million in bribes or kickbacks. In addition to the inflated costs resulting from this example of graft, valuable Commission time is being spent to deal with this incident. IBEW Local Unions maintain that requiring limited use of third party contractors in emergency and normal operating situations would significantly reduce the potential threat of graft in utility operations.

⁴ Case 09-M-0114 – Proceeding on Motion of the Commission to Examine the Prudence of Certain Capital Program and Operation and Maintenance Expenditures by Consolidated Edison Company of New York, Inc. and Case 09-M-0243 – Comprehensive Investigative Accounting Examination of Consolidated Edison of New York, Inc. (CECONY).

5. Interpretation of the 100 foot Rule

As referenced in the Order instituting this proceeding, if utilities install more than 100 feet of main and service line extensions to hook-up a customer or customers, they are authorized to assess surcharges on the new customer or customers to recover the costs associated with the equipment beyond 100 feet over a period of up to 10 years from the commencement of service.⁵ As the Order continues, both the main and service extension rules and the Policy Statement provide some flexibility concerning measures used to demonstrate the feasibility of a particular expansion project. Only rarely, however, have utilities sought to employ such flexibility.⁶ The IBEW Locals believe that this lack of initiative by the utilities inappropriately constrains the expansion of natural gas and related economic growth.

At a minimum, the IBEW Local Unions recommend that the Commission mandate a liberal interpretation of the 100 foot rule as referenced by its Staff in the Technical Conference which took place on January 9, 2013 at the New York State Department of Public Service's Albany Offices, 19th floor, 3 Empire State Plaza. As the Local Unions understand the interpretation by Staff, if the aggregate customers installing up to 100 feet of main and service line extensions per customer on average to hook-up the aggregated group, no surcharges would apply to any in the group, even though one or more may be installing over 100 feet of main and service line extension(s). To the degree that the Commission desires to further expand natural gas opportunities for customers, IBEW Local Unions recommend that the Commission increase the distance beyond 100 feet at which point the utilities are authorized to assess surcharges on the new customer or customers to recover the

⁵ CASE 12-G-0297 – Proceeding on Motion of the Commission To Examine Policies Regarding the Expansion of Natural Gas Service. ORDER INSTITUTING PROCEEDING AND ESTABLISHING FURTHER PROCEDURES (Issued November 30, 2012) at 6.

costs associated with the related equipment. This would be especially helpful in the more rural sections of the State.

Conclusion

IBEW Local Unions commend the Commission for establishing Case 12-G-0297 and its ability to dramatically reduce GHG emissions, dramatically reduce home heating and appliance costs for all customer classes that will have a commensurate positive impact on the economy through an increase in disposable incomes for other purchases and even hiring additional employees through savings at the commercial level.

In our opinion, the ability to deliver successful outcomes in this proceeding will be directly proportionate to the extent that outreach planning and appropriate LDC staffing is undertaken by an outreach team fully qualified to accomplish the exciting goals detailed in the Notice establishing this proceeding, as well as establishing internal workforce baseline standards and expanding the limits of the 100 foot rule. We look forward to continued work with staff on this critical initiative.

Thank you for the opportunity to provide our comments and for the Commission's consideration of them.

Dated: March 12, 2013
Ridgefield, Connecticut

Respectfully Submitted,

/s/ Richard J. Koda

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KODA CONSULTING, Inc.
On behalf of
International Brotherhood of
Electrical Workers, Locals 97, 320, 503,
2154 and 2199

⁶ *ibid.* at 7.