

DIRECT TESTIMONY

OF

STEVEN A.J. CIANFARINI

ENGINEERING DEPARTMENT

ENERGY DIVISION

ILLINOIS COMMERCE COMMISSION

UNITED CITIES GAS COMPANY

DOCKET NO. 00-0228

JULY 2000

1 1. Q. Please state your name and business address.

2 A. My name is Steven A.J. Cianfarini and my business address is Illinois
3 Commerce Commission, 527 East Capitol Avenue, Springfield, Illinois
4 62701.

5 2. Q. By whom are you employed and in what capacity?

6 A. I am employed by the Illinois Commerce Commission as a Senior Energy
7 Engineer in the Gas Section of the Engineering Department of the Energy
8 Division.

9 3. Q. Please state your educational background.

10 A. I earned a Bachelor of Science degree in Mechanical Engineering from
11 Drexel University, Philadelphia, Pennsylvania. Also, I have completed
12 approximately half the course work towards an M.S. in Engineering
13 Management at Drexel University. Furthermore, I hold the Pennsylvania
14 equivalent of the Illinois Professional Engineer Intern Certification.

1 4. Q. Please state your professional work experience.

2 A. I was employed by the Philadelphia Gas Works (PGW) for over 12 years in
3 the Distribution Department. I worked as a Natural Gas Operations
4 Supervisor for over 6 years and as a Staff Engineer in the Planning Section
5 of the Distribution Department for an additional 6 years. I have supervised
6 many operational events and designed many major natural gas facilities for
7 PGW.

8 5. Q. What are your duties and responsibilities a Senior Energy Engineer in the
9 Engineering Department?

10 A. My primary responsibilities and duties are in the performance of studies and
11 analyses dealing with the day-to-day, and long term, operations and planning
12 of the gas utilities serving Illinois. For example, I review purchase gas
13 adjustment clause reconciliations, rate base additions, levels of natural gas
14 used for working capital, and review utilities' applications for Certification of
15 Public Convenience and Necessity. My additional responsibilities and
16 duties also include the performance of on-site meter shop audits for the
17 natural gas companies in the State of Illinois.

1 6. Q. What is the purpose of this proceeding?

2 A. The purpose of this proceeding is a general increase in rates and tariff
3 changes for United Cities Gas Company (“Company” or “United Cities”).

4 7. Q. What are your duties and responsibilities associated with this docket?

5 A. I was assigned by the Gas Section Chief to review the proposed tariff
6 changes related to meter reread charges, review the appropriateness of
7 maintaining a Liquefied Propane (LP) Production facilities in service and to
8 review the Company’s requested level of working capital for gas stored
9 underground.

10 8. Q. What recommendations do you have for this proceeding?

11 A. I recommend United Cities Gas Company modify the proposed meter reread
12 tariff language, eliminate \$ 302,069 LP Plant costs from the filing, and
13 increase underground cushion gas storage costs by \$ 527,351.

14 **Meter Reread Charge**

15 9. Q. What is a reread charge?

1 A. A reread charge is an additional fee that the Company proposes to charge
2 its customers to reread a gas meter at the customer's request.

3 10. Q. Why does United Cities want to charge its customers \$35 to reread meters?

4 A. According to Company response to Data Request ENG 1.24, Dan L.
5 Lindsey, the Vice President of Technical Services states, "This proposal is to
6 partially offset the incremental cost of dispatching an employee and his
7 equipment from their normal duties to re-read a meter outside of its normal
8 sequence...."

9 11. Q. Are you or United Cities aware of any other gas company in Illinois that
10 charges for rereads?

11 A. No. There are no other gas Companies in Illinois that charge for rereads.
12 Even the Company's Vice President of Technical Services, Dan Lindsey,
13 has admitted in response to ENG 1.26 that, "...we do not know of any other
14 gas company in Illinois that charge for rereads...."

15 12. Q. Do you believe the Commission should approve the Company's proposed
16 language concerning meter rereads?

1 A. No.

2 13. Q. Why do you oppose the Company's proposed language?

3 A. I believe the proposed tariff language could impair United Cities' ability to
4 comply with Section 8-101 of the Public Utilities Act (PUA).

5 14. Q. What is Section 8-101 of the PUA?

6 A. Section 8-101 states that :

7 Every public utility shall furnish, provide and
8 maintain such service instrumentalities,
9 equipment and facilities as shall promote the
10 safety, health, comfort and convenience of its
11 patrons, employees and public and as shall be in
12 all respects adequate, efficient, just and
13 reasonable.

14

15 15. Q. Why do you believe the proposed tariff language could impair United Cities'
16 ability to comply with Section 8-101 of the PUA?

17 A. I believe the implementation of the proposed tariff language could impair the
18 customer's safety. For example, if the meter reading was abnormally high
19 because there was a leak in the gas line on the customer side of the meter,

1 then the \$35 meter reread charge could discourage a customer from
2 reporting a potentially life-threatening gas leak. Thus, obviously the level of
3 safety would be reduced. Furthermore, I also believe this proposed charge
4 is not “just and reasonable” for 2 reasons.

5 First, the Company can include in its revenue requirement request the
6 historical operational and maintenance cost associated with conducting
7 meter rereads. Secondly, for the average customer, it is very difficult to
8 accurately read almost all of the Company’s gas meters correctly. The
9 standard dial type indexed meter which is almost exclusively used by United
10 Cities has to be read from right to left in a particular fashion to obtain the
11 reading. Without prior knowledge and training of how to read a meter of this
12 type correctly, the average customer may not be able to read the meter
13 correctly, especially the first few times. Thus, the assessment of the
14 proposed charge is not just and reasonable as it is presently proposed by
15 the Company.

16 Therefore, the proposed tariff language could very well impair United Cities’
17 ability to comply with Section 8-101 of the PUA.

1 16. Q. Do you believe there is an instance in which it would be allowable for the
2 Company to charge for rereads?

3 A. Yes, I suggest instead of possibly penalizing all customers, the Company
4 should focus on the few customers who may habitually request rereads,
5 which do not result in corrected meter readings. This type of anti-nuisance
6 policy should accomplish the Company's goal of offsetting unnecessary cost.

7 17. Q. What is the Company's proposed tariff language?

8 A. The proposed tariff on Schedule E-2 Page 32 of 62 under 6.3 states,

9 If at any time the customer questions the accuracy of the meter
10 reading, the customer can request the Company to read the
11 meter. After such reread, if the original meter reading was
12 accurate the customer shall be charged \$35.00 to compensate
13 the Company for the expense of conducting the second
14 reading. The Company shall inform the customer of this
15 charge prior to rereading the meter. Should the original meter
16 reading be in error, the customer shall not be charged the fee
17 and the appropriate billing adjustments shall be made.

18 18. Q. What changes do you recommend in order to approve the Company's
19 request for a meter reread charge?

20 A. My suggestions for the proposed language are:

21 If at any time the customer questions the accuracy of the meter
22 reading, the customer can request the Company to read the

1 meter. After such reread, if the original meter reading was
2 accurate, **within 5%**, the customer **shall be warned that**
3 **they could be** charged \$35.00 to compensate the Company
4 for the expense of conducting **future readings if the**
5 **customer requests rereads which do not result in an**
6 **adjusted bill more than 3 times in a 12 month period.** The
7 Company shall inform the customer of this charge prior to
8 rereading the meter **the 4th time in an one 12 month period.**
9 Should the original meter reading be in error, **over 5% high,**
10 the customer shall not be charged the fee and the appropriate
11 billing adjustments shall be made.

12 **However, if the customer habitually requests (more than**
13 **3 times in a 12 month period) a meter reread, which does**
14 **not result in an adjusted bill, then the customer shall be**
15 **charged the \$35.00 fee.**

16 **LP Plant Cost**

17 19. Q. Did the Company include LP facilities in its plant in service accounts within
18 this proceeding?

19 A. Yes, the Company has \$302,069 in plant in service cost as stated on
20 Schedule B-2, page 1 of 2, line no. 9 in the filing.

21 20. Q. Does the Company still maintain LP facilities within Illinois?

22 A. No, the Company states in its response to LP related DR's ENG.1.1, 1.2, 1.3
23 and 1.4 that, "The Company does not have any LP facilities in Illinois."

1 21. Q. What is your recommendation regarding LP Plant?

2 A. I recommend the LP Plant amount of \$302,069 be removed from plant in
3 service.

4 **Underground Cushion Gas Storage**

5 22. Q. What is Underground Cushion or Base Gas Storage?

6 A. Cushion or Base gas is the volume of gas required in a storage reservoir to
7 provide adequate pressure to cycle the working gas.

8 23. Q. What is working gas?

9 A. Working gas, also called top gas, is the volume of gas in a storage reservoir
10 that is above the base gas. It is the storage field's working gas that is cycled
11 (withdrawn during winter months, injected during the non-winter months).

12 24. Q. What cost was claimed by the Company for cushion gas?

13 A. Schedule B-5.1.1 column 8, line 14 shows \$ 587,316. However, this same
14 page notes a 10.21% allocation to Illinois.

1 25. Q. Do you agree with the \$587,316 ?

2 A. Yes.

3 26. Q. Do you agree with the 10.21% allocation factor?

4 A. No. This allocation factor should be 100%.

5 27. Q. What additional cost should be claimed by the Company for cushion gas?

6 A. \$ 527,351 in allowable cushion gas cost. This \$527,351 additional cost
7 represents the difference between the 10.21% and the 100% allocation
8 factors (100% -10.21% times \$587,316 = \$527,351).

9 28. Q. Does this conclude your direct testimony?

10 A. Yes, it does.