



Cost Saving Initiatives Case Study Effective tire programs are meeting an ongoing challenge for fleets

Tires and tire related maintenance remain one of the highest single costs for fleets of all types and sizes. To address that ongoing challenge, fleet managers are continually focusing on tire specification, purchasing, maintenance and management programs that are most effective for their particular operations.

Tires contribute to a fleet's bottom line in several ways. Included are fuel savings from the use of efficient, low rolling resistance and properly inflated tires as well as from tire and vehicle maintenance programs that reduce irregular and premature tread wear.

Decreased tire wear also generates labor savings by eliminating unnecessary tire replacement and repair costs. In addition, properly specified and maintained tires reduce the potential for flats and hazardous breakdowns, allowing fleets to avoid downtime and costs associated with road calls.

Tire suppliers can be very helpful to fleets in determining the best specifications, and purchasing and maintenance practices.

For two leading utility operations, both with widespread operations and various tire needs, tire management programs are helping their fleet's bottom line.

Addressing tire specification, purchasing and maintenance at AEP Ohio "We operate in 11 states that encompass a wide variety of terrain," says Daniel R, Cox, Fleet Manager at AEP Ohio. "Our operation includes approximately 7,800 vehicles and 3,900 trailers and pieces of special equipment that are serviced at 67 shops by 226 technicians. By utilizing national accounts we are able to purchase the right tires for every vehicle where they operate and at preset prices, as well as utilize local tire vendors for supply and service needs."

AEP Ohio currently purchases new tires and retreads through national accounts with three major tire suppliers, including Michelin Americas Truck Tires, Goodyear Tire & Rubber Company and Bridgestone Bandag Tire Solutions. Its choices for each of its locations, Cox notes, reflect dealer locations for availability of products and service, as well contract pricing secured for the fleet as a whole.

AEP utilizes new tires on steer axles for all of its vehicles, and retreads on service trucks, aerial devices and line trucks wherever feasible. "We pull our steer tires before they have 4/32nds of tread depth remaining and drive and trailer tires at approximately 3/32nds," Cox relates. "Of course, the deeper the tread, the more it helps protect the casing. If we wait until the tread depth is below recommended specifications, the casing could be damaged and may not be retreadable.

"AEP has casing repair and age criteria that the manufacturer must follow before

recapping," Cox continues. "If the casing does not meet our standards it is scrapped or sold. In our operation, a lot of tires are damaged before they are worn out as a result of the terrain and off-road conditions."

Tires in the AEP fleet are also subjected to a strict inflation maintenance program. "This has improved tire life and increased retreadability," Cox says. "Properly maintained tires are better able to resist damage from debris, whether they are new or retreaded."

All tires on AEP vehicles are checked for tread depth and air pressure during preventive maintenance inspections. The fleet also equips line vehicles with visual tire pressure indicators to help assure proper inflation and has added wheel nut indicators on all vehicles to assist operators in detecting loose wheels.

To determine the effectiveness of its tire specification, purchasing and maintenance practices, AEP routinely reviews feedback from fleet employees as well as the utility's internal customers.

"We also utilize our tire suppliers' expertise to determine which tires will give us the best off-highway traction and on-highway tread life," Cox concludes. "We depend on tire manufacturers to keep us up to date on tire performance in our fleet and about changes in tire construction and designs so we can continually make better choices for our operation."

AEP Ohio, a utility unit of American Electric Power, provides electricity to nearly 1.5 million customers of major AEP subsidiaries Columbus Southern Power

Company and Ohio Power Company in Ohio, and Wheeling Power Company in the northern panhandle of West Virginia. Based in Columbus, Ohio, AEP Ohio serves all or part of 61 counties in the two states.

Cutting tires costs at Oklahoma Gas & Electric Company

"Our tire costs are down \$300,000 this year," says Herb Kramer, Fleet Services Supervisor at OG&E Energy Corp. "Since we standardized on one brand of tires and began looking closely at our tire service operations, we've been able to better specify and purchase tires, and manage utilization."

Currently, the OG&E fleet consists of 2,400 pieces of equipment, including 1,200 vehicles, ranging from sedans to pick ups, aerial and digger derrick trucks, on and off-road cranes, construction equipment, and an assortment of trailers. The fleet is maintained by 18 mechanics in 11 shops.

"Since 2006 we have been using a Goodyear National Account program for almost all of our tire needs," Kramer relates. "Previously, OG&E used as many as 15 different suppliers throughout its service territory. As a need arose we basically purchased whatever tires they had on the shelf."

Today, the OG&E fleet runs on Goodyear tires specified for either on/off-road applications or more aggressive off-road needs of some construction equipment. Unless special circumstances demand purchasing a new tire, all 19.5-inch and larger drive axle tires are Goodyear Unicircle retreads. In most cases, the fleet's own steer and drive tire casings are recapped as many as six times until the tire is retired.

OG&E's agreement with Goodyear also includes tire mounting, installation and For more case studies and other fleet tools and resources, visit www.fleetanswers.com. maintenance services. "Over 90 percent of our tire work is handled by the manufacturer's dealers on-site and in their facilities," Kramer explains. "The remaining work is done internally. We inspect air pressure and tread depth periodically on all our vehicles as well as rotate tires every other PM interval, or about every 6,000 miles.

"Goodyear also supplies us with reports on tire performance," Kramer continues. "That is one way we gather information to make better tire decisions. We also take into account information from inspections and details on any other problems that are found."

Among the things that OG&E has learned from its use of information and its work with its tire supplier, Kramer notes, is how to make better replacement versus repair decisions and how many times to cost effectively retread a casing. "Goodyear has also been very helpful in determining the best tire specifications and service guidelines for our fleet," he adds. "For example, they suggested we standardize on the same tire on large trucks so casings can be used for retreads on rear axles.

"Tires are our second highest maintenance expense after fuel," Kramer concludes. "We need to continually take a hard look at our tire specification,

purchasing and maintenance practices to help us better manage our tire costs.

With this program, the results were immediately evident. In the first year our tire

costs were reduced by more than \$100,000 and this year they are down almost

\$300,000."

OG&E (Oklahoma Gas and Electric Company) is Oklahoma's largest utility, serving more than 775,000 customers in Oklahoma and western Arkansas. The subsidiary of Oklahoma City-based OGE Energy Corp. operates and maintains electric transmission and distribution systems that span 30,000 square miles.

MEETING OBJECTIVES

Advanced technologies and designs have made new and retreaded tires longer lasting, more fuel efficient and less susceptible to premature failure. Still, to make the effective tire choices and employ best practices, fleet managers remain committed to evaluating new tires and retreads, and their maintenance needs.

An ongoing challenge for fleets, keeping tire costs in check is made easier by well thought out specifications, and purchasing and maintenance programs.