



PACIFIC UTILITY AUDIT

## Answers to Your Utility Audit Questions

*Here are answers to some of the most commonly asked questions about utility audits*

### 1. **Doesn't a utility audit create more work for the property manager, business owner and/or management company?**

#### **Yes, in the short run.**

This is due to the fact that in order to begin a utility audit, we require copies of the most recent 3 - 12 months of your utility bills, and the signed contracts. Also, if we find that any accounts were billed incorrectly or we change any rate schedules, you will need to send us copies of those particular utility bills each month during the contract term so that we can calculate your actual monthly utility savings.

#### **No, in the long run.**

This is because when we reduce your annual utility expenses by billing corrections and/or lower rate schedules, or put money into your bank account by obtaining refunds and/or credit adjustments from your utility providers, then you have more money to manage the property, increase reserve funding or pay for future projects and expenses. Additionally, you can reassure yourself and others that you are paying the least amount that you can possibly pay for all of your utility expenses! Finally, we are 'on retainer' for our customers, at no charge, so that you can continue to send us your utility bills once monthly, once annually or on an "as needed" basis.

### 2. **Don't utility companies provide a utility audit service at no charge?**

**No! This is the most common misconception about utility audits. The Utility companies provide energy audits, not utility audits!**

The utility companies will make suggestions to their customers on how they can reduce their consumption of electricity, water, gas, etc. by the following two methods: energy efficient equipment or by changing when and how you use your utilities.

We don't sell energy efficient equipment or tell our clients how, when or where to use their electricity, water, gas, etc. We simply audit your utility bills to find errors, overcharges or alternate rate schedules that will result in a refund/credit adjustment or a per unit cost reduction of your utility expenses. In most cases, the utility company employees are not even familiar with all of their own rate schedules, how rates are applied or alternative billing methods.



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### 3. I can accept paying 50 percent of any refunds/credits received to you after I receive them, but you also charge 50 percent of future saving generated from your audit for a future period. What are "future savings"?

Future savings are defined as the reduction of the cost of any utility expense to the client as a direct result of the utility audit. Here are several examples of future savings, listed below:

**Telephone** – You have been charged for a phantom line – one that doesn't exist. We are able to go back past years for refunds and credits and also bill for future savings. The reason we can bill the client for 50 percent of the future savings is because this charge would have gone on undetected for years if we hadn't found it.

**Electric** – You have a meter constant that was billed at 60, but should have been billed at 30. This is twice as much electricity as you should have been paying for. This can be corrected for past refunds as well as for future savings, because your future bills will be 50 percent less after the error is corrected by us.

**Water** – In a case where you have a multiple dwelling unit building that has had water service charges based on 60 units, but the charges should have been based on 50 units, because they were counting the laundry rooms, this can be corrected for past refunds as well as for future savings because you will be paying less each month in the future for water service charges due to our audit.

**Sewer** – You had been paying sewer fees for a dedicated irrigation meter. We will obtain a refund or credit for past overcharges and we will also eliminate all sewer fees in the future, resulting in future savings to you as a result of our audit. This savings will be based on your actual water use for this account each month during the contract term, multiplied by the actual sewer rates in effect each month, in order to calculate your actual savings each month – no estimated savings!

**Trash** – You were billed refuse or trash fees directly by the utility company or city, usually on your water and sewer bill, and you had been charged for 30 trash bins instead of 23 trash bins. We will correct this error to obtain a refund or credit for you. The future savings comes from future bills being less, due to our correction of the error.



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Another example would be finding an error in calculations, such as a decimal point error. Many times this is a single error that does not repeat every month, so we can correct this error for a past refund or credit only. Since you would not be paying for this mistake every month, we would not bill you for any future savings!

## 4. How are “future savings” calculated so they can be verified?

In order for us to bill our clients for utility expense reductions or “future savings”, we simply recalculate your actual future utility bill or bills at the old rate schedule or with the old billing error, and compare them to your actual bill or bills that you receive each month in the future, which are now being billed on the new rate schedule or without the old billing error. The cost difference is the actual utility expense savings to you as a direct result of our utility audit. We will attach our analysis and any applicable rate schedules and tariffs to all of our invoices. (See example below)

### FUTURE SAVINGS INVOICE EXAMPLE

*If we changed a client’s electric rate schedule from an electric rate 6 to a rate 6L and, as a result, changed their KWH charge from \$.06 per kilowatt hour to \$.05 per kilowatt hour, the net change in their electric cost would be \$.01 per kilowatt hour less. The difference between their old and new electric rates may change over the contract term from one penny to a penny and a half, to 7/8 of a penny, etc., but since we keep updated utility rate schedules or tariffs on file, we would keep track of the actual cost difference between the two electric rates over the entire billing period and invoice the client for the actual cost difference between the two electric rates, based upon their actual kilowatt hour consumption each month. This data would be obtained from each month’s actual electric bill for this client’s account during the contract term.*

<b>OLD BILLING:</b> Rate 6	
Demand Charge (Summer Month)	
142 KW x \$13.87	\$1,969.54
Energy Charge – Total KWH	
30,000 KWH @ \$.06 (1st 30,000)	\$1,800.00
9,450 KWH @ \$.05 (remaining)	\$ 472.50
	<u>\$4,242.04</u>
<b>NEW BILLING:</b> Rate 6L	
Demand Charge (Summer Month)	\$1,969.54
Energy Charge – Total KWH	
30,000 KWH @ \$.05 (1st 30,000)	\$1,500.00
9,450 KWH @ \$.04 (remaining)	\$ 378.00
	<u>\$3,847.54</u>
<b>TOTAL ELECTRIC SAVINGS THIS MONTH: \$ 394.50</b>	
Invoice Client (our fee)	\$ 197.25
Net electric savings this month:	\$ 197.25