

Five Ways to Save Money on Multi-Family Utility Bills

By Carmen Perrotta, President, Greenlight Advisors, LLC

You're the manager of a multi-family residential complex. You always give great customer service so your residents want to stay with you. You creatively find ways to attract new residents and keep occupancy rates high. You keep the property clean and running smoothly. But what else can you do? How can you make your complex's profitability look great, raising its stock value (and yours)? ***Manage expenses.***

Now, there are a lot of expense areas you can look at – repairs and maintenance, landscaping, financing interest rates, etc. All of them have potential to reduce your complex's outgo. Why not look at one that keeps coming up, month after month – utility bills? A little effort now can pay dividends over and over again. Let's look at some simple options that can cut your costs and make you look like a hero.

Okay, we all know that each individual account for the common areas of apartments is pretty low. Except for the clubhouse, pool, and fitness rooms, most accounts, especially in garden style properties, are less than \$100 each. Why would you hire a utility rate consultant or an energy procurement specialist to even look at them?

Well, you're right in a way. Most consultants only want to work for very large companies. It takes a special consultant willing to work with a small or medium size complex and still find the most savings possible. And, hiring a consultant should come after you have performed the following five ways to optimize your accounts yourself. So, let's look at those.

The first thing to do is conduct a physical audit of the meters. Get your latest bills and go out and read your meters. For the water meter, you may want to have the maintenance person with you. Check to see how close the actual meter readings are to the ones on your last bill. Is your billed meter reading higher than the actual reading? If so, you've been overbilled and deserve a refund!

Second, while you are at the meter site, check to see what the multiplier is on the meter. If there is one, it will usually have a X20 (or some other number) on it. Make sure it matches the one on your bills. If the actual multiplier is smaller than the one on your bill, you have been overbilled and deserve a refund. Depending on how long the error has been in effect, the amount may be substantial.

The third way to lower your bills is to look at the settings on your energy management system. Is your air conditioning blasting away 24/7? Turning it way down after hours and on weekends when you're not using the clubhouse can lower your bills as much as 20%.

Next, on a quarterly basis, have the maintenance crew inspect every unit, looking for drips and leaks. Even multiple small drips can add up to big costs, especially when water and sewer rates are skyrocketing.

Of course, you can go further than this to lower your bills. The fifth step is to do a tariff analysis. Check your bills' rates to find the best match with your complex's usage patterns ("rate optimization"). You could go on utility's website or call them to get copies of all their rate options. Next, study all of the rates your utilities have to offer and decide which is best for your accounts. Finally, you'll need to learn how to calculate your current rate and the ones you wanted to compare it to. For a proper analysis, you'd need to do that with all of your accounts. Even though two accounts look similar, the load factor (how close or far away you come to having everything running full-out all the time) can vary so much that a rate benefiting one account would be detrimental to another one. Take the energy usage (kilowatthours) divided by the demand (kilowatts or kilovoltamperes) to calculate the load factor for the month. It will vary monthly, so you'll need to calculate a number of months to get a feel for the average.

However, depending on the utility, there can be complications. Some utilities have few rates; some have many. Here in Georgia, by our count Georgia Power Company has 39 different rates available. Some have rates with multiple variations and riders that can be added to the basic rate. Some rates are not commonly available unless you know how to ask the utility for them. And sometimes, your facility may have special characteristics that would merit the utility designing a rate just for you. In those cases, it's time to get professional support.

Those scenarios are applicable if you live in a state that still has traditional regulated tariff rates. If, on the other hand, you live in one of the 19 states that have deregulated energy purchasing, you have a whole new batch of choices available. Standard "tariff" rates give way to negotiated flat usage charges. You'd need to compare the offerings of a number of different companies, making sure the comparisons are "apples to apples." Do you have heating-only usage? Better to get quotes that target that type of account for the best deal. Other opportunities are available when it comes to natural gas service. In addition to rate choices you have market timing risk/reward options – would it be better to lock in a fixed rate now, or let the price vary with the market? How long would you want to lock in for? Are there other complexes you could go in with to "buy in bulk" and get a better deal?

In addition, often several different energy marketers will provide incentives to the property management company for encouraging the residents to go with the one marketer. Wouldn't it be great if you could get \$10 for every unit that signed up with the marketer? But wouldn't you feel awful if you found out you could have gotten as much as \$50 per door?

That's when its time to call in a reputable utility rate consultant. A good consultant will be experienced in knowing the viability of all the electric, natural gas, and water/sewer rates and will conduct a through analysis, even with the smallest accounts. They can conduct the rate audit and tariff analysis for you, perform rate optimization for all your accounts and negotiate the best commodity energy procurement price available. When it's time, and you decide that you have more pressing issues that don't leave enough time for you to learn what we know, call us so that we can help.

About the Author

Carmen Perrotta is president of Greenlight Advisors, an energy management consulting firm specializing in utility rate reductions. She has over 16 years experience working with medium to large firms, non-profits, and multi-family management companies to help them manage and reduce their utility costs through bill auditing, rate optimization, tariff analysis, commodity energy procurement, monitoring and tracking energy savings and utility bill payment and processing management.

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