Case Study:

Electricity Baseline Review Identifies Savings

OPPORTUNITY

The nation's leading producer of wire partition products contracted with Fellon-McCord to conduct an electricity baseline review of its Louisville, Ky., manufacturing facility. The company knew it had a power factor issue, and was concerned that the facility was not on the most cost-effective rate schedule due to recent production changes.

SOLUTION

With our energy experts' knowledge of tariff structure, power factor correction, distribution voltage options, state sale tax law, and the client's updated production schedules, we conducted an in-depth historical review incorporating the following elements:

- An audit of historical invoices for billing errors.
- A rate review to highlight incorrect rate classifications per account.
- The identification of any power factor correction opportunities.
- An examination for potential sales tax exemptions.
- An analysis of potential savings associated with a voltage upgrade.

After the completion of our baseline review, we presented a report that identified the significant cost benefits the client could realize by implementing our recommendations. This included requesting rate changes, installing capacitors and purchasing an on-site pad transformer.

RESULTS

By following our recommendations, the client achieved total estimated savings of $104,879. These annual savings were a result of the voltage upgrade, power factor correction via capacitor installation, rate changes and sales tax exemptions. All upfront infrastructure costs related to these recommended upgrades have a financially acceptable payback period of 1.5 years or less.

CONCLUSION

Due to our in depth knowledge of utility service options, Fellon-McCord knew that savings opportunities were available for this client – even in a regulated electricity environment. Our energy team's work in evaluating a complete historical data set and developing a sound forecast will help this client to continue to make cost-effective decisions for the future.

Fellon-McCord is a global energy and sustainability management firm headquartered in Louisville, Kentucky. To learn more, please visit our website at www.fellonmccord.com.