

Cost Reduction + Rate Optimization

Case Study

County of San Diego Saves \$2.85 Million through Utility Rate Reductions and Rebates

Client

The County of San Diego is home to 3.3 million people, making it the second-most populous county in California and one of the most populous counties in the country. The County has an \$8 billion operating budget to provide a wide range of health, public safety, and community services to residents of the region's 18 cities and large unincorporated area.

Challenge

Like all government entities, the County of San Diego faces escalating budgetary challenges and potential deficits as the costs of services rise rapidly in a high inflationary environment. Steep increases in utility costs over the past several years have been a significant pain point for the County, and one that is not easily offset solely by reductions in consumption. With the County's energy managers focused on bigger picture issues such as efficiencies, conservation, and renewable energy sources, there is little time for staff to spare to address and manage the rising cost of electricity and gas across the County's more than 1,500 different utility accounts.

An extremely complex utility tariff structure regulated by the California Public Utilities Commission (CPUC) further complicates the issues, making it challenging for county staff to fully understand and efficiently manage the charges from utility providers.

Solution

In 2020, the County of San Diego asked ProcureAmerica, an SIB company, to complete its proprietary Utility Tariff Rate Optimization Study (TROS) and deliver an Enterprise Strategic Plan for potential savings. This deep-dive forensic analysis and legal review of electric and natural gas accounts specifically focuses on tariff rates, tax structures, surcharges, and fees assessed and charged by utilities and looks for opportunities to minimize or eliminate these costs. The meter-by-meter review and rate modeling exercise leverages extensive knowledge of CPUC rulings, interpretations, and regulations as they apply to commercial and governmental tariff rate assignments. In-depth knowledge of municipal tax code applications, North American Industry Classification System (NAICS) designations, and utility-specific regulatory factors is needed alongside County-specific usage data and needs

analysis to reveal all possible cost influencers that could help manage and lower utility expenses without any changes to consumption.

The exhaustive review and analysis turned up more than 100 different accounts with improperly assessed surcharges and taxes or overlooked opportunities for exemptions. It surfaced an additional 85 different rate reduction opportunities with the potential to deliver hundreds of thousands in annual savings for the County.

None of these opportunities had or will have any impact on the County's utility consumption, but instead are designed to ensure the most cost effective and favorable rate schedules and the application of any and all industry exemptions and discounts available. For example, the County discovered that it could cut the cost of one account serving park lighting by 91% by converting lighting to an alternative rate with no demand charges. In another instance, the County could take advantage of a lesser-known rate option designated for agricultural and water pumping applications on five of its large pumping accounts, leading to annual savings of \$76,600.

"We were very impressed with the ProcureAmerica team's great work on this utility analysis," says Charley Marchesano, San Diego's Energy and Sustainability Program Chief. "I certainly did not expect to see so much come up."

Leveraging its strong working relationships with senior management of all the California utility companies, ProcureAmerica worked directly with San Diego Gas & Electric on the County's behalf to implement the changes authorized by the County and to expedite the collection of the refunds for the inappropriate charges. The County began realizing savings in 2021 and has benefited from significant and ongoing annual cost reductions every year since.

Results

With no capital outlay, investment, or operational changes, the County of San Diego found several million in savings on utility costs that it can now invest in other critical services for its residents.

> Total Utility savings: \$2.85 million

- Rate changes
- Surcharge elimination

> One-time utility refunds and credits: \$763,542

- Tax elimination and recovery
- Municipal tax exemption and refund
- State industry credits

Based on the success of the TROS, the County of San Diego is in the process of building out its Enterprise Strategic Plan to include potential savings in telecommunications and waste services. ProcureAmerica will help the County identify and implement savings in these areas while continuing to proactively monitor both regulated and unregulated utility accounts for additional savings opportunities going forward.

Savings Highlights:

- \$2.85 million total verified savings since working with ProcureAmerica (March 2021-November 2023)
- \$763,542 one-time utility refunds and credits:
 - No energy consumption changes
 - \$0 capital outlay



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About ProcureAmerica

ProcureAmerica is a leading service provider of contingency-based cost reduction and contract compliance services supporting government, education, healthcare, and private industry. The company has been designated by INC Magazine as one of the 5000 "Fastest Growing Companies in America" list for an unprecedented four years straight. The organization is staffed by industry specific veterans and helps its clients improve service levels, achieve vendor transparency, and reduce costs.