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Mission Statement

The mission of CAI-OC is to provide education and leadership that will foster vibrant and competent community associations and enhance the experience of living in and working with common interest developments.

Some Techniques to Lower Natural Gas Costs

By: Mark Montgomery, CMCA®, AMS®, PCAM®

The Problem:

It has been reported in the media that the cost of natural gas is increasing at an unanticipated and alarming rate. Some associations and management companies have seen the cost of natural gas double from previously established "normal" levels. Natural gas costs could increase even more before leveling out. Of course, it is hoped that these costs would decrease in the future; however, a prudent person would plan for the worst possible scenario, and hope for the best.

Despite the harsh shock of these increases, there are some techniques available for associations to lower their natural gas costs.

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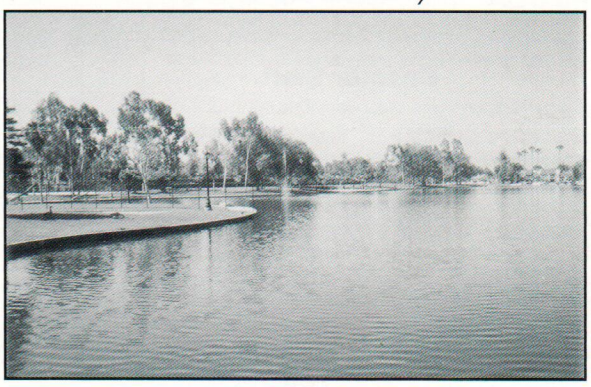
Community Spotlight

Lake Forest Keys

Exclusive Lake Community



This prestigious community is located in the beautiful city of Lake Forest, approximately 11 miles inland from the Laguna Beach coast. Lake Forest Keys was built by Occidental Petroleum land and Development Corporation in partnership with R.C. Jewett, Jewett Land Company, and Lake Forest Townhomes in 1973 and completed in 1976.

Lake Forest Keys is an exclusive lake community consisting of 500 one and two story single-family homes, many of which are situated on the beautiful shoreline, and 9.1 acres of greenbelts. Waterfront homes may have private docks for boats or simply provide a relaxing setting to take in the sights and sounds of the wildlife and natural surroundings.

Typical lot sizes are 30 feet wide by 110 to 120 feet long. All of the homes were originally designed in the Mission

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Utility Auditing is NOT Water Conservation, Energy Auditing or Retrofitting

By Erin Kelly

During the drought, water became a commodity for the first time in history. Then, recycling of trash became mandatory due to statewide legislation and trash removal providers became franchised, leaving the consumer with no choice of vendors and the highest trash pick-up rates in history. Sewer and storm drain fees were the next utility to skyrocket in cost due to increased development and the need for more sewage pumping and processing stations. Finally, following the deregulation of both gas and electricity, we are now or will shortly be paying the highest gas and electricity prices in history. Do you see a trend?

The utility companies and state agencies would have you believe that the only way to reduce your utility bills is through reduced usage, changing how you use the utility or more efficient equipment. For example: don't water your landscaping between 1 – 3 p.m., set your air-conditioning thermostats to 70 degrees instead of 65 degrees, install energy-efficient gas boilers, air-conditioning units, use drought-friendly plants instead of lawn in your common-areas, etc.

All of these things are good, and conservation is important; however, there is another way to drastically reduce your utility bills: reduce the rates that you pay or eliminate utility overcharges that you are not even aware of! So, what **is** the difference between utility conservation/energy auditing and a utility audit?

There are basically only two ways to conserve water: 1) Water conservation use techniques and devices (i.e., low-flow toilets and shower heads, no watering in afternoons, etc.) and 2) water conservation landscaping techniques. (i.e., reduce watering times on controllers, install water-sensor probes and computer-programmed controller systems, etc.). Both of these methods will reduce the AMOUNT of the water/hundred cubic feet your association uses each month; neither will reduce the PER UNIT COST of the water/hundred cubic feet your association uses each month!

There are basically only two ways to conserve electricity: 1), Electric conservation use techniques (i.e., motion-sensor lighting, reducing spa/pool hours, etc.) and 2) installation of energy-efficient equipment (i.e., low-wattage light bulbs, more efficient pool pumps, etc.). Both of these methods will reduce the AMOUNT of the electricity/kilowatt hours your association uses each month; neither will reduce the PER UNIT COST of the electricity/kilowatt hours your association uses each month!

There are basically only two ways to conserve gas: 1) Gas conservation use techniques (i.e., reducing the spa/pool temperatures, timers on the clothes dryers, etc.) and 2) installation of gas efficient equipment (i.e., solar panels for spa/pool heating, computer-programmed water heater thermostats for central hot water heaters, etc.). Both of these methods will reduce the AMOUNT of gas/therms your association uses each month; neither will reduce the PER UNIT COST of the gas/therms your association uses each month!

How important is reducing the per unit cost of the utility? Let's take a look:

ABC association has been conserving water for years and now uses 75,000 "Hundred Cubic Feet" (HCF) of water each year after water conservation. With its careful approach to water conservation for the common areas, the association has reduced annual consumption by a solid 10,000 HCF of water. If the cost of water per HCF is $2.00 and the sewer fee per HCF is $2.50, this is an annual savings of $45,000.

DEF Water Company now decides it is time to raise its water/sewer rates again since it has been a whole year since their last rate increase. This year they raise the water rates to $2.10 per HCF and the sewer rates to $2.75 per HCF. With this $.35 per HCF increase over last year's rates, ABC association will pay $26,250 more this year than it did last year (75,000 HCF x $.35 per HCF rate increase).

The net effect is that the association, after reducing its annual water consumption by 10,000 HCF, is now only saving

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Utility Auditing...

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$18,750 per year. And, if the utility increases its water/sewer rates again next year, the association will be paying the same amount for its annual water/sewer costs as it did 2 years ago, prior to any water conservation!

If the association had reduced its per unit cost of water/sewer by $.50 per HCF, then the annual savings would be $37,500 in addition to the water conservation savings. And, this $.50 per HCF savings would carry forward each year as new, higher water/sewer rates were implemented.

Sure. But since rates are established by the utilities and/or government agencies, just how **can** an association reduce the per unit cost of its common-area utilities? Consider a utility audit.

There is a big difference in "CPA" type of auditing and "utility" auditing. The utility companies use a language of their own. If you do not know the language, it is virtually impossible to understand what they are doing or how they are charging you. It is the utility auditor's responsibility to understand their language – and be your association's interpreter. Simply stated, the auditor's role is to uncover billing errors and overcharges and obtain the least expensive utility rates for your association!

Now, more than ever, in these times of drastically increasing utility costs it is imperative that you know you are only paying what you are supposed to pay.

Erin Kelly is Director of Operations with Pacific Utility Audit, Inc., Markleeville, CA.

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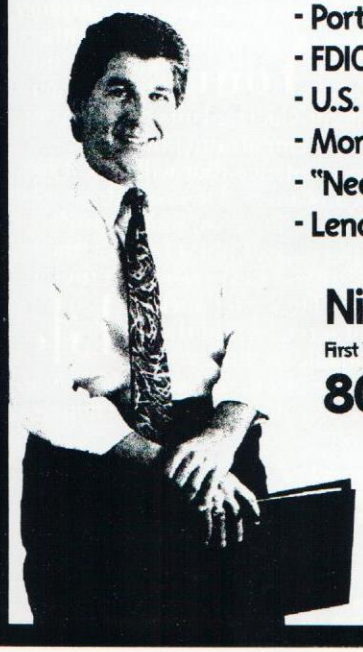

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