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# CONDO & HOA MANAGEMENT

## Cover Story: When is a repaint more than just a repaint?

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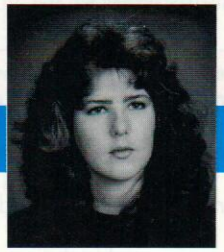
# Managers, don't get zapped by the utility companies!



BY ERIN KELLY

If you are reading this, the chances are pretty good that at some point you have either dealt with a utility company first-hand or have known someone that did. This qualifies you as an experienced utility consumer, which means that you won't go 'code blue' when you learn that utility bills can be wrong. What might code you is to learn that on rare occasions (i.e., nine out of ten times), a utility company overcharges its customers! Why, that's as rare as Tiger Woods winning a golf tournament.

Let me stress that, as most of you have found out the hard way, utility companies make mistakes on an extremely frequent basis. Since utilities are one of the largest budget items on most associations' annual budgets, this should alarm most management companies and property managers. However, I have to warn those management companies and property managers that trying to deal with the utility companies can be time-consuming, painful and downright brutal. Let me tell you a true story to emphasize this point.

When I was a property manager in the 1980s, I managed one particular association that was always very concerned about their gas utility bill. They had good reason for this concern, as they used their gas for cooking, space heating and water heating for all 200 condominiums located on the property, as well as for the two recreation areas, and the gas bill always seemed high.

At the board's persistent requests, I called the gas utility company to try and determine why the association's gas bill always seemed so high. "You have reached ABC Gas Company. If you are calling from a touch-tone phone, press one. If you are calling from a rotary phone, you are hopelessly behind the times and need to get a new phone, but press two." I pressed one, then I heard, "Dial one for residential, dial two for commercial, dial three for industrial." I had no idea which one we were so I picked something at random. "Dial one for rebate information, dial two for conservation information, dial three for emergencies, dial four for engineering division...." Again, I picked something at random and heard, "Can I help you?" When I asked them about the gas bill, I was told, "I'm sorry, you have reached a live person. If you feel you have reached a live person in error, please hang up and dial again. Thank you for calling ABC Gas Company." I'm pretty sure it was the janitor. He sounded like he had a broom in his hand.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Finally, after several tries later, and punching different number combinations, I heard, "You have reached the customer service department. Currently all of our customer service representatives are busy. If you have nothing better to do and you can afford the time, please stay on the line and your call will be answered in the order in which it was received. To listen to an exhaustive list of our entire product line, press one. To listen to Barry Manilow, press two...." Finally, I got through to the customer service department and found out that this was the right department if you want to 1) open an account, 2) close an account or 3) make payment arrangements. Otherwise, they have no idea what rate you are on, should be on or why your darn utility bills are so high. "That's another department!"

To make a very long, many-months-and-dozens-of-hours-later story short, I finally got the right person in the right department to return my calls. By this time, I had stared at this particular association's gas utility bill long enough to notice that, in small print, it read, "serves 300 baseline units." I remember thinking at the time, "Eureka! I have found the utility billing error," since this association only had 200 condominiums. When I explained this to the gas company representative who finally called me, there was a moment of silence before I heard these dreadful words: "You have been undercharged. We will correct the billing and send you a retroactive gas utility bill for the difference in cost for the last three years."

I was flabbergasted, to say the least. I had spent countless hours trying to sort this out for the association's benefit, only to be told that, due to my efforts, they would be getting even higher gas utility bills in the future, as well as a back bill for three years of gas undercharges! You see, what I found out was that, with this particular gas utility company, the more baseline units (i.e., condominiums, homes, apartments, etc.) you had, the more gas you were allowed to use at the less-expensive baseline gas rate. In this case, ignorance was not bliss.

I explained all of this to the association's board of directors at the next meeting, after they had received a $12,000 three-year retroactive bill from the gas utility company for the previous undercharges. They had also received their next month's corrected gas utility bill, which was higher than ever—and would be so every month, thanks to me. However, by that time, they didn't care about my intentions, time or effort. They hired a new management company immediately.

So, what is the moral of this sad-but-true story for management companies and property managers? Don't mess with the utility companies unless you know exactly what you are doing. It could cost you a lot more than time, effort and stress. Managers, show this article to any associations or boards of directors that want you to do this work, and they just might change their minds. Let the utility audit companies deal with the utility companies. They can discover utility billing undercharges for you without alerting the utility companies—you cannot!

■ Erin Kelly is Director of Operations at Pacific Utility Audit Inc. in Markleeville, California (formerly in South Lake Tahoe, Calif.).