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CONDO & HOA MANAGEMENT

An attorney and manager look at the world of community associations

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Understanding the essence and practicality of Alternative Dispute Resolution (ADR)

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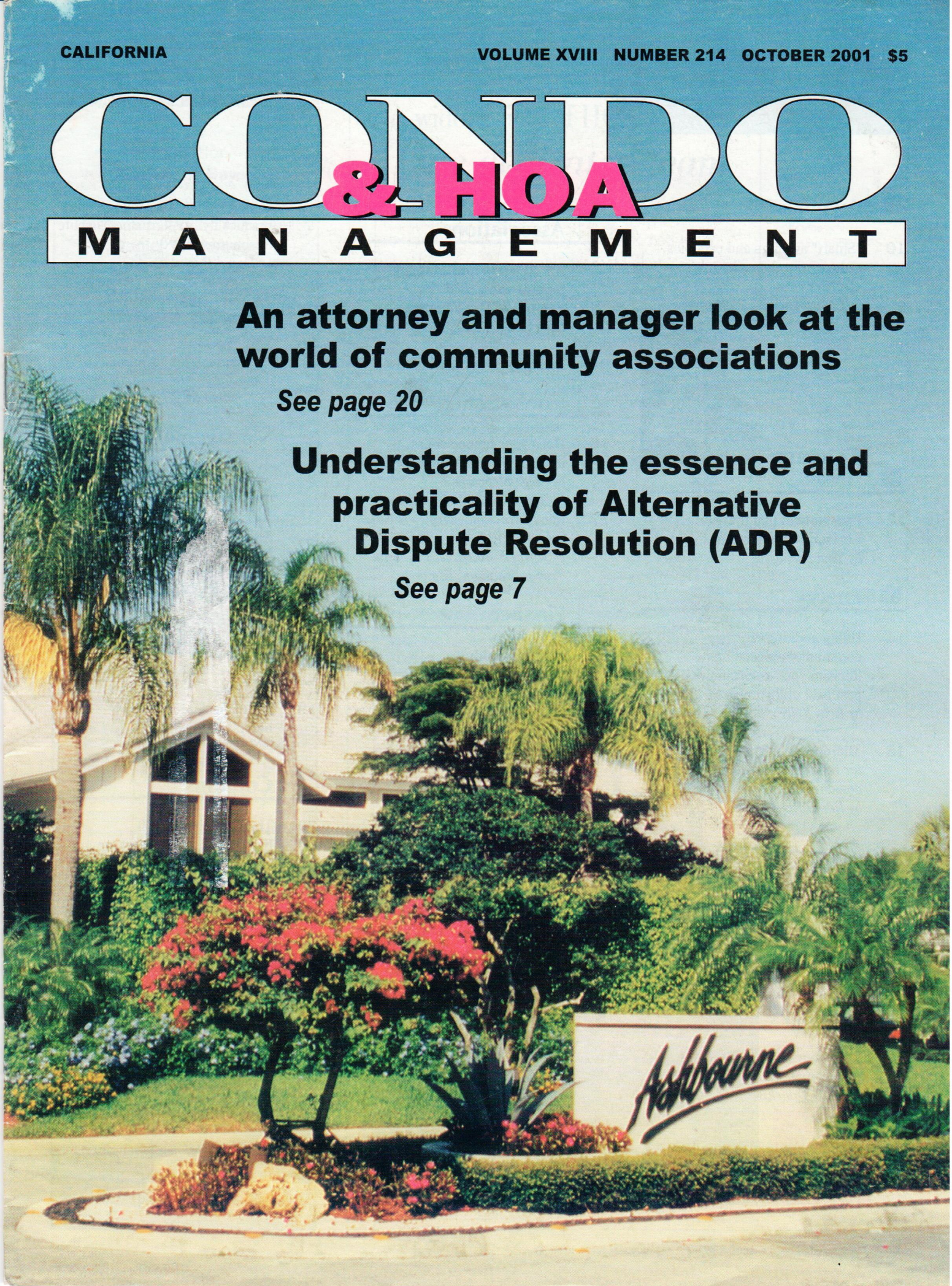
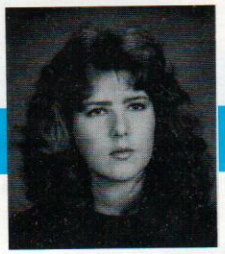


UTILITY AUDITING & COMMUNITY ASSOCIATIONS

Reclaim your association's past paid utility dollars – legally!



BY ERIN KELLY

Ever hear of spending the same dollar twice? How would you like to go back in time, get hold of the money your association already spent and spend it again this year? Hundreds of associations on the West Coast are doing it!

Best of all, your association does not have to commit any of your operating budget to get this money. While every association depends on electricity, refuse pickup, telephone, gas and water to make its common areas functional, most associations believe that there is little they can do to lower the cost of these services. Some associations manage to lower utility consumption by improving conservation practices; others control costs by limiting the range of common-area services they use; most pass the costs on to their homeowners. Yet all associations simply pay their utility bills without challenge.

Few boards of directors or property managers understand the details that make up an association's utility expenses. Utility bills are confusing and cryptic. And they're getting more complex, which means they are more prone to error, whether by computer system or human-induced. If any association is paying more than it should for the utilities it uses, that money is coming straight out of its reserve monies, which ultimately come straight out of the homeowners' pocketbooks.

A utility audit can help end this waste. It's not a classic audit where accountants scour your books looking for errors, then charge you outlandish fees. The utility auditor has one goal: to save you money. They make sure their customers are getting only what they're supposed to get, in the manner they should be getting it, at the promised price and at the best price.

You can audit these utility billings yourself. It was your money taken wrongfully through overbilling; it is your right to get it back. You just need to know what to look for and where to look. How about a checkup of your functional knowledge of utility auditing?

- What is electrical load factor analysis?
- Did you pay for any SEQUIX charges this month?
- How many baseline units do you have?
- Are you eligible for any sewer separation rates?
- Are your water meters registering in CCF or gallons?
- Are you eligible for special refuse rates?

If you have trouble answering these questions, why not use an expert? An expert with no auditing fees, no processing fees, and no retainer fees.

There is a big difference between CPA-style auditing and utility auditing! The utility companies use a language of their own. If you do not know the language, understanding what they are doing or charging you is impossible. It is the utility auditor's responsibility to understand their language and be your association's interpreter – and to uncover billing errors and overcharges, as well as obtain the least expensive utility rates for your association.

Utility auditing services are rendered on a contingency basis. This simply means that if your association receives no refund, credits, or per-unit/actual utility cost reductions, there is no fee. This is a win-win situation for any association. If the utility auditor finds no utility billing errors, you win, knowing that all is well and the utility billing is correct. Best of all, this peace of mind will cost your association nothing. When the utility auditor finds utility billing errors and obtains credits, refunds, and actual utility cost reductions, your association wins, because these are recaptured monies that would have been lost to the association.

Look for the following criteria when choosing a utility auditor:

- On-site inspection of association property is a must. This is where most errors are discovered.
- Years in business – experience is invaluable.
- No cost unless credits, refunds, or reduced utility costs are obtained.
- No legal costs if litigation with the utility companies or city-operated utilities becomes necessary.
- Follow-up and written documentation of utility audit results, whether or not errors are discovered.

Now your association can spend the same dollar twice!

■ Erin Kelly is Director of Operations for Pacific Utility Audit, which operates in California, Nevada, Oregon, and Washington.