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CONDO & HOA MANAGEMENT

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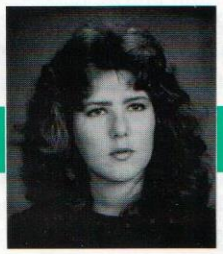
Utility auditor checklist



BY ERIN KELLY

Similar to what happened during the drought years of the early 1990s, the gas deregulation of the mid 1990s, the franchising of trash in 1994, and the deregulation of electricity in 1998, the current skyrocketing gas and electricity costs and blackouts have caused a resurgence of so-called utility auditors.

Most, if not all, of these utility auditors were recently employed by utility companies or city- or county-operated utilities but were laid off due to downsizing as a direct result of deregulation. Having years of experience working for a utility does not translate into utility-auditing experience! In fact, it is usually a detriment due to the fact that these auditors still retain loyalty to the utility company industry and maintain a sense that "utility companies do not make mistakes." In addition, the fact is that they do not want to challenge the utility companies if errors are discovered!

Following is a checklist of questions that you should ask and consider before hiring any utility auditor:

1. How many years has the utility auditing company been in business?

2. Does the utility auditing company perform on-site field inspections of each client's properties to check all of the meters, equipment, and layout of the property? This is where most utility errors are discovered.

3. Is there an up-front fee for the utility audit? Most utility auditing companies only get paid if they perform – a contingency-based fee.

4. Does the utility auditing company charge a portion of refund/credits obtained, as well as future shared utility rate reduction/utility billing correction fees? If no such fees are charged, then that utility auditing company: 1) has no incentive to reduce your future utility expenses by alternative utility rate schedules or utility billing corrections, and 2) cannot operate a successful business without an operating budget for very long.

5. If the utility company or county- or city-operated utility refuses to issue a full, retroactive refund for utility overcharges discovered, will the utility auditing company pursue the matter in court or in a formal complaint hearing with the Public Utility Commissioner at *no cost* to its clients? In other words, the utility auditing company should absorb all filing and legal fees associated with litigation on behalf of all its clients.

6. If legal action with the utility company or city-operated utility becomes necessary, does the utility auditing company have multi-state legal experience and precedent court cases to help its clients win their cases?

7. Homeowners associations have very unique utility profiles. Does the utility auditing company have staff that is familiar with homeowners associations? Are they experienced in this particular area of utility auditing?

8. Does the utility auditing company have a scheduled start and completion turnaround time for its utility audits, so you are not left wondering what happened?

9. Does the utility auditing company provide a written summary report of its findings in a timely manner, whether or not any utility billing errors were found?

10. Will the utility auditing company provide a list of references upon request?

11. Is the utility auditing company an active member of a recognized community association industry group such as CAI, CACM, or ECHO?

12. Does the utility auditing company have liability insurance for its on-site field investigators?

13. Does the utility auditing company discover utility billing *undercharges* to its clients *without* alerting the utility company or city-operated utilities? This is extremely important, as utility billing undercharges are fairly common, and could cost you thousands of dollars in back-billed utility charges, as well as future cost increases, if the auditing company inadvertently notifies the utility company of the utility undercharges.

Operating in California, Washington, Oregon, and Nevada, Pacific Utility Audit is able to offer a level of legal expertise and multi-state experience not available from

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CORRESPONDENTS' CORNER

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San Diego Region of TruGreen LandCare expands to fill Southwest

As of July 1, the San Diego Region of TruGreen LandCare expanded to become the Southwest Region. San Diego Region Manager **Tom Smith** now oversees operations of 14 branches throughout the Southwest, encompassing San Diego, Phoenix, and Las Vegas.

The region contains seven maintenance branches, one each in San Diego, Temecula, Chula Vista, Escondido, and Las Vegas, and two in Phoenix. The region's three construction branches are located in San Diego, Temecula, and Las Vegas. Three nursery branches are included – one in San Diego, one in Irvine, and one in San Juan Capistrano. Rounding out the region is one preservation branch located in Phoenix.

With the inclusion of the preservation branch, TruGreen LandCare's service lines have expanded to include native plant preservation, plant inventory services and re-vegetation programs.

San Diego Region Sales Manager **Janis Nau** stepped up with Smith to become the Southwest Region Sales Manager.

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Photos welcome!

KEN PERNICANO

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Q. What kinds of projects are beyond the scope of the property manager and require outside experts?

Ken Pernicano: We're very careful about giving legal advice. Document amendment and rules enforcement can become problems if not handled correctly. We really like to rely on our legal experts and not put our boards or ourselves in legal jeopardy. Reconstruction projects usually require outside experts to create the specifications for the vendors to bid on. The manager's job is really to obtain the information and present it to the board. The manager then oversees the execution of the board's decision. Although I have gained tremendous experience working with contractors over the years, writing specifications for a new roof or a clubhouse renovation is well beyond the technical expertise of most managers. There's too much to lose by putting together a poor work specification. The success of the whole job depends on starting with the correct information.

HIC

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also routinely inspects HIC status when performing license checks on construction sites and during complaint investigations.

Ultimately, I would recommend that you should check the status of all contractors who currently and routinely (preferred vendor/contractors) do work at the communities that you manage. Then, as you look to hire future contractors, remember to check the home improvement certification status of their license – it is required for all contractors who perform work at your communities.

■ J. David Rauch is President of ProTec Building Services in San Diego, California. Please submit your comments, thoughts, questions, or maintenance problems to drauch@protecbsi.com. I will respond promptly!

CHECKLIST

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any remaining competition. This is of great benefit to the customer because when Pacific Utility Audit shows a judge or opposing legal counsel that hundreds of utility companies in other parts of the western United States are interpreting a rate or billing procedure in a manner inconsistent with their way of billing, it is often this point that convinces them to issue a full, retroactive refund to the client, as well as correcting future bills. Again, this legal representation is free! It is just as important for us to establish a history of successful refunds for clients as it is to the client to obtain a refund, because the next time Pacific Utility Audit requests a refund from that particular city or utility company, they will receive it promptly.

Now in its twelfth year of operation, Pacific Utility Audit is celebrating that milestone by continuing to provide the high-quality, free utility auditing services that have allowed it to outlive its hundreds of competitors since 1989.

Literally thousands of clients have utilized this unique service since 1989. Ninety percent of all of these clients have either obtained refunds or credits from the utility companies and/or reduced future utility costs by the correction of utility billing errors or through lower utility rate schedules. Could you be next?

■ Erin Kelly is Director of Operations at Pacific Utility Audit Inc. in Markleeville, California. They operate in California, Nevada, Oregon, and Washington.

CondoManagement ONLINE
www.condomgmt.com