

## SPOTLIGHT:

# Save Money on Utilities with a Billing Audit

Q&A with Satya Garg, President of SM Engineering

*Property Management Vendor Guide is committed to helping our readers improve their bottom line. One area where we see significant potential cost savings is by auditing multi-family housing utility expenses.*

*We turned to one of the leading experts in the field of utility expense auditing to learn more about its potential.*

*Satya Garg is president of SM Engineering, one of the largest, most experienced, minority-owned utility management companies in the country.*

**VG: What exactly is a billing audit?**

**GARG:** Like most businesses, apartment communities get a bill each month from their water, gas and electric utility and simply pay it. Few, if any, ever give thought to the idea that they might be getting over-charged. A billing audit reviews the rates charged and usage patterns to determine if there is any potential cost savings.

**VG: How does an audit work?**

**GARG:** It's a simple process from the customer's perspective. They provide us with information about their property such as historical operating parameters and they provide us with their historical utility bills. We take it from there. We review the rate plan and their consumption for

each utility. And then we compare their plan/cost against alternative plans to identify cost-saving strategies. We also look to leverage tax exemptions that may have been overlooked.

**VG: What sort of things does your audit focus on?**

**GARG:** Our audit looks for a wide variety of things that include: billing/accounting errors; proper application of rates; meter reading date continuity; billing days; duplicate invoicing; unit cost; cost, usage, and demand greater than preset percentages; transportation charges; non-tariff natural gas/electric brokering and much more.

**VG: Where are the savings realized from a billing audit?**

**GARG:** Owners and operators of apartment communities are rarely equipped with the knowledge to challenge their utility bill. Rather, they simply pay it each month. Our experience is that as much as 30 percent of utility expenses represent an overpayment as a result of poorly chosen rate plans, billing errors and missed tax exemptions. By implementing the recommendations from the billing audit, they may qualify for an immediate refund and then enjoy much lower out-of-pocket expenses going forward.

**VG: What special knowledge is required to conduct a billing audit?**

**GARG:** The secret to identifying refunds and future cost reductions is to thoroughly understand the complex rate plans and how a property's utility cost can be optimized through usage. To accomplish this requires engineers and tax specialists who are experts in these areas.

**VG: What will a billing audit cost a property?**

**GARG:** We start with a no-cost preliminary consultation. Property managers send us their most recent utility bill for electric, gas, water and sewage. We will review the bills and let you know if we believe there is a savings opportunity. If we find a possible savings opportunity, we enter into an audit engagement with the customer. Our fee is based on a percentage of the savings that our customer realizes. It is a win/win solution.

**VG: A billing audit sounds like a no-lose opportunity for multi-family property owners/managers.**

**GARG:** Since 1982, we have saved our clients over \$150 million. We welcome the opportunity to work with Property Management Vendor Guide readers to lower their utility costs and improve their bottom line.



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