

**GASDA & REMCO TEAM UP TO
SAVE RETAILERS MONEY!**

**Don't Get Surprised
By Your Electricity Bill!**

\$ 584.36 XXX
DOLLARS

Introducing the Regulatory Audit

- ▶ Any Company or Organization that is paying commercial utility rates in the following states can reduce utility expenses by 8%–30%:

N.Y. N.J. Pa. Ct. Mass. AZ, Me, Ill, Fl, Md. Ga,



About Remco Energy

- ▶ Utility audit and bill payment company
- ▶ Privately held
- ▶ 32.5 years in business
- ▶ Pioneered the first utility audit in 1984
- ▶ Pioneered the first regulatory audit in 2013
- ▶ Client base consists of over 100 fortune 1000 clients with 150,000 billed sites
- ▶ Executive team and key personnel have over 250 combined experience in regulation, utilities, engineering and rate making
- ▶ Remco is not owned or operated by a utility company operating under a different name, therefore, there is no conflict of interest



Regulation in a nutshell

- ▶ Regulation was created under federal law to protect the consumer against abuses of monopoly power
- ▶ Regulation controls the profit a regulated utility can earn
- ▶ Regulation was meant to ensure that public utility rates do not exceed the utility's investment in the infrastructure, plus allowable expenses
- ▶ The process involves approval of allowable expenses
- ▶ Setting an allowable rate of return on the utilities' investment base



General Regulation Principals

- ▶ Commissions must establish rates that are Just and Reasonable
- ▶ Design rates so that earned revenue does not exceed revenue requirement
- ▶ Rates should be nondiscriminatory
- ▶ Rates should generate sufficient revenue for the utility to cover the cost of providing safe, adequate and reliable services to its customers plus the opportunity to earn a fair rate of return on its investment
- ▶ Under Federal law rates cannot be excessive or extortionate



The Rate Case.....

- ▶ When a utility seeks to change the rates it charges to its customers, it must present detailed justification for the need for the increase and how it should be implemented
- ▶ Evidence is submitted in the form of facts, figures, expert opinions
- ▶ Utility rate case involves three major areas of analysis

Revenue Requirement (how much to operate)

Revenue Allocation (how much should be collected from each rate class)

Rate Design (sets rate to effectively collect from each rate class)



A Regulatory audit is different than a bill audit.....

- ▶ A bill audit checks to ensure that the bill is being properly calculated and there are no duplicate payments, overlaps in billing dates, overlaps in meter readings, service is on the proper rate schedule, sum of the line items equal the total, demand not being reset etc.
- ▶ A regulatory audit checks to ensure that the revenue increase granted by the Public Utility Commission was properly translated into the tariff



The issue.....

- ▶ Investor owned utilities (IOU's) are considered natural monopolies.
- ▶ IOU's are regulated on the state level for retail delivery and on the federal level for the sale of electricity at wholesale
- ▶ The overcharge on the regulatory side pertain to the delivery side of the bill and has nothing to do with supply charges
- ▶ Regulation is suppose to control the profit a regulated firm can earn
- ▶ Once the Public Utility Commission approves the rate case, the administrative judge issues the orders approving the rate case
- ▶ The "utility" is asked to translate the approved revenue requirement into the tariff for each rate class



The Problem.....

True or False?

The Public Utility Commission follows up to make certain the revenue requirement was properly translated into the tariff for each rate class?

The Public Utility Commission follows up to make certain, if items are included in the rates they are not duplicated somewhere else?

The Public Utility Commission conducts a post audit of the consumers utility bills?



The shocking truth.....

- ▶ True—Once the Public Utility Commission approves the rates and the tariff is submitted to the utility, there are no further checks or balances
- ▶ True—The Public Utility Commission considers the job done and completed when the rate case is approved.
- ▶ True—The Public Utility Commission does not audit to see if the approved rate case was properly translated into the tariff by the utility
- ▶ True—The Public Utility Commission relies on the utility to properly translate the approved revenue requirement into the tariff
- ▶ True—The Public Utility Commission does not review the bills to see if the utility is calculating the charges properly
- ▶ True—The shocking truth is certain utilities are not translating the approved rate case into the tariff. Thus, the utility is enriching themselves at the expense of the rate payer



This is where Remco comes in.....

- ▶ Remco is the only utility audit firm in the U.S. that performs a regulatory audit. Regulatory audits entail a very complex analysis of what was approved by the Public Utility Commission in the rate case, against what was translated by the utility into the tariff
- ▶ Remco has incontrovertible evidence that what was approved by the Public Utility Commission (many states) was not properly translated into the tariff by the respective utilities



Potential value

- ▶ The potential savings may be equivalent to an overcharge of 8–30% of the utility bill
- ▶ The potential savings will be determined by Remco based upon a preliminary audit of the Clients last 12 months of bills



Next Steps.....

- ▶ Execute Mutual Non Disclosure Agreement
- ▶ Provide 12 months of utility bills from your local utility company
- ▶ Remco to provide estimate of overcharges and potential recoveries
- ▶ If your company is interested in moving forward, we will prepare a service agreement for your signature.

