

Taking Control: Forest City benefits by bringing utility billing and auditing functions in-house

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Summary

Forest City Enterprises, Inc., a national real estate owner and developer, desired to enhance its operational efficiencies and sustainability program through energy management software. EnergyCAP® offered an opportunity to reduce utility bill payment outsourcing costs, streamline business processes, and increase internal awareness of energy and sustainability issues. Savings on consultant costs and account auditing are leading to full payback over a three-year period. Eight significant benefits of EnergyCAP are discussed below.

The Need

Forest City handles more than 5,000 monthly bills for over 10,000 utility meters and processes them for payment at corporate headquarters on behalf of all the properties. The company also performs chargebacks for more than 3,000 tenant submeters. It needed a comprehensive solution for organizing the data that would provide auditing, reporting, issue tracking, and analytical capabilities.

Various utility bill tracking software products and bill payment outsourcing options were considered, but Forest City decided that taking control of the bills in-house would provide the best results. Doing so increased organizational awareness of energy costs, allowed for quick identification of problems using bill histories, heightened visibility of organization changes affecting energy use, and provided a sustainability reporting tool with export capability to other metrics databases internally (business warehouse system) and externally (EPA Portfolio Manager).

“For us it’s all about electricity. It accounts for approximately 80 percent of our total utility costs,” says Joyce S. Mihalik, Director of Energy Management for Forest City. Water accounts for about 12 percent, and heat and gas the remainder. Overall, utility costs, she approximates, represent somewhere between 10 and 20 percent of Forest City’s total operating expenses.

FORESTCITY

Forest City Enterprises, Inc. is a national owner and developer of real estate. [www.forestcity.net]

EnergyCAP Installation: Upgraded from FASER® in April 2008. FASER user since 2001.

Tracking: Over 200 buildings; 340 cost centers; 10,000 meters; and 3,000 submeters including electric, gas, water, sewer, steam, and telephone bills.

Payback Period: Three years.

Energy Savings Initiatives: 5% savings on a combined energy spend in excess of \$46 million.

The Solution

Forest City tracks more than 5,000 bills monthly, using EnergyCAP as the bill entry and auditing front end.

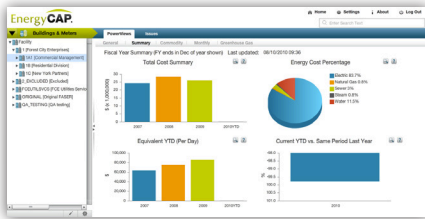
Centralized in-house bill processing and auditing. Bills arrive at Forest City daily from over 300 vendor partners throughout the United States. Forest City staff enters utility billing information manually into EnergyCAP. Forest City tracks more than 5,000 bills monthly, using EnergyCAP as the bill entry and auditing front end. To save valuable staffing time and eliminate double entry, which can cause entry errors, the utility billing data is then exported to their accounting system (SAP) for payment. EnergyCAP reports have become the basis for preparing budgets and forecasts.

Issue tracking. According to Mihalik, “When dealing with the volume of bills and meters that we have, and having more than one person in our group ‘touch’ or respond to a problem or question, logging the notes as an issue creates a centralized warehouse and history of past meter and account problems. This is much more efficient and expedient than just tracking notes in our personal email folder, which is closed off to all other employees. During our team meetings, we can review the cost avoidance issues report to identify those items that are still open and need to be addressed. *Issue Tracker* reports are distributed to property managers for a monthly status update. We can close the issue when resolved and keep the history.”

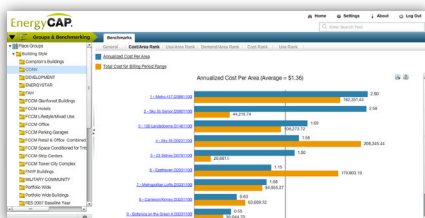
Cost Avoidance calculation (M&V). Year-over-year electric reduction goals are monitored using utility bill comparison data that has been normalized for weather and other factors such as billing period length in the EnergyCAP *Cost Avoidance* module. Cost avoidance provides a reliable basis for measurement & verification (M&V) of savings resulting from energy efficiency programs and capital improvements. It has become the basis for establishing year-to-year energy reduction targets for Forest City properties.

Rate options. More than 200 rate templates based on rate schedules provided by Forest City utility vendors were created to assist with customer bill-backs for more than 3,000 tenant submeters. According to Mihalik, “The custom rate options allow us to administer our tenant billing system with greater sophistication, adhering to complex terms of tenant leases while maintaining compliance with local and state administrative code.” Usage data from water and electric meters can be entered into EnergyCAP and then multiplied by these rates to produce a customer bill. Forest City provides billing estimates to tenants by matching over 100 unique rate structures to consumption patterns and meter size. By using EnergyCAP *Calculated Accounts* and rate templates, Forest City can internally calculate a specific cost of utility distribution service tailored for each tenant, eliminating the need for a third party energy billing service and saving tenants and Forest City unnecessary expense.

Granular and summary reporting and security. Says Mihalik: “One thing we realized is that everyone has a different way they need to see data. The selection filters in reporting helps us to customize canned reports from the maintenance supervisor all the way up to our executive staff.” Forest City also uses the Web browser version of EnergyCAP, which provides a view-only, simplified way for over 200 property managers nationwide to view their personal energy data. By eliminating direct access requirements to EnergyCAP Enterprise for all Forest City associates, the company was able to limit for security purposes the number of key associates with editing and execute permissions. Not only is this an important systems control point since EnergyCAP is a vital link to the accounts payable system, but it also eliminates labor hours for the Forest City IT department and help desk in managing extra system users.



Vendor	Period	Year	Start Date	End Date	Cost	Days	Due Date
Allegany Power	01/01/2010-01/31/2010	2010	01/01/2010	01/31/2010	\$10,000.00	31	02/01/2010
Allegany Power	02/01/2010-02/28/2010	2010	02/01/2010	02/28/2010	\$10,000.00	28	03/01/2010
Allegany Power	03/01/2010-03/31/2010	2010	03/01/2010	03/31/2010	\$10,000.00	31	04/01/2010
Allegany Power	04/01/2010-04/30/2010	2010	04/01/2010	04/30/2010	\$10,000.00	30	05/01/2010
Allegany Power	05/01/2010-05/31/2010	2010	05/01/2010	05/31/2010	\$10,000.00	31	06/01/2010
Allegany Power	06/01/2010-06/30/2010	2010	06/01/2010	06/30/2010	\$10,000.00	30	07/01/2010
Allegany Power	07/01/2010-07/31/2010	2010	07/01/2010	07/31/2010	\$10,000.00	31	08/01/2010
Allegany Power	08/01/2010-08/31/2010	2010	08/01/2010	08/31/2010	\$10,000.00	31	09/01/2010
Allegany Power	09/01/2010-09/30/2010	2010	09/01/2010	09/30/2010	\$10,000.00	30	10/01/2010
Allegany Power	10/01/2010-10/31/2010	2010	10/01/2010	10/31/2010	\$10,000.00	31	11/01/2010
Allegany Power	11/01/2010-11/30/2010	2010	11/01/2010	11/30/2010	\$10,000.00	30	12/01/2010
Allegany Power	12/01/2010-12/31/2010	2010	12/01/2010	12/31/2010	\$10,000.00	31	01/01/2011



ENERGY STAR. Automated ENERGY STAR submissions presented a new value stream for Forest City. “One of the primary benefits of EnergyCAP is that we are able to minimize our manpower levels in our energy billing group because of the ease of processing over 5,000 utility bills per month. Our goal is to enter energy data—one time only,” said Mihalik. “We can focus our efforts on correctly entering and auditing our energy data on one sole platform, and save ourselves the manpower expense of having to re-enter the information again for other systems, such as our Sustainability Metrics platform used by our executive staff, and the EPA Portfolio Manager website, which we use to compare our performance to our colleagues and competitors who operate similar building types.”

Load Analysis. Data from demand response aggregator portals is being imported into EnergyCAP via the channel functionality, enabling Forest City energy managers to monitor peak demand and the organization’s impact on the grid during critical use periods.

Measure, Manage, Save.®
The new Web browser version of EnergyCAP provides secure and easy access to data, analysis tools, and savings.

Sustainability. The Sustainability Group at Forest City uses *Cost Avoidance* data to weather-normalize actual consumption for generating year-to-year progress reports relating to the company’s electric reduction goals. A recent lighting and design review process was completed by the Sustainability Group using EnergyCAP’s powerful benchmarking capabilities to identify high cost and high unit cost facilities. The built-in bill audits have assisted energy management staff in recognizing usage spikes and promptly alerting building managers.

Conclusion

Forest City needed an effective way to manage complex accounting and energy management processes unique to their realty management mission. Keeping utility bill payment processes in-house and integrating EnergyCAP with bill payment, reporting, and chargeback processes helped increase efficiency and enhance organizational awareness of

energy-related issues. EnergyCAP enabled building managers and administrators to get the energy information needed to make profitable decisions. According to Mihalik, “EnergyCAP encourages us to work together to record our financial and operations history, so that we don’t have to over-analyze or re-process information. A shared knowledge platform with easy to sort and search capabilities allows everyone to access data quickly, resolve issues, and move on!”

Acknowledgement

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EnergyCAP, Inc.
110 Radnor Road, Suite 101
State College, PA 16801

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877.327.3702
www.EnergyCAP.com
sales@EnergyCAP.com