



Commercial Utilities Program

Program Manager 256-895-1275

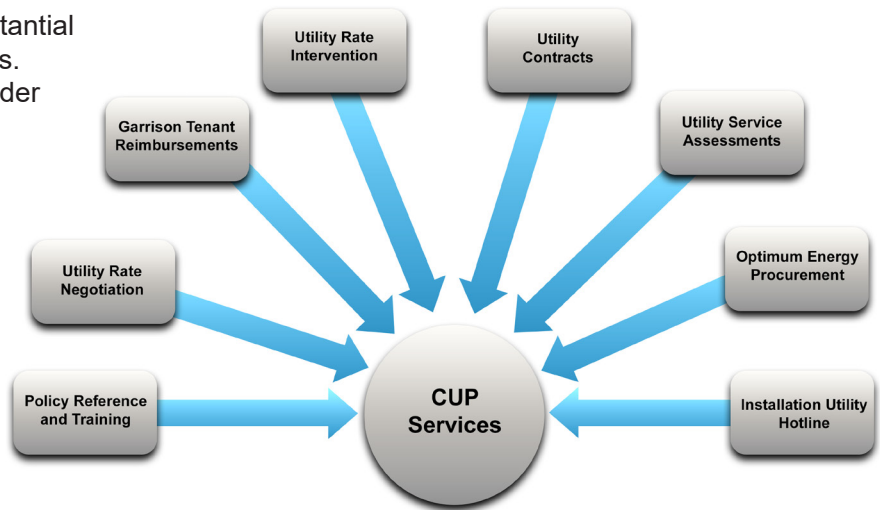
U.S. ARMY CORPS OF ENGINEERS

BUILDING STRONG®

The U.S. Army Engineering and Support Center, Huntsville Commercial Utilities Program (CUP) — the Army’s utility provider and utility regulatory experts — helps the Army purchase reliable utility services at the best rates and helps garrisons resell their utilities to tenant activities.

Benefits

A proven cost saver, CUP provides substantial utility service cost avoidance and savings. CUP provides utility contract, utility provider issue resolution, installation utility data analysis, technical support and utility consultants. CUP also provides expert witnesses to appear before utility commissions in support of rate intervention to oppose utility company rate increases. Cost savings and avoidance opportunities are also identified through utility service assessments and utility contract review and assessments, as well as utility contract negotiations.



	Project Cost	Annual Projected Cost Avoidance and Savings					ROI
		2016	2017	2018	2019	2020	
FY16	\$244,776	\$3,300,000	\$2,218,000	\$2,218,000	\$118,000	\$118,000	31
FY17	\$271,985		\$1,368,489	\$1,368,489	\$1,318,489	\$159,000	14
FY18	\$241,798			\$7,385,581	\$7,385,581	\$7,385,581	91
Annual Totals		\$3,302,016	\$3,588,506	\$10,974,088	\$8,824,089	\$7,664,601	

Customer Savings

CUP doesn’t reduce energy consumption, but targets overall cost reduction of energy procurement. Return on investment through fiscal year 2017 is greater than 6 to 1, and those benefits extend beyond the year of investment for a as high as a 17-to-1 return on investment.

Services provided

1. Utility Rate Intervention — CUP provides technical support, assistance and expert witness/utility consultants to the U.S. Army Regulatory Law Office, which represents the Army at utility regulatory hearings (usually in opposition to rate increase petitions filed by regulated utility companies). Benefits of rate intervention are cumulative and will be in effect for about three years or until the next rate case settlement.

Recently completed rate cases have yielded annual cost avoidance and savings for:

- Fort Bragg, North Carolina: \$3.4 million
- Fort Bliss, Texas: \$3.1 million
- Fort Hood, Texas: \$594,000
- Fort Sill, Oklahoma: \$302,000

U.S. Army Corps of Engineers – Engineering and Support Center, Huntsville

P.O. Box 1600, Huntsville, AL 35807 Public Affairs Office 256-895-1694

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2. Utility Service Assessments — Utility Service Assessments are performed to evaluate garrison functional relationships with utility service providers and utility management opportunities with regard to utility tariffs or contracts. Utility service assessments verify/provide:

- a) An installation is on the best and lowest rate offered by the utility provider.
- b) The utility service rates are in alignment with installation operations and mission.
- c) Recommendations of courses of action to obtain the lowest rate available.
- d) Identification of utility/energy cost reduction opportunities.
- e) Optimization of on-site generation vs utility market procurement
- f) Reliability issues with utility service or infrastructure.
- g) Assess peak demand management and reduction opportunities.
- h) Tenant utility reimbursement calculation and billing support

The CUP goal is to perform a utility service assessment every four years for each installation to maximize tracking of changes in utility industry services and energy markets. An FY15 utility service assessment recommended that Fort Lee could save \$500,000 annually by switching rates. The rate change resulted in savings closer to \$1 million.

3. Installation Utility Management Evaluations — CUP assists and trains installation personnel to review utility billings to ensure accuracy, use the appropriate rate, exclude taxes for which the Army is exempt and includes any credits, such as for power outages. CUP also assists and trains installation personnel in calculating fair and equitable rates for utility consumption by reimbursable tenants. These benefits include tangible savings, cost avoidance and increased funding from non-Army tenants. An example: a CUP site visit to Fort Leonard Wood, Missouri, revealed the installation was incorrectly charged \$2,500 in utility taxes.

4. Negotiate Utility Contracts — CUP will facilitate and provide technical support in collaboration with contracting officers in the negotiation of utility service contracts. Utility provider contract negotiations example:

Successfully facilitated an electric utility service negotiation that yielded a 10-year annual \$402,000 cost savings for a USACE Civil Works Vicksburg District flood water pumping station.

5. Optimum Energy Procurement Analysis — CUP can determine the optimum sizing of onsite renewable generation development by weighing the economics of existing and proposed onsite generation assets while maintaining favorable utility provider contract rates, terms and operating conditions.

6. Utility Contracts Review — The Chief of Engineers is the Army's Power Procurement Officer and delegates that authority to the Deputy Army Power Procurement Officer and the Assistant Deputy Army Power Procurement Officer (ADAPPO). The Huntsville Center commander is the designated ADAPPO and has the delegated authority to approve contracts for utility services with annual cost exceeding \$750,000 (AR 420-41 dated March 2015). The CUP program manager is the action officer for the ADAPPO approvals.

7. Utility Service Officer (UTILSO) Training — Providing UTILSO training for installation energy managers and directorate of public works personnel.

8. Installation Hotline — Assistance is available to Army installation energy managers and Directorate of Public Works employees for all CUP services. Call 256-895-1275.

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