

Management Advisory 2004 – 4

To: Dwight E. Brock  Clerk of the Circuit Court
From: Patrick Blaney  Internal Audit Director
CC: Skip Camp, Facilities Management Director
Audit File
Date: July 9, 2004
Re: Electric Bills: Campus

Electric Bills: Campus

BACKGROUND

In order to operate Collier County's main campus in East Naples, the Board of County Commissioners purchases electricity from Florida Power & Light Company (FPL). FPL bills the County monthly for electric consumption according to a Florida Public Service Commission approved tariff (rate) schedule. Chapter 366, Florida Statutes, vests the Florida Public Service Commission (PSC) with the authority to set "fair and reasonable" utility rates and charges. FPL is an investor-owned electric utility within the PSC's jurisdiction. Approved tariffs are combinations of factors chiefly applied to the amounts of electricity used during the billing period.

The Facilities Management Department monitors & processes the monthly FPL bills for county government's main campus in East Naples. Department personnel review and approve the campus charges, and forward the bills to Finance for payment.

AUDIT OBJECTIVE & SCOPE

The objective of this review was to determine whether opportunities exist to reduce the monthly electric bills for the main campus. The scope of this advisory was limited to expenditures for campus electricity incurred during calendar year 2003.

FINDINGS

1. Uncertainty exists regarding accuracy of billings due to inability to verify monthly electric consumption.

Recalculation of campus electric bills revealed no mathematical differences. However, we found that Facilities Management presently has no means to verify the monthly amount of electric service consumed by the campus. The electric meters measuring consumption are in a locked vault room in Building K, along with FPL-owned hardware. Because of FPL's liability concerns, the County's contract for electric service confers access to this locked vault exclusively to FPL, and only its personnel have a key. Without the ability to compare the meter reading to the amount shown on the FPL bills, Facilities staff cannot confirm actual electric usage to billed usage. Consequently, management has no way of knowing if monthly electric bills may contain errors or irregularities.

RECOMMENDATION:

Facilities Management should investigate methods to verify the amount of electricity used periodically to assure that the amount billed for electric service is correct.

Facilities Management's Response (Exhibit A)

In speaking with Florida Power and Light Representative (FP&L) Frank Balogh, they normally do not allow access into FP&L electric vaults due to liability and safety issues. However, meter accessibility can be improved by relocating our electrical meter. We have instructed FP&L to facilitate this request at minimal cost.

2. Testing campus electric bills revealed no billing errors or exceptions.

Our recalculations of campus electric bills revealed no mathematical errors. Comparisons of campus monthly usage and daily demand figures to the Public Service Commission approved tariff schedules indicated that FPL is charging the County the optimal rate for campus electricity. Interviews with Facilities Management and FPL personnel, and our review of their correspondence revealed that both parties are monitoring electric use for conditions that may justify rate changes favorable to the County.

RECOMMENDATION:

Management should continue to monitor campus electric consumption for any trends that may lead to potential cost savings to the County.

Facilities Management's Response (Exhibit A)

We concur with the Audit team's recommendation to continue to solicit and monitor rate schedule changes that may provide additional savings to Collier County.

3. Comparisons with other rate schedules disclosed that lower commercial rates are available, but at a price.

We commend Facilities Management personnel for their proactive efforts in seeking electric cost savings and rate reductions. These measures include gathering other large electric consumers in the area to explore reducing costs through bulk purchasing of electricity as a single consumer. There are, however, several commercial rate structures available through the electric provider that could save the County money. However, they involve curtailing electric use in exchange for reduced rates. At present, backup generator capacity on campus is not sufficient to utilize these rates, and Facilities Management believes that the cost of increased standby generation capacity would exceed the benefit of marginally lower electric rates.

RECOMMENDATION:

Facilities Management should study whether the costs of adding and maintaining additional generators on campus would provide justifiable savings to the County.

Facilities Management's Response (Exhibit A)

We will continue to pursue cost saving measures including a feasibility study of adding and maintaining additional generators to participate in curtailable rates offered through FP&L. As we have experienced in the past, curtailable rates are sometimes too inflexible creating situations where power may be dropped at inopportune times leading to computer network issues and other building system failures.

CONCLUSION

We found a County energy policy in the form of Resolution No 80-68, adopted by the Board of County Commissioners on March 25, 1980. A couple of themes stand out in Resolution 80-68, namely, energy shortage is tied to "energy conservation" and "wise use of taxpayer's monies," and the Board recognized "the need for County Government to take an active part in energy conservation." This comprehensive policy included Administrative, Operational, Heating, Ventilating & Air Conditioning, Electrical, Maintenance, Motor Vehicle, and Commodity Purchasing guidance. The Board should consider revisiting this twenty-four year old policy to address technological advancements and economic changes.

Internal Audit thanks Facilities Management personnel for their cooperation in this examination.

Exhibit A: Facilities Management's Response



COLLIER COUNTY FACILITIES MANAGEMENT

3301 East Tamiami Trail • Building W • Naples, Florida 34112 • (239) 774-8380 • Fax (239) 793-3795

July 7, 2004

Patrick Blaney, Director
Internal Audit Department
Clerk of the Circuit Court
Court Plaza III, Suite 102
2671 Airport Road South
Naples, Florida 34112

RE: Electric Bills - Campus

Dear Patrick:

I would like to take this opportunity to thank you and John Ferrell for your time and effort in auditing our electrical bills for the main campus. As you are well aware, our Department is committed to utilizing the best practices to ensure Collier County uses its energy wisely and efficiently.

In reply to your findings and recommendations after your review of our electric bills for the main campus, I would like to provide feedback from our Florida Power and Light Representative, Frank Balogh, (see attached letter) and our Department.

Findings:

1. Uncertainty exists regarding accuracy of billings due to inability to verify monthly electric consumption.

Recommendations:

Facilities Management should investigate methods to verify the amount of electricity used periodically to assure that the amount billed for electric service is correct.

Response:

In speaking with Florida Power and Light Representative (FP&L) Frank Balogh, they normally do not allow access into FP&L electric vaults due to liability and safety issues. However, meter accessibility can be improved by relocating our electrical meter. We have instructed FP&L to facilitate this request at minimal cost.

C o l l i e r C o u n t y

Findings:

2. Testing campus electric bills revealed no billing errors or exceptions.

Recommendations:

Management should continue to monitor campus electric consumption for any trends that may lead to potential cost savings to the County.

Response:

We concur with the Audit team's recommendation to continue to solicit and monitor rate schedule changes that may provide additional savings to Collier County.

Findings

3. Comparisons with other rate schedules disclosed that lower commercial rates are available, but at a price.

Recommendations:

Facilities Management should study whether the costs of adding and maintaining additional generators on campus would provide justifiable savings to the County.

Response:

We will continue to pursue cost saving measures including a feasibility study of adding and maintaining additional generators to participate in curtailable rates offered through FP&L. As we have experienced in the past, curtailable rates are sometimes too inflexible creating situations where power may be dropped at inopportune times leading to computer network issues and other building system failures.

Through performance contracting, building automation, energy audits, and the use of high efficiency equipment, we are confident we can lead the industry in saving energy and monitoring our electrical consumption. With the help of the Clerk of Courts, we will continue to monitor kilowatt use and develop trending information to monitor our dependency on electricity.

Thank you for your help in this matter.

Sincerely,



Skip Camp, CFM, Director
Department of Facilities Management

c: Len Golden Price, Administrator
Administrative Services Division
Daniel R. Rodriguez, M.B.A., Facilities Manager
Department of Facilities Management



June 23, 2004

Mr. Dan Rodriguez Facilities Manager
Collier County Government
Facilities Management, BLDG. W
3301 East Tamiami Trail
Naples, Florida 34112

Re: Power Consumption Audit

Dear Dan:

I forward this communication to answer some of your questions on the above-mentioned audit. FPL cannot allow access to high voltage areas (vaults 23kv) without trained personnel in attendance, safety and liability issues are paramount FPL does not have a contract for electric service document as such. We provide service in the franchise area as requested by County personnel.

Meter accessibility, if for any reason FPL electric meters need to be relocated there would be a minimal expense along with close coordination with county electrical staff.

Presently FPL rate structures will not allow meters to be aggregated in the service territory where a bulk power rate would be advantageous.

The generator at the Justice center and the Time of Use rate for the main campus vault offer \$12,000/yr. and \$11,000/yr. savings respectively. This is accomplished by the curtailable rate in place at the Justice center and the partial Thermal Energy Storage system at the main vault on campus. Curtailable rates are available for any account over 500kwd/mo. and will curtail this demand by 200kwd or any account with at least 200kwd/mo. with a contracted minimum demand of 500kwd. FPL will assist in analysis of accounts for savings that Collier County deems appropriate. (Rate schedules previously provided)

Please call if I can be of further assistance (410-4014)

Respectfully,

A handwritten signature in dark ink, appearing to read "Frank Balogh", is written over a faint, larger version of the same signature.

Frank Balogh
Customer Service Manager

Cc: Walt Danielewski Regional Manager