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PITTSBURGH FIRM FEELS THE BENEFITS OF DEREGULATION



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FIRM FEELS THE BENEFITS OF DEREGULATION IN THE ENERGY INDUSTRY

by Randy Craig

JIM BEHR UNDERSTANDS THE power of customer service, and he credits it for building Energy Savers, Inc. (ESI), the energy brokerage and consulting firm he founded 28 years ago, into what it is today.

“I started this business in 1982 and we still maintain a significant majority of our original clients,” he says. “We are extremely loyal to our customers and they repay that loyalty through additional business.”

Behr’s Pittsburgh-based firm handles energy procurement and supply, as well as consulting in areas like building optimization, and it focuses on multi-family housing and other commercial and industrial real estate. Deregulation in the energy industry has opened new markets for ESI since the 1980s, when the federal government allowed natural gas customers to bypass local utilities, giving the customers significant savings

if they could afford to build the infrastructure to transport the gas. This benefited larger industrial and commercial customers, but left out smaller operations.

In 1992 Pennsylvania passed a law that eliminated a minimum usage requirement for gas transport, which created roughly 8,000 new customers in western Pennsylvania for companies like ESI. And since ESI was involved in deregulation from the start, the company was quick to tap into this new market. It was the first company in the region to offer transport gas to commercial real estate customers.

“ESI serves as an agent for its customers, doing whatever is required to satisfy their energy needs,” Behr says. For some clients, this means ESI works as an extension of their staff to resolve problems with suppliers or utilities. For other, larger clients, this means ESI helps prepare operational bud-

ENERGY SAVERS, INC. AT A GLANCE

LOCATION:
PITTSBURGH, PA

AREA OF SPECIALTY:
NATURAL GAS BROKER FOR
COMMERCIAL CUSTOMERS
AND CONSULTANT FOR
ENERGY UTILITIES

2010 PROJECTED SALES:
\$45 MILLION

PROJECTS PER YEAR:
25+

“Our main marketing strategy is not to immediately write a contract, but to work with a prospective client or a current client and make them feel comfortable with our judgment.” *Jim Behr, President*

gets, cash flow projections, system performance reviews, and equipment replacement schedules.

“Servicing a client can be a very tricky process and involves a significant amount of time. We limit our exposure by matching a client’s needs to a specific supplier,” Behr says. “In most cases, we match a client to a local natural gas supplier with on-system production.”

For electrical power, ESI works with suppliers who generate their own electricity. This produces reliable energy for the client but minimizes the customer service exposure for ESI. “In most instances their energy needs are not constrained by interstate pipeline or grid problems,” Behr says.

ESI’s approach results in long-term budget stability for its clients. “Our main marketing strategy is not to immediately write a contract, but to work with a prospective client or a current client and make them feel comfortable with our judgment,” Behr says. “And only when market conditions are favorable do we write the contract and for the longest term possible. When possible we will aggregate several customers, allowing all to receive lower pricing as if each were much larger.”

This strategy has produced steady, controlled growth for ESI. Gross sales from 2007 totaled \$15 million. The company is on track for \$25 million in gross sales this year and projects \$45 million for 2010, according to Behr. He points to the deregulated electric market as a driver for future growth. “As that market evolves we have the ability to supply electrical power

to our existing natural gas clients,” he says.

ESI is licensed in Pennsylvania to sell natural gas and electricity, the only broker in the state to hold both licenses from the Public Utility Commission. Its work has earned the company two Governor’s Energy Awards (in 1998 and 1999) for outstanding contributions to the state’s energy security.

Another unique aspect of ESI’s business is its service to real estate developers. For example, one current project involves a one-million-square-foot development for retail and limited housing. Three natural gas utilities run lines within 3,000 feet of the space and two electric utilities operate nearby. ESI works to promote competition and get the utilities to


install much of the infrastructure in exchange for long-term exclusive rights to supply the buildings with its energy needs.

Another project resulted in a downtown Pittsburgh hotel switching from Equitable Gas Co. to Dominion Peoples Gas. The hotel experienced savings of more than \$50,000 a year thanks to the differing rate structures, and the line extensions were done at no cost to the hotel.

Those kinds of endeavors are in keeping with Behr’s ideas for the direction of ESI. “Our goals are simple,” he says. “Continue to maintain the highest degree of customer service possible, offer quality products to our clients and control growth at a manageable level.” *EIQ*



ESI's Management Team: Mike Behr, VP Sales, Jim Behr, President, Natalie Abel, VP Sales & (front) Sandy Behr, VP Finance.



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Consulting Services

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ENERGY SAVERS, INC.

Energy Savers, Inc. has 28 plus years experience working with commercial real estate owners and managers. Our diverse services include supplying natural gas, electrical power, demand response management and energy related consulting services. All of ESI's services are designed to achieve significant reductions in the cost and/or consumption of both natural gas and electrical power.