

THE GREEN PAGES

Estimates of electrical power needs can yield savings

By TERRY SCOTT REED
Business Journal Correspondent

Nobody likes paying retail. Big users of electrical power can garner real savings by buying wholesale, according to R. Scott Helm, president of American PowerNet, a Wyomissing-based reseller of electrical power.

Helm began the company 18 years ago as a utility auditing service, but gradually began to focus on energy. The company was then home-based, having "a single desk and a folding chair," Helm said.

As deregulation swept state-by-state through the country, Helm began to look at becoming a reseller of power. Helm focuses on large users — over \$750,000 in annual expenditures for energy, with excellent credit ratings.

"We gain the trust of our customers because we show them exactly how we make our money. It takes a lot of work on our part. We itemize every single hour's cost, and that may involve nine different formulas. It could not be done without computers and the Internet."

~ R. Scott Helm,
American PowerNet

He said his company can save those companies between 5 percent and 15 percent on their electricity costs. Helm pointed out that, by buying retail, companies pay one fixed rate, but, he said "the price of energy changes hourly and by month of the year."

According to Helm, the highest prices come at times of peak use: between about 11 a.m. and 1 p.m. daily, and, due to air conditioning, during the months of July and August each year.

Companies estimate their energy needs, working along with American PowerNet, and then contract with APN to supply the power. If the company needs more, Helm said the firm provides it, although it may cost a bit more. If a company overestimates its need, the excess can then be re-sold, some-



Photo by Terry Scott Reed

R. Scott Helm, president of American PowerNet, standing, looks on as David R. Butsack points out a movement in the energy market. The company buys energy hourly. Butsack is the company's vice president of logistics and analysis.

times at a profit, sometimes at a loss for the company.

"Electricity is the most volatile commodity in the world because it can't be stored," Helm said. The 5 percent to 15 percent savings are overall and reflect aberrations like those, he said.

Computer monitoring

Helm said that computers enable his company to carefully monitor the energy market and buy accordingly, hour by hour. Also, he said his company's earnings goals are more modest than those of the big utilities, so American PowerNet doesn't take the big markups others do. The company can profit because of their computers and because they operate just one location nationwide. Last year, the company had annual sales of "around \$20 million," Helm said.

Helm uses phone calls and direct mail to reach potential clients, combined with memberships in various trade organizations. Heavy users include steel producers and companies that produce gases and "air." Energy makes up 15 percent of manufacturing costs in the steel industry, and up to 70 percent in the gas business, Helm said.

American PowerNet lists Harvard University and PPG Industries as among its large customers. In January 2008, PPG presented Helm with an award, PPG's highest honor,

for being a "2007 PPG Excellent Supplier," based on benchmarks for quality, delivery, documentation, innovation, responsiveness and commercial value.

Helm stressed a long-term approach to energy management. "Initially, our clients had to do some more work, to prepare for using our services," he said. That would include data gathering.

Helm said his company begins any relationship with a no-charge energy survey to identify potential economies and highlight wasteful practices. The company analyzes one year of usage, based on data provided by the client's current utility.

American PowerNet doesn't guarantee a specific savings; rather, it estimates a range of savings. Helm pointed out that electrical power is a commodity market. "But the cost will always be less than retail," he said.

A big difference

One big difference is that the company has chosen to be as transparent as it can be. Fees and charges are always broken out, not hidden within their energy invoices, so companies know exactly what they are paying for.

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Business basics

AMERICAN POWERNET

- **Principal:** R. Scott Helm, President
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- **Number of employees:** nine
- **Locations:** one
- **Years operating:** 18

cost, and that may involve nine different formulas. It could not be done without computers and the Internet," he said.

Helm said that most company CEOs and CFOs have their head buried in the sand concerning upcoming price increases in the electric energy field.

"PPL is the first — January of 2010, but Met-Ed and PECO follow along in 2011," he said.

He contended that all company heads should be looking at their operations now to see if there are ways to save energy by doing things a little differently. "Things like scheduling your down-time maintenance for July and August, around the peak noon hours," Helm said.

Helm said the company has found its niche. He has no plans to do something similar in other areas, say, natural gas. The company currently has licenses in seven states, but that's where his current customers are, he said. If a potential client came forward from another state, American PowerNet would get licensed there as well, he said. While not automatic, licenses are not subject to bidding wars or similar restrictions as the airwaves are, for example.

Helm said that, because of its complexity, many CEOs and CFOs don't fully understand how the energy market works. He said that his company is there to provide a bit of enlightenment and a lot of expertise, the net result being a significant savings on energy costs.

If you would like to have yourself or your business considered for the Profile tell us what makes you or your business unique, what you have done to create a niche in your particular industry or what you have done that has made a difference. Send information to John L. Moore, Editor, EPBJ, 65 E. Elizabeth Ave., Suite 700, Bethlehem, PA 18018. You also can send an e-mail to john.m@epbj.com.

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