



CASE STUDY

Gas Usage by Landlord Results In Recovery of \$12K

OVERVIEW

Many buildings will fluctuate from month to month and year to year regarding the amount of heating fuel they use to maintain sufficient indoor temperatures. Factors such as external temperatures, customer count and possible physical renovations can account for increased usage. The key, however, is to be able to track the monthly usage so that if an increase does occur, the cause can be identified and explained. If an immediate explanation is not attainable, then further investigation should be taken to ensure the increase is justified and not the cause of some other factor(s).

ISSUE

We recently discovered that a particular location had a substantial increase in their gas usage when compared to the same periods in prior years. Through our investigation, it was determined that there were no changes to the hours of operation or standard temperature that was being maintained within the building. The location, however, is located on the 1st floor of an older heritage building, while the 2nd and 3rd floors had not originally been renovated and therefore remained vacant. There was one meter servicing the whole building and as our client was the only tenant, the lease terms stated that they would be responsible for all gas usage.

Recently, the Landlord began renovations on the upper two floors that continued over the course of four months (Nov. to Feb.). Obviously heat was required in these spaces during construction and this came from the “bulk” meter for the whole building which our client was paying for.

ACTION TAKEN

- 1) We pulled the last few years of gas usage data and normalized the figures, so that weather conditions from year to year were factored out of the equation.
- 2) Upon reviewing this data, it showed that the store had used approximately 400% more gas within the current year then it had for the average of the previous years.
- 3) We investigated with the site and were told about the renovations that were going on.
- 4) Our client’s construction department became involved and opened discussions with the contractor completing the work for the landlord.

RESULTS OF INVESTIGATION

It was agreed that the additional costs in heating should be covered by the contractor and a settlement amount of \$11,500.00 was agreed upon.

RESOLUTION

Now that the renovations are complete, the landlord has installed sub-meters for all tenants to avoid this situation, and allow each tenant to be billed based on their own usage.

CONCLUSION

By continually monitoring the utility billing data, this issue was caught fairly quickly and was resolved prior to the contractor completing their work and leaving the site, which made it much easier to negotiate with them and recover funds. Although this was an unusual situation, it may be a more common occurrence than one might think, depending on the type/age of buildings that are occupied by a company. **Could you be paying for someone else’s heat? Contact us and let Powerhouse help you regain peace of mind.**

WANT TO FIND OUT MORE?

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