

Case Study - Tarrant Manufacturing Co., Inc.

“We spent a huge amount of time investigating this problem and had given up. The fact that Cost Control Associates persevered speaks to their tenacity in getting to the bottom of a problem!”



Background

Tarrant Manufacturing Company, Inc. began operations in 1910 in Saratoga Springs, New York producing road maintenance equipment. Today, Tarrant continues to produce high-quality highway maintenance equipment including a full line of salt and sand spreaders, vacuum leaf loaders, and catch basin cleaners.

In 1999, Kathy Tarrant, Treasurer, saw a considerable increase in the cost of electricity for the plant that could not be explained by changes in production levels or equipment.

When contacted, the utility company agreed to test the accuracy of the two electric meters for the plant, but its tests showed the meters to be accurate. The utility company also installed advanced metering equipment to measure demand and consumption in 15-minute intervals. This metering data produced reams of paper, but still no explanation for the increased costs that were now averaging over \$1,000 per month.

Solutions

At the suggestion of their public accounting firm, Tarrant called Cost Control Associates and requested a complete review under the **Cost Recovery and Reduction™** program. Using its proprietary software, Cost Control Associates performed a complete analysis of past bills and quickly found the problem - the utility company had changed the rate on the account.

Rather than each of the plant's two meters being billed under separate accounts, readings from the two meters were totaled and billed under a single utility account.

While the combined billing would normally result in customer service charge savings, in this particular case, it caused a demand threshold to be reached that triggered a change to a higher cost rate in 1999.

Results

Cost Control Associates filed a request with the utility company to have the two meters billed under separate accounts at the lower-cost rate and to have a refund issued for the higher costs incurred since the 1999 rate change. After the utility company denied the claim, Cost Control Associates presented the case to the Public Service Commission. After several rulings by the Public Service Commission, the utility company finally agreed to make the refund and change the billing to the lower-cost rate.

According to Kathy Tarrant, “it was not only the value of the \$57,000 refund that was important, it was also the \$14,000 per year that we will be saving each and every year that makes a real difference”.

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