

SMALL BUSINESS

Aggregator saves clients gas and electricity costs

By Jeff McKinney

jmckinney@enquirer.com

SYCAMORE TWP. – Spence Faxon and his peers at Energy Alliances Inc. are on a mission to help customers cut utility costs.

But Faxon quickly points out that he can't guarantee bills will always drop, because regulators and market forces determine that.

"Our goal is to help customers buy energy as efficiently as possible," he says.

Energy Alliances sells natural gas and electricity directly to large and small businesses and residential customers, as well as offering other services.

Founded 25 years ago by Faxon and three executives who are still there, Energy Alliances has experienced brisk growth in recent years. The firm now has more than 55,000 business and residential customers mainly in Southwest Ohio, up from just 3,000 four years ago, Faxon says.

The gain largely came from natural gas aggregation, a law passed by Ohio lawmakers nine years ago.

It allows small businesses and individuals to pool together and buy energy in bulk supply like major factories.

Faxon said the law allows customers to get some of the same advantages, including price stability and price protection.

Rates for Energy Alliances' aggregation customers are fixed generally for at least a year.

"We've been able to save our customers millions of dollars since we started," says Spence, Energy Alliance's owner and president.

Marketing director Mark Bishop says Energy Alliances also has grown because it offer customers programs to control their energy costs.

Vice president Bill Grafe added, "another fact that has helped our growth is that through our customer service we have retained many customers for many years."

Aggregation is what largely spurred Energy Alliances' growth. It has been providing services to 21 communities stretching from Green Township in Hamilton County to Miami Township in Clermont County



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Energy Alliances founders (clockwise from top left) Bill Grafe, vice president; Mark Bishop, marketing director; Spence Faxon, president; and John D. Faxon, utility analyst, at the Sycamore Township offices.

Energy Alliances Inc.

Owner: Spence Faxon

Headquarters: Sycamore Township

Established: 1985

Employees: 12

More info: 513-794-5555
or www.energyalliances.com

A lot of power: Expects to sell enough natural gas this month to supply a city about the size of Dayton.

for the last four years, Faxon says.

He says the firm has boosted revenue 300 percent in the last four years through 2010, but actual dollar figures were not disclosed.

Jim Champlin, a Reading city councilman who chairs the city's Utilities Committee, said the city has worked with Energy Alliances to implement energy aggregation programs for natural gas since September 2009 and for electricity since June. He says nearly 2,000 households use the services.

He said the combination of the aggregation program and supply and demand for natural gas have resulted in savings of about 25 percent or \$350,000 for Reading residents in the first year of the program.

Champlin said for the second pro-

gram year – from September 2010 through August 2011 – the city expects residents to save an additional 15 percent to 20 percent.

On the electric side, Champlin said the kilowatt hour costs for city residents in the program dropped from 9.5 cents to 6.3 cents from July 2010 through December 2011.

"The aggregation programs have resulted in substantial savings for our residents," Champlin says.

But Champlin also said a risk of the aggregation programs can be an unexpected drop in market pricing during high usage months.

"That's why it's important that municipalities work with strategic partners who can help manage the energy purchasing process," he says.

Bob Wahlke, president of Towne Properties Asset Management Co. in Mount Adams, said his firm has been buying natural gas from Energy Alliances for more than 10 years for many of its apartment communities and commercial properties.

He said the commercial management firm has experienced savings of up to 10 percent annually since it switched from its previous supplier.

"We prefer working with Energy Alliances because of their knowledge of the ever-changing utilities market," Wahlke says.