RATE & TAX OPTIMIZATION

Rate Review Checklist

Most organizations are on the wrong utility rate — not because they made a bad decision, but because utility providers don't proactively move customers to lower-cost structures. Use this checklist before any major contract renewal or rate decision to make sure you're not leaving savings on the table.

18%	3–5 yr	$0
Average utility cost reduction achieved through rate optimization	Typical time an account stays on a suboptimal rate before review	Cost to identify rate alternatives — utilities must provide tariff info

Section 1 — Know your current rate

1. **Identify the exact tariff schedule on every account**
   Your rate schedule is listed on your utility bill — usually abbreviated (e.g., "GS-2", "LGS-TOU", "IS-Large"). Collect this for every account in your portfolio. If any account doesn't clearly show its tariff, request the full rate schedule from your utility provider's commercial accounts team.

2. **Confirm the rate matches your account type and usage profile**
   Tariff schedules are designed for specific customer segments — by industry, load size, and usage pattern. An industrial account on a commercial tariff, or a large account on a small-business rate, is likely overpaying. Cross-reference your account's classification with the utility's tariff description.

3. **Review the last 12 months of demand peaks**
   Demand charges and ratchet clauses mean your highest usage moment — not your average — drives a large portion of your bill. Review your 12-month demand history to understand your peak exposure and whether any peaks were anomalies that could have been avoided or disputed.

Section 2 — Identify available alternatives

4 **Request a list of all applicable tariff schedules from your utility**

Utilities are required to publish their tariff schedules and make them available to customers. Ask your commercial accounts representative for every tariff schedule your account is eligible for — or use your state's Public Utilities Commission website to access filed tariffs directly.

5 **Model your historical usage against alternative rates**

Take 12 months of actual usage and demand data and apply each eligible tariff's rate structure to it. The difference in total annual cost between your current rate and the best alternative is your potential savings. This analysis requires accessing the full tariff document — line by line — not just the headline rate.

6 **Check for time-of-use (TOU) rate opportunities**

If your operations can shift significant load away from peak hours (typically 4–9pm weekdays), a TOU rate can deliver substantial savings. Manufacturing plants, warehouses, and facilities with flexible scheduling are often well-suited for TOU structures — but only if usage patterns align.

7 **Evaluate deregulated supply options where available**

In states with competitive electricity markets (Texas, Illinois, Pennsylvania, Ohio, New York, and others), you can choose your electricity supplier independently of your distribution utility. Competitive supply contracts can lock in lower energy rates — but terms, indexing structures, and cancellation provisions vary significantly.

Section 3 — Tax and fee review

8 **Confirm all applicable tax exemptions are on file**

Manufacturers, nonprofits, and certain government entities may qualify for sales tax exemptions on electricity and natural gas. These exemptions are not applied automatically — you must file documentation with your utility. Check whether your accounts have active exemptions on file, and whether any were applied retroactively.

9 **Review franchise fees and regulatory surcharges**

Local franchise fees and state regulatory surcharges are applied as a percentage of your bill — and occasionally miscalculated or applied to charges they don't legally apply to. Compare the fees on your bill against the utility's filed rate schedule to confirm correct application.

10 **Document findings and set a review cadence**

Rate optimization is not a one-time event — tariff alternatives open and close, rates change, and usage patterns shift. Any rate decision made today should be re-evaluated within 12–18 months. Set a calendar reminder and keep a record of when each account was last reviewed and what alternatives were available at that time.

What this checklist won't catch

This checklist covers the questions to ask — not the modeling required to answer them. Correctly analyzing tariff alternatives for a multi-site portfolio requires access to interval data, the ability to model complex tariff structures, and utility-specific experience. For most organizations, this work is done by a third-party rate optimization specialist.

Timing matters. Some tariff switches and rate election windows only open at specific points in the year — and missing a window means waiting another 12 months. Start your review at least 60 days before any contract renewal or service anniversary date.