



STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
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MICHAEL F. EASLEY
GOVERNOR

July 17, 2002

MEMORANDUM

TO: Council of State Members
Cabinet Secretaries
UNC System President
UNC Chancellors

FROM: Governor Michael F. Easley

A handwritten signature in cursive script that reads "Mike Easley".

SUBJECT: Statewide Utility Initiative

As you are aware, I established the Commission to Promote Government Efficiency and Savings on State Spending earlier this year to address the serious budget challenges we face today. The Commission recently recommended a statewide utility savings initiative. I believe this initiative provides significant opportunity to realize many valuable savings and efficiencies for our State. I am writing to request that you give this initiative a high priority in your organization.

The initiative involves five areas of review:

- (1) a **rate-appropriateness review** by all agencies to determine the most economical rate for electricity service;
- (2) an **energy and water conservation review** by all agencies to determine low-cost and no-cost opportunities to implement common sense savings measures in ongoing operations and maintenance;
- (3) a **review by the State Controller's Office** to determine where efficiencies may be realized by consolidating utility accounts and maximizing the utilization of electronic payments;
- (4) a **rate-appropriateness study of other utilities** by the State Energy Office to determine if further savings can be achieved; and
- (5) actions to enable **agencies to execute performance contracts** to achieve savings, including support of authorizing legislation.

The projected first year savings from this initiative is \$7 million. However, realization of those savings involves commitment from each of you. I have directed the State Energy Office to implement this initiative, and I am asking each of you to designate a liaison to work with the

State Energy Office in this effort. The immediate actions for which your liaison will be responsible are (1) to coordinate the rate review within your agency, (2) to participate in training workshops and other assistance offered by the State Energy Office to identify low and no cost measures that can be easily implemented in the daily facility operation and maintenance of your buildings, and (3) to work with the State Controller's Office to evaluate billing and payment efficiencies that can be achieved. There will be other duties expected of the liaison as the initiative is further developed.

Larry Shirley, Director of the State Energy Office, will lead this effort. Working directly with him on this project is Craig Gammarino, PE, from the State Energy Office. A statewide steering committee has been formed with representatives from several agencies and the University system. This team will provide overall direction for the project.

Working together, I am confident we can successfully implement utility savings across state government. If you have not already done so, please e-mail the name of your liaison to Craig Gammarino at craig.gammarino@ncmail.net within five working days after receipt of this memorandum. Do not hesitate to contact Craig at 733-2230 or at the e-mail address listed above if you require further information. Thank you for your cooperation in helping to facilitate this important initiative.

MFE/spw