



Report Highlights

Energy Efficiency Contracts 2019

Monitoring and Cost Savings

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Audit Control # 40190026
Performance Audit Services • April 2020

Why We Conducted This Audit

We conducted this audit because state law [Louisiana Revised Statute 39:1622(E)(2)] requires the Louisiana Legislative Auditor to conduct periodic performance audits on each performance-based energy efficiency contract entered into by state agencies in effect on and after January 1, 2010. The purpose of this audit was to determine if the energy service companies conducted their monitoring activities and achieved the cost-savings required by their contracts as of June 30, 2019.

What We Found

We found that as of June 30, 2019, there were three energy efficiency contracts in effect. The following table provides a summary of these contracts which include the Louisiana School for the Deaf and Visually Impaired (LSDVI), Southeastern Louisiana University (SELU), and the Louisiana Department of Corrections (LADOC).

State Agency	Energy Service Company	Contract Initiation	Contract Length	Performance Commencement Date*	Total Cost	Total Guaranteed Savings	Projected Net Savings
LSDVI	Johnson Controls, Inc.	May 19, 2004	15 Years	September 1, 2005	\$4,385,684	\$4,421,960	\$36,276
SELU	Honeywell International, Inc.	December 19, 2001	20 Years	November 1, 2003	\$12,141,954	\$12,581,651	\$439,697
LADOC	Johnson Controls, Inc.	September 22, 2011	16 Years	July 1, 2013	\$39,631,903	\$39,189,100	\$-442,803**

*The first day of the month after the month in which all energy savings equipment is installed and operating per each contract, and the date that the first guarantee year and calculation of savings commences.

**The negative projected net savings is a result of LADOC incurring costs prior to the closure of Forcht-Wade Correctional Center and C. Paul Phelps Correctional Center before related savings could be achieved. The Projected Net Savings doesn't take into account actual savings in excess of the guaranteed savings which was \$687,631 through Year 6 of the contract.

Source: Prepared by legislative auditor's staff using information from the LSDVI - Johnson Controls, SELU - Honeywell, and LADOC - Johnson Controls.

Monitoring

- Johnson Controls, Inc. and Honeywell International, Inc. are conducting all monitoring activities required by their contracts.

Cost Savings

- Johnson Controls, Inc. did not achieve the savings guarantee for Year 14 of the LSDVI contract through June 2019 and will pay LSDVI the \$6,554 shortfall.
- Honeywell International, Inc. exceeded the annual savings guarantee for Year 16 of the SELU contract through October 2019.
- Johnson Controls, Inc. exceeded the annual savings guarantee for Year 6 of the LADOC contract through June 2019.

View the full report at www.la.gov.