

Utilities Management

Case Study

Railroad Operator Outsources Utility Bill Pay Services; Keeps Critical Equipment Up and Running

Client

Aspiring to be one of the fastest-growing, best-performing, and most customer-focused transportation providers in North America, this cross-border railroad is a pioneer in the freight rail industry. The company has a long history of innovating as the industry has changed over the past century and a quarter. It is focused on giving shippers direct access to key ports throughout North America.

Challenge

Like most railroads, this cross-border transportation provider maintains a large number of utility accounts with providers located all across the continent. With as many as 2,500 individual utility bills to pay every month and new accounts opening frequently, keeping up with bill payments and their various due dates presented an enormous challenge for the accounts payable team. Further, the company lacked meaningful insight into its overall utility spend. Budgeting, forecasting, and reporting efforts all suffered as a result, creating ongoing sources of headaches and frustration for leadership teams.

The issue came to a head when the company began receiving disconnect notices for utility accounts that were not in the AP system or even on the AP team's radar. To keep up with growth, field service staff often work directly with new utilities to get needed equipment up and running at different sites, but the details of these new accounts never made it to AP. In some cases, the new utility bills would be sent to the equipment location site and not the billing office, resulting in bills going overlooked and unpaid sometimes for months on end. Given the public safety risk associated with the potential shutdown of railroad equipment such as crossing signals, the railroad turned to SIB for support with [utility bill pay services](#) to streamline the process of managing utilities for its large- and growing portfolio of accounts.

Solution

The railroad outsourced utility bill pay services to SIB's utilities experts, Cost Control Associates (CCA), and instantly freed up significant time for more value added initiatives since they no longer had to process and pay thousands of utility bills every month. With its new automated invoice processing and payment solution, the team gained peace of mind that all new accounts would be set up properly and that every bill would be paid on time, every time, eliminating costly late fees and potentially disastrous shut off notices.

At the same time, CCA team provided much needed oversight for the bills, which include electric, gas, water, and sewer bills. The railroad contracted with CCA to provide rate analysis along with exception item analysis and resolution. The CCA team helps ensure best-in-class pricing, renegotiates contracts as needed, to save the railroad money, and then validates that those savings are realized and sustained.

The team audits bills to identify issues including costly billing mistakes or malfunctioning equipment and works directly with the utility providers on the railroad's behalf to capture savings and credits due, eliminating yet another tedious and time-consuming hassle for the internal team. The team also identifies and closes dormant utility accounts, creating additional savings and efficiencies.

Perhaps one of the greatest benefits of streamlined utility invoice processing is improved access to utility data, which the railroad needs to improve its own budgeting and forecasting as well as to meet growing demand for increasingly robust sustainability reporting. The railroad's decision makers now enjoy easy access to consolidated utility spend data, providing invaluable insights into overall costs and sustainability initiatives.

Results

The railroad has dramatically improved the efficiency of its accounts payable team, improved budgeting accuracy, and enhanced sustainability reporting disclosures and transparency. The work has resulted in bottom-line savings including a 35% reduction in propane gas costs and more than \$40,000 in recovered costs due to billing error identification and resolution. Going forward, the SIB team is contracted to help the railroad with its energy supply procurement initiatives including sourcing and securing market competitive supply rates for electricity and natural gas. This will help drive additional savings and efficiencies as the railroad works to create a more sustainable future.

Savings Highlights:

- Streamlined invoice processing and payment, increasing operational efficiencies.
- Reduced late fees and utility shut off risks.
- Access to consolidated and accurate data for improved budgeting and decision making.
- Improved sustainability reporting.
- Significant energy cost savings.



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About Cost Control Associates

Cost Control Associates, an SIB company, is the unbiased energy and utility advisor that business trust to procure, optimize, and manage best-in-class energy programs from end-to-end. We manage your data, price, and demand to reduce risk, prevent service disruptions, capture energy savings opportunity, and advance sustainability goals.

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