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Energy crisis fuels growth for Port Washington company

The Business Journal of Milwaukee - by [Pete Millard](#)

The energy crisis in California and the uncertainty of what may happen this summer in a dozen other states has reestablished energy conservation as a hot public policy topic.

Franklin Energy Services Inc., Port Washington, may not applaud the misfortunes of those companies in energy-deficient locales, but the company welcomes the chance to showcase its energy conservation expertise.

Franklin Energy stands ready to guide businesses through the conservation fog to achieve electricity and natural gas reductions that will save million of dollars.

"As shortages and high prices draw more attention to energy, we expect growth opportunities for our business," said Paul Schueller, president of Franklin Energy, a 12-year-old energy conservation consulting firm.

Franklin Energy's anticipated growth is based on several new developments. In addition to more work because of heightened awareness of conservation, energy supply issues should also feed the demand for the company's services, Schueller said.

"Our customers view us as allies in their energy reviews of systems and prices," Schueller said.

The changing energy landscape also is giving Franklin a chance to add more services to the consulting firm's portfolio. The latest service from Franklin answers clients' financing and hedging questions, as well as conservation questions.

"Sixteen months ago, when legislation changed our world, we decided to branch out into other services," he said. "Working from the supply angle is a wise expansion choice for us because we are unbiased in our energy reviews."

Franklin Energy does not have partnerships with equipment distributors, manufacturers or energy marketers. The company's consultants act as their clients' energy advocates and give clients options for selecting contractors or equipment suppliers.

The firm's supply services include regulatory, rate and billing analyses, as well as financial hedging strategies.

Schueller's 30-employee firm had sales of \$2 million in 2000. The consulting firm is hiring eight more people this spring. Schueller expects to have 50 employees within a year.

Throughout the 1990s, after Schueller left his job as a demand-side management consultant for Wisconsin

Natural Gas Co., Racine, Franklin Energy worked exclusively for utilities to introduce new conservation practices to customers.

Franklin Energy eventually became a major outsourcing firm for Wisconsin Electric Power Co., Milwaukee, which had purchased Wisconsin Natural Gas in 1994.

Reliability 2000 legislation that was part of former Gov. Tommy Thompson's last biennium budget bill altered how Franklin Energy reached the marketplace.

In the past, utilities were responsible for spending millions of dollars on conservation. The Reliability 2000 legislation shifted the conservation oversight responsibility from utilities to the Wisconsin Department of Administration's energy bureau. Utilities now send their millions of conservation dollars to the DOA, which manages the conservation programs through contracts with private-sector companies such as Franklin Energy.

"Basically it was a shock because all our old clients were gone and we had to pursue new business through the state," Schueller said. "It was a whole new bid process."

Franklin's bread and butter business is conservation. Schueller said 80 percent of his business is derived from energy audits, cost-benefit and pay-back analyses of new equipment and finding financial incentive deals for clients.

"The need for energy conservation services will grow, and companies like Franklin with proven track records will succeed," said Mike John, a spokesman for Wisconsin Electric.

Currently, 20 percent of the firm's income comes from the supply-side work it does for clients.

"In terms of future growth, we expect to see the supply business grow 25 percent because it is an easy target," Schueller said.

Schueller would be happy to see his demand-side management business add another 10 percent to its revenue in 2001.

"(Franklin Energy) is unique in the state, if not the country, for having created a vehicle and process for delivering conservation services that we think will be duplicated in other areas of the country," said John Marx, administrator for DOA's energy bureau.

Schueller already has an office in Kentucky that is working on conservation programs through American Electric Power Co., Columbus, Ohio. Schueller also has his eye on expanding his business into other states such as California, New Jersey, Vermont, Maine and Connecticut.

Franklin was one of a dozen of private companies participating in a Wisconsin conservation pilot project called Focus on Energy. The pilot was an energy conservation experiment in 23 northeast Wisconsin counties that reviewed the capital investments of companies wishing to upgrade their energy efficiency levels.

"The experience in the pilot program taught Franklin a lot about making changes and fine-tuning our conservation programs," Marx said.