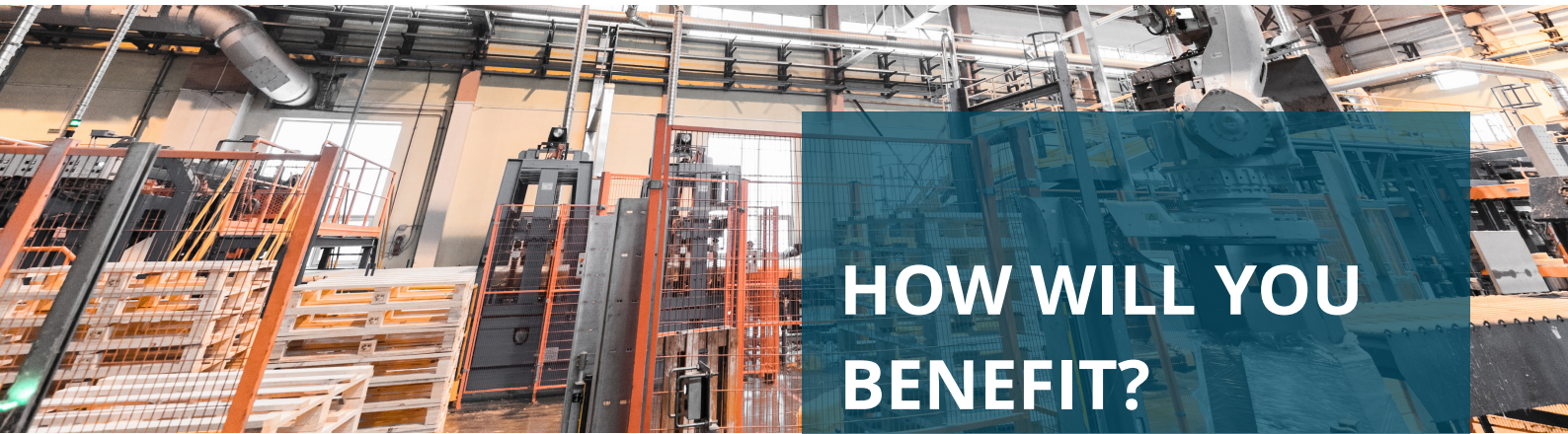


# TAX EXEMPTION FOR MANUFACTURERS



## HOW WILL YOU BENEFIT?

### What do we mean when we talk about tax exemption on electricity?

Manufacturers are generally exempt from paying sales tax on at least a portion of their electricity bill. The caveat of course is that the exemption only applies to the electricity being used as part of your manufacturing process. For example, electricity used to power offices would not fall into that category. To differentiate, a predominate use study is typically performed to determine what usage in your facilities could (and should) be tax exempt. In many cases, organizations have been able to recover taxes paid in error up to three years after the fact.

### What do we need from you?

The good news is, we'll do the bulk of the heavy lifting. Typically, all we need is a copy of a recent set of one month's utility bills and authorization to obtain utility bill histories from your utility company. That's it! Other than a possible tour of your facility, there's minimal interruption to your workday or your facility's operations. Findings usually come back within 30 days or less, and no action is taken until you've approved to move forward on collecting any savings found.

The beauty is that it truly is a no risk, win-win situation. With no upfront fees, the worst-case scenario is that we don't find savings and you walk away knowing that you've done your due diligence (at no cost to you). Best case scenario is that you receive savings, which can come either by way of a refund or as a credit to your bill.

### What about a rate class audit?

Great question. A rate class audit ensures that your organization is in the right rate class and receiving the right charges. Your rate class is often determined by your usage, demand, and voltage levels, which place you within a certain rate class for utility service. Peak load contribution (PLC) "tags" are designed to ensure that your organization will have sufficient generation on what is presumably one of your most energy-intensive days of the year - a hot summer day. The costs of transmission, and capacity in some markets, cannot be controlled but, when paired with your PLC tags (which you CAN control), they make up a significant portion of your total charges.

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By reducing your electricity demand on potential peak days, your organization stands a much better chance of lowering your PLC tags for the following year, generating long-term savings.

## How is my rate class determined?

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Your rate class can vary depending on your size, so having a professional make sure you are in the right rate class can be financially beneficial in the long run. For example, organizations that use a lot of power overnight and on the weekends may benefit from a Time of Use (TOU) rate class. Changing rate classes may involve installing a different type of meter that more accurately tracks your actual usage and demand patterns. By understanding and adjusting your usage patterns, your organization can use more electricity during lower cost, off-peak periods, which will ultimately result in lower costs.

## What are next steps?

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APPI Energy is here to help your team navigate what's likely an unfamiliar terrain on your end. Their team can help uncover any unnecessary costs on your invoices, as well as retroactively receive the appropriate reimbursements, ensuring that no future tax payments are made.

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In addition to working on multiple energy supply contracts for us, the APPI Energy customer service team also made sure our electricity contract qualified for tax exemption. The customer service team found that as an industrial manufacturing plant, no less than 75% of our electricity is consumed by manufacturing which qualifies us for tax exemption, and we are happy that the APPI Energy team was able to provide this service for us!

Francis Amendola, Purchasing Manager  
***Pez Manufacturing Corp.***