



1998 - 1999

## Client Profile

- Electric Utilities
- Combined 2 million Electric Customers
- Eastern US

## PRES Location Strategies

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## Merging Operations

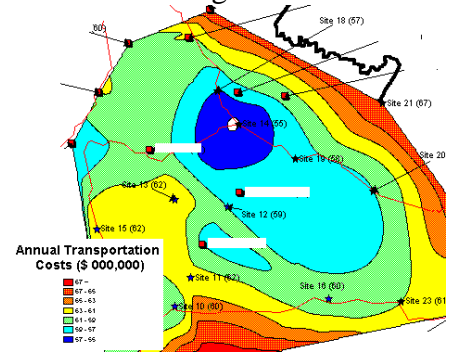
During the pre-merger planning of these two electric utilities, a target of \$10 million savings from the facilities was established. The client requested an evaluation to determine if there could be savings resulting from a reduced number of field service and support facilities locations post-merger.

An analysis of the locations of the two companies' service centers was performed to identify alternative options. The first option identified \$10 million savings by closing 12 facilities. A second, unanticipated alternative found \$10 million savings in combined facilities costs and travel costs, achieved by relocating some service centers and using substation locations to improve the overall coverage in the service area. The analysis included both the distribution crews and the substation crews.



Areas Where Response Time in Scenario 4 is Better Than in Scenario 3

An analysis of the materials warehouse locations was also performed. The primary question was whether a single warehouse would generate sufficient operational value to offset the potential travel costs to serve the large geographic area. The analysis was performed using the projected delivery frequencies and types of trucks to identify the optimum single location for a central warehouse in comparison with the two-warehouse alternative developed by the materials team. Property value by zone was provided to the team as a basis for subsequent site selection and negotiation.



An additional location analysis was performed with respect to employee locations by functional area as part of planning how to restack/relocate the offices in order to group the post-merger business processes with minimal disruption to the employees.