

DELIVERING VALUE

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PRW Strategic Energy Management

Setting Yourself Up for Success

Bill Hendricksen, Lineage Logistics & Marcus Wilcox, Cascade Energy

EDUCATION | EXPO | NETWORKING



About Cascade Energy

- Our Niche: “Making Industry Energy Efficient”
- In business for 22 years, 100 people (~60 Eng.)
- Worked with 800+ industrial refrigeration systems
- Currently providing energy management services for 430+ cold storage facilities

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About Lineage Logistics

- Public warehousing, dedicated distribution, freight management and more
- 110 facilities in 21 states
- 650 MM cubic feet of capacity
- 6,000+ employees
- Owned by Bay Grove



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Lineage Locations



Seattle, WA



Kansas City, KS



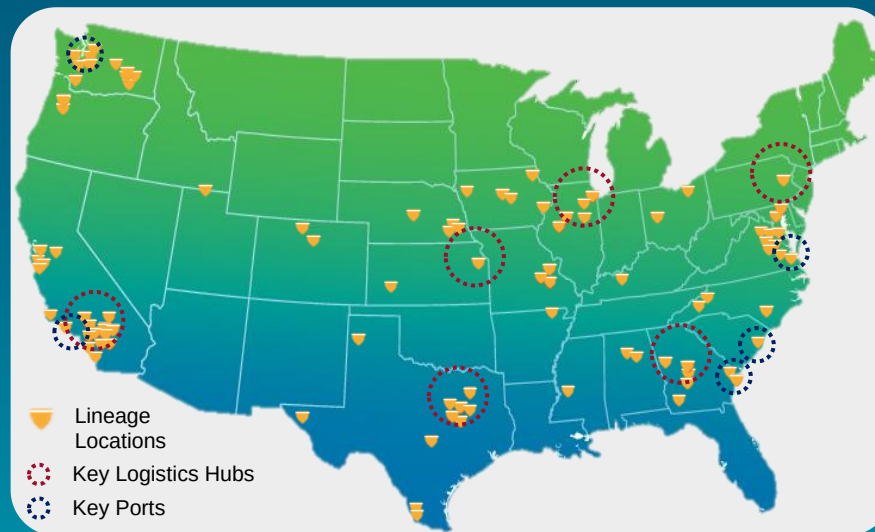
Chicago, IL



Allentown, PA



Manteca, CA



Norfolk, VA



Oxnard, CA



Tar Heel, NC



Riverside, CA



Fort Worth, TX



Atlanta, GA



Savannah, GA

Some Industry Facts*

- GCCA members spend an estimated \$400 to \$500 million per year on electricity
- Energy spend is usually the #2 expense after labor
- Energy spend averages $\approx 11\%$ of revenue

**Source: 2012 IARW Productivity & Benchmarking Report*

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Profitability & Energy Spend*

	Average All Warehouses	Ranked by EBITDA %		
		Loss to 22%	22.1% to 38.0%	Over 38%
Statement of Income — Averages per Warehouse				
Revenue	\$4,714,415	\$4,922,336	\$4,369,263	\$5,452,674
Plant labor	1,205,646	1,372,290	1,150,366	1,241,607
Plant fringe benefits	344,116	428,427	314,815	365,661
Electricity	376,673	481,409	367,369	335,405
Other plant costs	547,447	888,963	490,124	480,645
Administrative expenses	444,299	658,972	428,530	351,434
Property tax and insurance	214,201	233,944	206,363	221,695
Expenses before depreciation	3,132,382	4,064,005	2,957,567	2,996,447
EBITDA	1,582,033	858,331	1,411,696	2,456,227
Depreciation, lease, financial	1,062,531	685,001	1,155,031	1,061,242
Net income	\$519,502	\$173,330	\$256,665	\$1,394,985
As Percent of Revenue				
Plant labor	25.9%	29.8%	26.2%	21.4%
Plant fringe benefits	7.4%	8.9%	7.0%	6.6%
Utilities	10.5%	13.5%	10.7%	7.0%

*Source: 2012 IARW Productivity & Benchmarking Report

Operational “Up At Night Issues”*

**Operational “Up At Night Issues”
(Frequency Of Top 4 Selection - by Role)**

Operational Opportunities & Challenges By Role	Top Execs	Senior Execs	Warehouse Mgrs
Increase Profitability incl. Cost Controls & Process Alignment	1	1	2
Strategic Business/Operational Planning	2	5	6
Cost, Availability & Load Shedding of Electricity	6	2	1
Staying Current w/Industry Innovations & Practices; Benchmarking	7	2	
Workflow/Keeping Capacity Balanced (incl. Seasonal Variances)	10	2	4
Operational/Tactical Planning	5		2
Customer Service/Engagement/Retention	3	6	
Regulatory Compliance	4	8	
Capital for Growth/Expansion	7	8	4

*Source: 2014 IARW Member Impact Survey

Why is Lineage Doing This?

- Profitability
- Sustainability
- Corporate Social Responsibility
- Investing in our Team

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Lineage's Goals

- 10% energy savings over 3 years
 - Targeting ~\$10 million in cumulative cost avoidance
- 25% energy savings over 10 years
 - Targeting ~\$80 million in cumulative cost avoidance

The 5 Pillars of PRW SEM



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Who Impacts Energy Spend?

- Operators
- Maintenance
- Operations/Warehouse Staff
- Customers
- Executives
- Contractors or Vendors
 - 3rd party operators or maintenance

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What Can Limit or Prevent Success?

- Lack of executive support or sponsorship
- Lack of organizational alignment
- Assigning the initiative to the wrong person
- No goal, no plan, or no budget
- Thinking there is no opportunity to improve
- Hoping for “magic” solutions
- Not addressing roadblock individuals or teams
(see “The Creed”)

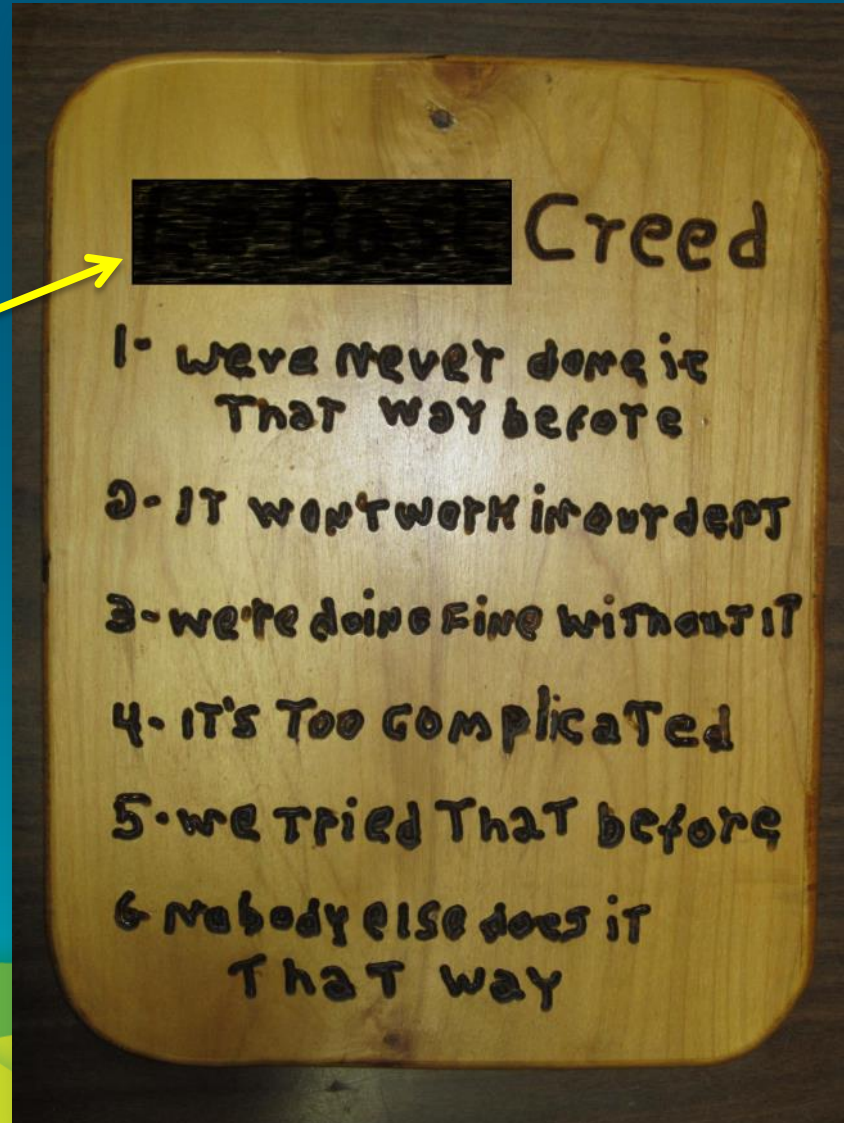
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Roadblock Individuals – The “Creed”

Name Hidden to
Protect the Guilty!



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How Lineage is Targeting Success

- Clear and robust executive support
- Ensuring organizational alignment
- Assigning ownership to the right people
- A goal, a plan, and a budget
- Pilots to understand magnitude of opportunity
- Public commitment
- Partnering

Why a Public Commitment?

02.24

2015

Lineage Logistics Launches Nationwide Energy Management Program

Posted in [Business Development](#), [Enhancements](#)

Colton, CA, February 24, 2015 – Lineage Logistics (“Lineage”), a warehousing and logistics company backed by Bay Grove, announced that it has joined the U.S. Department of Energy’s Better Plants Program, a national partnership initiative to drive significant improvement in energy efficiency across U.S. industry. By joining the program, Lineage pledges to reduce its energy intensity by 25% over the next ten years companywide. Lineage launched its energy management program yesterday at its Allentown, Pennsylvania cold storage facility.

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CEO Frequently Asked Questions

- How do you get buy-in?
- How do you budget for this? Central or site level?
- How do you balance a corporate initiative with an autonomous and empowering culture?
- How do you reward improvement?
- My engineering manager says there is no opportunity to improve, what do I do?

Why We Partnered with Cascade?

- Proven track record with cold storage
- They are a GCCA Service Partner
- Strong technical expertise – in the primary energy using systems we have
- Ability to educate our staff
- Ability to collaborate with all our vendors and contractors
- No conflict of interest – they are neutral

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Energy Management Sage Advice

- Energy management is only 20% technical. It is 80% about people and choices they make.
- Energy management is not a project. It is an initiative. It is continuous.
- There are NO magic solutions. The REAL solution is a goal, a plan, a budget, executive support and companywide alignment.

Thank You

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