

## Even the smallest businesses are exploring alternative energy

By: H. Lee Murphy March 26, 2012



Robert Wisz, owner of Doreen's Gourmet Frozen Pizza, puts natural gas into one of his delivery trucks.

Photo by: Erik Unger

Even the smallest companies are finding that a modest investment in energy alternatives can reap big returns.

When gasoline prices took a leap four years ago, Robert Wisz the owner of Doreen's Gourmet Frozen Pizza Inc. in Calumet City, decided he had to act. Fuel for his fleet of nine trucks delivering pizzas to grocery and tavern customers around metro Chicago was eating up profit.

On a limited budget, Mr. Wisz, had to be resourceful. He scouted used-truck auctions, where

various federal and state agencies were unloading surplus natural gas-powered vehicles, and got some mini-trucks for as little as \$7,000, far off the sticker price of \$35,000 (\$10,000 more than a similar gasoline-powered truck). Then he landed a \$20,000 federal grant to help finance a \$50,000 compressor (obtained used) that could process natural gas from a local utility into compressed gas to run his fleet.

The economics look compelling. Mr. Wisz calculates that a gallon of his compressed gas costs him 50 cents for the raw product, 15 cents to compress and perhaps another 30 to 35 cents in depreciation and amortization of his investment. The natural gas gets 13 miles per gallon in his vehicles, compared with a 14 mpg average in gasoline-powered trucks.

"Obviously, if regular gasoline goes to \$5 this summer, I'll accelerate the payback on my investment in natural gas," Mr. Wisz says. He's negotiating for further tax credits of 50 cents a gallon on his gas purchases. "We call our trucks 'green pizza machines,' and our customers seem to like the idea that we're committed to green causes," he says.

Construction is due to start next month on the 19-suite Green Leaf Inn in Delavan, Wis., a favored vacation spot for Chicagoans. The inn is being advertised as the first net zero-energy hotel in the nation, with wind, solar and geothermal power supplying all of the facility's needs.

A 150-foot wind turbine, producing 50 kilowatts of electricity (enough to power a dozen homes) on even a moderately breezy day, is already up and running and pouring electricity back into the Wisconsin power grid. Green Leaf's husband-and-wife owners, Fritz Kreiss and Catherine McQueen, reduced the \$350,000 construction cost of the turbine by obtaining a U.S. Department of Agriculture grant of \$84,000 (as part of a program promoting wind power in rural areas) and another \$100,000 from Wisconsin's utility co-operative. Add in a 30 percent tax writeoff for immediate depreciation and the couple figure they have reduced the cost of the turbine to \$80,000 or so.

Elsewhere on the property, the couple's investment is even less. There will be solar-power panels contributing to a co-generation system that they won't own themselves. They have sold off pieces of their solar production plant to investors who will furnish the hotel electricity produced on-site at rates 20 percent below what the local utility, Alliant Energy, charges.

Mr. Kreiss and his wife won't identify their investors, but they do say that a network of entrepreneurs can be found at solar energy conferences and other alternative energy promotional events seeking to make deals. "They pay for the construction, then grab all the tax breaks they can, and then they can beat the local utility in price," Mr. Kreiss says. "Most investors are looking for a long-term income stream: Solar panels and wind turbines are built to last for decades, and that's attractive to them."

Wisconsin has no energy competition, and the local utility charges close to 14 cents per kilowatt hour, nearly double the rate of Commonwealth Edison Co. in Illinois. "Here, if you want choice in energy, you've got to be prepared to build your own facilities," Mr. Kreiss says. He has slated an opening for his hotel in spring 2013.

Many small-business men are content with more modest energy savings. Chris Dallas, the co-owner of a 20,000-square-foot grocery, HarvesTimeFoods, on Chicago's North Side, invested \$240,000 in a unique awning festooned with solar panels that lower the store's energy consumption by 5 percent. The cost was reduced by a \$48,000 rebate from the Illinois Department of Commerce and Economic Opportunity as well as federal tax incentives worth \$60,000. Figuring in depreciation that he was able to write off, Mr. Dallas figures his solar panels cost him \$100,000. It will take 10 years, he admits, to get that much savings on his electric bill.

"It's not just about my cost and the payback period," Mr. Dallas says. "The awning sends out a powerful message to my customers that we are environmentally responsible here. The enhancement to my image can't be calculated in dollars and cents. It's better than any advertising."