TASK II
An Analysis of Regional Banks' Efforts to Promote Energy Conservation Among Commercial Customers

October 30, 1979
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INTRODUCTION

Purpose

The hundreds of thousands of small and medium size businesses in the United States consume millions of barrels of oil equivalent annually. Much of this consumption is unnecessary and could easily be eliminated through simple conservation measures. Yet, many of people who run these firms are unaware of the money and energy saving opportunities that exist. And, equally important, they are unaware how cost-effective many of these measures are. The challenge, therefore, is to educate them as to the nature of these opportunities, their cost (if any) and the resultant long-term dollar and energy savings.

Clearly, one means of educating decision makers in the private sector is to provide them with objective and accurate conservation information which will enable them to undertake intelligent conservation measures.

One of the many possible channels through which information could flow is regional banks*. Therefore, the purpose of this study was to:

1) to determine the role regional banks can and do play in disseminating energy conservation information among their commercial/industrial customers;

2) the nature and content of bank conservation programs;

*As no generally accepted definition of a "regional bank" exists, DHR developed its own definitional criteria. These were: a) the bank must have between $100 million and $2 billion in deposits; b) it must have a cross-section of commercial customers, e.g., light manufacturing, small industrial, small service; c) its business must be predominantly intrastate, with a modest amount of interstate business. A list of lenders whom we interviewed, and their respective institutions appears as Appendix B.
3) what types of additional information would be useful in promoting conservation and how bankers would use it;
4) what, if any, is the appropriate Federal role in assisting regional banks develop conservation promotion programs.
   (In particular, what is the DOE role?)

DHR Hypothesis

The basis for undertaking this study was a DHR developed hypothesis which states: "Regional banks can play an important role in disseminating energy conservation information to their commercial/industrial customers." The logic behind the hypothesis development was:

1) Lenders are constantly looking for new information or services which will be of benefit to their customers. Clearly, conservation information falls into that category.
2) Regional bankers have a close working relationship with their commercial borrowers; frequent contacts and visits are common practice.
3) Lenders recognize that investments in energy conservation are beneficial to both the borrower and the lender. This is because:
   A) Conserving energy can have an immediate and positive impact on a borrower's "bottom line" or net income.
   B) Checking rising energy costs, through investments in conservation, will help minimize a borrower's energy related expenses and, therefore, improve his ability to service his debt.
C) An investment in conservation is a hedge against both price increases and shortfalls in fuel supplies.

An additional source of input to the hypothesis development was a prior study in which DHR examined the role that "money-center" banks (City Bank, Bankers Trust, First National Bank of Boston) play in promoting energy conservation among their commercial/industrial customers. Two of the key findings in the study were:

1) Money-center banks service the nation's largest borrowers (Fortune 1000 firms); to a great degree, these firms are already aware of energy conservation opportunities.

2) Lenders are reluctant to promote energy conservation among their borrowing customers for two reasons: A) they view such a "message" as being outside their traditional role and; B) borrowers would not welcome comments or suggestions which relate to how they run their businesses. One lender characterized these sentiments by saying,"U.S. Steel doesn't tell us where to lend our money, and we aren't about to tell them how to make steel!"

With the above noted findings in mind, DHR postulated that regional banks and their commercial/industrial customers were different from money-center banks and their commercial/industrial customers in two important respects:

1) The typical commercial/industrial customer of a regional bank is smaller than that of a money center bank. And, the smaller borrowers may be unaware of conservation opportunities.
(This statement implies that there is a correlation between size and awareness of conservation opportunities. While there is no direct link between the two, we have assumed that the smaller firms may not have the resources to either employ or consult with engineers or energy experts on conservation matters).

2) Generally speaking, a lending officer at a regional bank has a closer working relationship with his commercial/industrial customer than does his money-center counterpart.

Study Approach:

In an effort to fully explore our hypothesis, the regional bank study was carried out in four phases; each phase contained a specific set of research objectives. With the exception of the final phase, each of the phases had a unique set of discussion topics which correlated with its set of research objectives.* For example, the questions in Phase I were geared toward determining, at the outset of the study, if the bankers interviewed perceived a role for regional banks in promoting energy conservation, what types of conservation program their banks have (if any); their views on energy considerations in the lending process, and finally, what role they envisioned for the Federal Government in helping promote conservation. Thus, the results of each phase of investigation were used as a base from which subsequent sets of questions and research objectives were developed.

The following outlines the activities of each phase.

Phase I: This phase consisted of reviewing the "Money-Center Bank Study" findings, formulating the DHR hypothesis, developing and refining the discussion

*The questionnaires differed for each of the three interview phases. The questionnaire which correlates with each phase, is exhibited at the end of each section. e.g. Phase I - Key Finding.
topics to either support or refute the DHR hypothesis, conducting the initial set of interviews, and reviewing initial results.

**Phase II:** During phase two, discussion topics were modified in order to determine what type of conservation information bankers wanted and how they would use it.

**Phase III:** Phase III was used to provide a limited number of lenders with the type of conservation information they requested and to question them as to its actual use and benefit.

**Phase IV:** The final phase consisted of reviewing the results to date and formulating a recommendation to the Department of Energy.
Phase I: Key Findings

1) Bankers Could Play a Role:

With one exception, the regional bankers interviewed felt that their institutions could play a role in disseminating conservation information. There was, however, no agreement as to what that role would be, the content of such programs, or how the bank would benefit.

Examples of the types of functions banks could perform included:

1) Distribute information on general classes cost-effective conservation investments.

2) Distribute a newsletter to commercial/industrial borrowers— with conservation tips included in the text.

3) Construct bank lobby displays, depicting conservation opportunities.

Additionally, in commenting on their possible role in promoting conservation, the lenders were uniform in their desire to avoid programs which would be either expensive or time consuming. And, not surprisingly, they viewed conservation programs as being primarily for the borrowers benefit, not theirs. Thus, a conservation program could have merit as a marketing tool for lending officers. As one banker stated "I would use it (the conservation program) to help my customers save money and energy."

2) There Are No Current Conservation Programs:

None of the lending institutions in the DHR survey have programs to promote energy conservation—among their commercial/industrial customers. The primary reason cited was that until recently, energy (cost, availability) has not been a major factor in a borrower's
ability to run a successful business. Yet, despite the dramatic changes in the energy picture, none of the lenders in the DHR survey spoke of any concrete plans to develop conservation programs.

3) **Energy Considerations Are A Factor in Reviewing Commercial Loan Proposals:**

The lender interviewed indicated that energy considerations are a factor in reviewing commercial loan proposals. The emphasis however, is on: A) the source of the energy; B) the stability of the energy's supply; C) the borrowers flexibility with respect to switching to an alternate fuel, e.g., from oil or gas to coal and; D) long-term energy price trends. While lenders indicated that they are starting to look at how borrowers are using energy, actual usage is secondary to all of the above noted considerations.

The basis for lenders' energy perspective (supply over actual usage) is twofold. First, an adequate energy supply is elemental to staying in business, be it to heat a plant or to fire a furnace. Second, there is a deep rooted feeling among lenders that they should not interfere with the manner in which their healthy borrowers conduct their businesses, i.e. consume energy. It is our belief that this time honored tradition will not change. And, any conservation program that is developed must be "low profile" and in no way bespeak of interference in the running of a borrowers business.

4) **Lenders Believe That There is a Role for The Department of Energy:**

Lenders interviewed outlined two possible roles for the Department of Energy:
1) Supply lenders, or their trade associations, with reliable, and comprehensible information on future supplies and long-term price trends of various energy sources. This request grew out of a general concern about the differing, and at times conflicting, energy information emanating from Washington.

2) Lenders expressed an interest in receiving information on specific conservation opportunities within certain industries, e.g., retailing, meat packing. Such information would have to be relatively simple and short. (Lenders indicated that while the information could help them service their commercial/industrial accounts, they did not want to spend an inordinate amount of time reviewing and understanding its content.)
Phase I - Questionnaire

1. What role can regional banks play in disseminating energy conservation information? A) To the general public? B) To their borrowing customs?

2. Does your bank have any programs for promoting energy conservation? Please describe.

3. Do you have any plans to further develop existing programs? And, are there other areas of conservation which you feel should be developed?

4. Are energy considerations a factor in reviewing commercial and industrial loan proposals?

5. Do you think that energy considerations will play more of a role in future credit decisions?

6. Has your bank done an analysis of the impact of rising energy costs on the underlying strength of your corporate loan portfolio?

7. Within the parameters of your present lending procedures and activities, how would you structure an energy conservation type of loan to (a) commercial customers, (b) individual customers, (c) real estate related financing?

8. What type of U.S. Government assistance would you like?

9. Is there a role for the U.S. Department of Energy?
Phase II - Key Findings

Having determined that regional banks could play a role in promoting energy conservation among their commercial/industrial customers, DHR modified the discussion topics to determine:

A) exactly how lenders would use the information, vis-a-vis their customers;
B) when they would use it;
C) the appropriate focus of the information, i.e. should it be oriented toward the borrower or lender; and finally,
D) what role they envisioned for either the Robert Morris Associates or the American Bankers Association.*

In addition to modifying the discussion topics, DHR gathered several different types of conservation information from various Department of Energy offices. The information ranged in complexity from simple light bulb changes to detailed engineering studies of various steam boiler efficiencies. The purposes of presenting lenders with a range of information was to determine their reactions to various levels of complexity and detail - in the information provided.

1) Lenders Would Use Conservation Information as a Marketing Tool

Lenders indicated that they would use the conservation information as a new marketing tool both for existing customers and

* The Robert Morris Associates is the trade association for commercial lending officers; the American Banker Association is the association for banks in general.
to attract new business. One lender stated, "If I could use this information to save my customers some money and energy, they'd love me." (The emphasis of saving money first, energy second was mentioned by several lenders). Additionally, several of the lenders interviewed said that they would welcome any information that made them appear "smarter" than their competitors.

With respect to when lenders would actually use the information, the answers varied considerably. One lender indicated that he would use it during the next scheduled customer call; another said he would use it when the opportunity presented itself; and yet another indicated that he would try to make a permanent lobby display - using the energy conservation information as its basis.

2) **Lenders Believe That the Information Should Be Oriented Toward The Customer**

Invariably, the lender interviewed stated that the conservation information should be oriented toward the borrowers. The lenders need not have a detailed understanding of the information presented; rather, they should have, at a minimum, conversational knowledge of the information presented. As such, any conservation materials which are developed should be written with an understanding of the readership audience and the borrowers business.

3) **Information Should Show Investment Cost and Savings Both In Dollars and Energy**

Lenders were insistant that the specific conservation recommendations be accompanied by investment costs, payback periods, and long-term dollar and energy savings. In the lenders' views, this information was critical to making a convincing pitch for energy
4) There May Be a Role for Either The Robert Morris Associates (RMA)
or the American Banker's Association (ABA).

Lenders indicated that they viewed the involvement of either the Robert Morris Associates or the American Bankers Association in a conservation program as being helpful but not critical to its success. In the opinion of lenders, the involvement of either association (AMA, RMA) would lend considerable credibility to the program. Among the suggested roles for the associations were:

1) RMA-DOE sponsored seminars on energy conservation.
2) Articles in either the AMA's or the RMA's trade publication which cite conservation opportunities.
3) A jointly published newsletter which would describe, through the case-study method, conservation opportunities.
Phase II - Questionnaire

1. If the Department of Energy made this type of conservation information available to you, how would you use the information? (a) For in-house purposes - to evaluate loan requests? (b) Turn it over to your customers and let them do with it what they please? (c) Use it to promote conservation investments among your commercial customers, e.g., pointing out what they can do, what it will cost and what the dollar/energy savings will be (d) Use it as a new marketing tool and actively seek both conservation and lending opportunities.

2. Given your answer to the above question, what do you feel would be the most appropriate time to share the information with your customer? (a) As soon as the appropriate officer has had a chance to review the information? (b) When the customer wants to renew their line of credit? (c) During the next scheduled customer call? (d) Other.

3. How important is it for you to understand the information that DOE provides? That is, should the information be oriented toward your customer, toward you, or both you and your customer?

4. Do you feel that the focus of the information should be on conservation or could you use information on fuel supply, price trends, new technology?

5. If you need new information relating to energy (e.g., local supply, price trends, new technologies) what is your current source of information?

6. What role do the ABA and RMA play in providing you with information of a general nature?

7. Do you think there is a role for either the ABA or RMA in distributing conservation information? And, do you think their involvement would lend credibility to a conservation oriented program?

8. Aside from the published information, do you think that seminars or lectures - outlining specific conservation opportunities would be helpful? For example, having speakers at RMA chapter meetings?

9. Customer mix?
Phase III - Key Findings

The purpose of this phase was to provide lenders with actual examples of energy conservation, on a level that was comprehensible to them, and that related to some of their commercial/industrial customers.

DHR researchers mailed eight lenders a copy of a booklet, published by DOE's Office of Small Business. Each booklet contains specific conservation ideas which are relevant to a particular industry. For example, the booklet for florists contains several ideas for reducing energy consumption in both the growing and storage of flowers. Each conservation idea explains the type of conservation investment, its cost to the florist, and the expected energy and dollar savings over the long-term. All conservation ideas, of which there are many, are clear and well described. Each of the eight lenders was given a different booklet, each pertaining to a specific industry, e.g., retailing, apartment buildings ownership and maintenance, automobile service facilities, printing, fabricare.

Five out of the eight recipients had read the booklet before being interviewed by DHR researchers.* Thus, generalizations about their comments are not as meaningful as might have been the case.

1) Lenders Found the Booklets Informative:

Those lenders who had reviewed the booklet found it to be surprisingly informative. In several cases, lenders indicated that they were personally unaware of: 1) the conservation oppor-

* All those who received the booklet agreed to review it prior to its distribution and subsequent interview.
tunities that exist, 2) their minimal cost, and 3) the rapid payback and the large savings which can result.

2) **Lenders Were Confident of Borrowers Being Receptive to Information**

While only one of the lenders had discussed the energy conservation opportunities with a customer, the others believed that their customers would be receptive to discussing and or receiving the conservation booklet. As one lender stated, "How could they object; the booklet is full of ways to save money, and in most cases, at a trivial cost!"

3) **Bankers Liked the Booklets:**

Invariably, the regional bankers interviewed said that they liked the booklet's format, content, level of detail/complexity; moreover, the fact that the booklets are written for the laymen was also cited as being favorable. This enabled them to understand most, if not all, the information contained in the booklet.
Phase III - Questionnaire

1. Do you think the content was helpful to you or your customers?

2. What did you learn from the information?

3. How do you plan on using the information?

4. Have you discussed it with any customers?

5. How would you change the format, or content?

6. Would you like to receive information of a similar nature but that refers to different types of businesses?
Phase IV: Summary and Recommendations

Summary

The previous sections of this study have briefly outlined the findings of each phase of investigation, and as was noted earlier, each phase was intended to build upon the findings of the prior stage. The summary findings which are outlined below are a synthesis of findings, i.e., we combined findings from all three phases to make the following comments and observations.

The interviews, which form the basis of our findings, were limited to a relatively small number of lenders. Thus, generalization about lenders' attitudes, opinions are undertaken with caution.

On the basis of our research and interviews with lenders, we believe that there is a role for them to play in disseminating energy conservation information among their commercial/industrial customers. However, such a role would have to be structured such that lenders would not have to spend too much time digesting the information or administering the program. Moreover, given the varying degrees of enthusiasm for a conservation program, we anticipate that only the more aggressive banks and lending officials would voluntarily take advantage of a program. As previously cited, this is because some lenders are reluctant to tell borrowers how to run their business and, naturally, some lenders would either not have the time or the interest to participate in a program. Nonetheless, we feel confident that there are a sufficient number of lenders who would recognize a conservation program as:

1) a good marketing tool
2) of possible value to a customer
3) contributing to the nation's efforts to conserve energy - to warrant undertaking such a program.

Programmatic Recommendation:

We have established that regional banks can play a role in providing their customers with information on possible conservation opportunities. It is important to remember, however, that the lenders would serve as the conduit for the conservation information (and hopefully the boosters!). The primary objective of the program would be to have the commercial/industrial customers of regional banks actually implement some or all of the suggested conservation measures. The challenge then is twofold:

1) Getting lenders interested in participating in the program, i.e., getting them to request the information, reviewing it, and distributing it to their commercial/industrial customers.

2) Having commercial/industrial firm effect operational changes or take suggested conservation steps.

As a means to accomplishing these two objectives, there are a number of programmatic options open to the Department of Energy, and they vary considerably both in scope and cost. For example, the Department could undertake to educate both borrowers and lenders about energy conservation opportunities through nationwide workshops or seminars. Such a program would be both costly and require extensive administration. Or, alternatively, the DOE could contract to have articles on energy conservation written and subsequently appear in banking and trade journals—at a minimal cost. We do not recommend that either of these approaches be taken. The first option would be too costly and time consuming an undertaking; the second option would produce immeasurable and probably minimal results.

We can, however, endorse a third option. Simply stated, this
would be a program to provide lenders with conservation information which already exists within DOE's Office of Small Business.*

The program which we will outline would be an extension of the Small Business Program, i.e., the Small Business Energy Cost Reduction Program. (At present, the thrust of their program is to make the booklets available through trade associations.)

According to their estimates, if all 2,000,000 business affected were to adopt all of the recommended measures, outlined in the booklets, energy savings could reach 800,000 barrels of oil equivalent per day. Recognizing the difficulty of reaching all businesses in an industry, and that all the recommended measures may not be adopted, projected savings are 300,000 barrels per day. Hopefully, the program we will outline would increase the "coverage" of the conservation booklets and add to the projected savings.

Program Operations

In outline form, the conservation program would look something like this:

1. **DOE Would Advertise Availability of Booklets**

   DOE would undertake an advertising campaign in various trade journals and financial newspapers (e.g., "The American Banker," "Wall Street Journal"). The purpose of the ads would be to encourage lenders to send, or call, for conservation booklets.

2. **Booklets Would Be Made Available Through the Office of Small Business**

   The Office of Small Business already has 13 different booklets available. Each booklet covers a different in-

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*This is the information contained in the DOE booklets mentioned earlier in the paper.
industry (e.g., fabricare, apartment owners and managers, automotive service facilities, commercial printing—see appendix A for a complete list), and contains conservation tips which are relevant to that particular industry. These booklets could be made available to lenders who send for them.

3. **Program Evaluation Would be Easy**

Program results could be evaluated in several different ways. For example:

1. The number and type of booklets distributed could be easily counted.
2. A random sample of borrowers could be contacted to determine A) if booklets were distributed; B) what (if they know) conservation measures their customers have taken.
3. Contact bank customers and determine which of the recommended actions they have taken.

**Pros & Cons of the Program**

While the recommended program has substantial merit, it also has some drawbacks, both of which are outlined below:
Pros

- Conservation information already exists in desirable form
- Costs would be modest
- Program would be easy to administer
- Results could be easily evaluated
- Program would demonstrate DOE's concern for "the little guy."

Cons

- Office of Small Business must cooperate
- Difficult to estimate number of lenders who would respond to ads
- Actual energy saving would be difficult to measure.

Program Costs

As has been previously noted, the cost associated with this conservation program would be minimal, relative to other options. The cost discussion which follows is far from precise; rather, it is intended to highlight the major cost areas. Should DOE decide that recommendation has merit, a detailed budget will this programmatic be developed. The key cost elements would be:

- cost of advertising
- cost of booklets
- mailing information
- program monitoring and evaluation

Cost of Advertising

The cost of advertising will vary depending on the level of effort. For example, if DOE chooses to restrict advertising to trade journals, advertising costs will be minimal. However, should they decide to run ads in Wall Street Journal, advertising costs could be substantial.
**Cost of Booklets**

The cost of the booklets ranges from $1.00 to $10.00 per copy, depending on the subject. The major question for DOE, however, is whether or not they want to make the booklets available for free or to subsidize the price. The outcome of this decision could have a major impact on the cost of the program.

**Mailing Information**

The cost of mailing the booklets would depend on the number ordered as well as which ones were ordered (they differ in weight from booklet to booklet). Thus postage would also be a major cost item.

**Program Monitoring & Evaluation**

The initial program success could be very interesting by determining the number of booklets sent to lenders. This would be simple and cheap. Making an actual determination as to how many of the recommended conservation measures were implemented would be another matter. That would require making contact with lenders and their customers. Both activities would be time consuming and may be costly.

**Next Step - Recommendation**

Should the Department of Energy look upon the program we have outlined with favor, we recommend that the following steps be taken.

1) **Contact the Office of Small Business**
   
   A) Initial discussions with the Office of Small Business should begin to determine their level of interest and to get their comments on the program, as outlined.
   
   B) Determine the availability of the booklets, how
long before more are available.

C) Discuss which office (OPPE or Small Business) will pay for the program, or how costs will be shared, etc.

2) **Talk with other Officer**

A) There may be other officer within DOE which would participate in sponsoring other program.

B) Other officer may have information which would be of some value to lenders.
Office of Small Business
Conservation Publications

1. Energy Cost Reduction in the Fabricare Industry
2. Energy Cost Reduction for Apartment Owners and Managers
3. Energy Cost Reduction for Automotive Service Facilities
4. Energy Cost Reduction for Commercial Printers
5. Energy Cost Reduction for Retail Stores
7. Saving Energy Costs in Your Automobile Dealership
8. Energy Audit for Retailers
9. Energy Audit for Growers
10. How you Can Profit From The Energy Crisis
11. Reducing Energy Costs in Wholesale Distribution
12. The Dairy Energy Connection
13. Energy Cost Reduction in the Banking Industry
LENDING OFFICERS INTERVIEWED

Gerald P. Horgan
Assistant Vice President
Farmers Banks of the State of Delaware
Wilmington, Delaware

Robert Shadduck
Vice President
Delaware Trust Company
Wilmington, Delaware

George W. Forbes, III
Assistant Vice President
Bank of Delaware
Wilmington, Delaware

Ernest T. Salzer
Senior Vice President
Bank of Pennsylvania
Reading, Pennsylvania

George M. Baltozer
Senior Vice President
Harrisburg Region Administrator
Commonwealth National Bank
Harrisburg, Pennsylvania

Donald Atkins, Jr.
Commercial Loan Manager
Southeast National Bank
Chester, Pennsylvania

Robert Irving
Senior Vice President
Equitable Trust Bank
Baltimore, Maryland

Joseph Peters
Senior Vice President
First National Bank of Maryland
Baltimore, Maryland

Gregory Bell, Vice President
Branch Banking & Trust Company
Raliegh, North Carolina

Robert Henley, Vice President
First Citizens Bank and Trust Company
Raliegh, North Carolina

J. Scott Edwards, Vice President
Central Carolina Bank
Durham, North Carolina
1. Did you think the content was helpful to you or your customers?

2. What did you learn from the information?

3. How do you plan on using the information?

4. Have you discussed it with any customers?

5. How would you change the format, or content?

6. Would you like to receive more information of a similar nature but that refers to different types of businesses?
7. Within the parameters of your present lending procedures and activities, how would you structure an energy conservation type of loan to (a) commercial customers, (b) individual customers, (c) real estate related financing?

8. What type of U.S. Government assistance would you like?

9. Is there a role for the U.S. Department of Energy?
March 21, 10:00 a.m.
Ronald Lecky - First and Merchants National Bank, Richmond, VA

Questions

1. What role can regional banks play in disseminating energy conservation information? A) To the general public? B) To their borrowing customs?

A)

B)

2. Does your bank have any programs for promoting energy conservation? Please describe.

3. Do you have any plans to further develop existing programs? And, are there other areas of conservation which you feel should be developed?
4. Are energy considerations a factor in reviewing commercial and industrial loan proposals?

5. Do you think that energy considerations will play more of a role in future credit decisions?

6. Has your bank done an analysis of the impact of rising energy costs on the underlying strength of your corporate loan portfolio?
KEY FINDINGS

1. Regional bankers feel that they could play a role in disseminating conservation information, if such information would be helpful to their borrowers.

2. There are no programs to promote conservation among commercial borrowers.

3. There are no active plans to develop conservation programs.

4. Energy considerations are a factor in reviewing commercial loan proposals. The emphasis, however, is on:
   a) Source of energy
   b) Stability of supply
   c) Flexibility in changing to a new fuel
   d) Long-term price trends

5. Lenders are beginning to look at how borrowers are using energy. (This is done by examining previous expense statements and comparing energy costs).

6. Regional bankers feel that energy considerations will play more of a role in future credit decisions. But again, the stress will be on supply and availability.

7. Two banks have done an analysis of their commercial portfolio, but only at the time of the embargo and not since then.

8. Loans for purposes of energy conservation would not be structured differently from other commercial loans. But in all cases, if the investments were projected to be cost-effective, then such loans would be looked upon with favor. Two lenders did indicate that they would consider extending maturities for such loans.

9. There may be a role for the Federal Government through loan programs through:
   1) Economic Development Administration
   2) Small Business Administration

10. There is a role for the Department of Energy to:
    1) Provide information on specific conservation opportunities within certain industries e.g., meat packing, food processing
    2) Reliable information on future supplies and long-term price trends.
QUESTIONS

1. What role can regional banks play in disseminating energy conservation information? A) to the general public? B) to their borrowing customers?

2. Does your bank have any programs for promoting energy conservation? Please describe.

3. Do you have any plans to further develop existing programs? And, are there other areas of conservation which you feel should be developed?

4. Are energy considerations a factor in reviewing commercial and industrial loan proposals?

5. Do you think that energy considerations will play more of a role in future credit decisions?

6. Has your bank done an analysis of the impact of rising energy costs on the underlying strength of your corporate loan portfolio?

7. Within the parameters of your present lending procedures and activities, how would you structure an energy conservation type of loan to A) commercial customers, B) individual customers, C) real estate related financing?

8. What type of U.S. Government assistance would you like?

9. Is there a role for the U.S. Department of Energy?

OBJECTIVES

1. The role regional banks can, and do, play in disseminating energy conservation information.

2. The nature and content of current programs run by regional banks, to promote energy conservation activities among their commercial/industrial customers.

3. How are energy considerations influencing:
   A) CURRENT CREDIT DECISIONS?
   B) FUTURE CREDIT DECISIONS?

4. What, if any, is the federal role in promoting energy conservation through regional banks and how cost-effective is such a program likely to be.
DH. HYPOTHESIS DEVELOPED

- Regional Banks can play an important role in disseminating energy conservation information to their commercial customers.

DHR. HYPOTHESIS TESTED BY INTERVIEWING REGIONAL BANKERS (EIGHT THUS FAR)

- Regional bankers interviewed believe they could play a role in disseminating conservation information to their commercial customers.
- Bankers feel there is a role for the Department of Energy - i.e., provide information on conservation opportunities.

CURRENT ISSUES

- Are regional banks the appropriate channel of communication for conservation information - relative to other outlets (e.g., local Chambers of Commerce)?

  In terms of:
  - Cost effectiveness
  - Likely impact

IF SO

DOE must determine what is in its current inventory of energy/conservation information and what information is germane to regional banks and their commercial/industrial customers. Such as information on:

- Conservation investment payback formulae.
- Relevant fuel supply information - price trends
- The latest conservation technologies in specific industries

THEY

- DOE must decide what its role will be.
- Level of involvement with other agencies (e.g., Commerce, SBA).
- Involvement with trade associations (e.g., ABA, RMA)

ADDITIONAL CONSIDERATIONS

Additional input from regional bankers to determine:

- If DOE's current inventory of information and the way it is "packaged" is sufficient and appropriate to bankers' needs, i.e., will it be of value to their customer?
- What role the ABA or the RMA should play.