

Decoding Your Electric Bill

Many charges factor into the total cost of your monthly electric bill. This guide will help explain what the various line items on your bill mean, and how they are calculated. Note: Depending on the company, the exact terminology used could vary as indicated in some of the definitions shown below.

Customer Charge

Sometimes referred to as the Basic Service Fee, the customer charge partially recovers fixed costs associated with providing electricity to customers. These fixed costs include bill processing, mailing expenses, meter equipment, maintenance on equipment used to provide electric service such as meters, service lines, etc., and customer service personnel available to answer customer inquiries.

Energy or Usage Charge

The Energy or Usage Charge shows the number of kilowatt hours (kWh) of electricity used during the billing period as well as the cost per kWh.

Energy Cost Adjustment or Fuel Charge

This charge reflects the cost of the fuel (such as coal, natural gas, and uranium) utilized in generating electricity at energy centers and the purchased power costs reduced by gains from wholesale electric sales. The utilities estimate their costs quarterly, so the amount can vary throughout the year. On an annual basis, the KCC conducts a true-up audit to verify the accuracy of the costs and make adjustments if estimates were too high or low. The cost of the fuel purchased by utilities is a pass through charge, meaning the utilities pass along the wholesale market charge they pay without a profit or mark-up. Wholesale natural gas prices, which can significantly affect this charge, are not regulated, a decision made by the U.S. Congress in the 1980s, and are based on available supply and market demand.

Transmission Delivery Charge

The transmission delivery charge reflects costs associated with building and maintaining the utility's transmission system. This charge adjusts annually. Kansas law, under K.S.A. 66-1237(c), allows electric utilities regulated by the Kansas Corporation Commission to recover costs associated with the transmission of electric power through a separate transmission delivery charge (TDC) on customer bills, without approval from the KCC. However, if irregularities are later found, the Commission can order changes, including refunds.

Property Tax Surcharge or Ad Valorem Tax Rider

Kansas law (K.S.A 66-117f) allows utilities to collect the difference between the property taxes they are required to pay state and local governments and the amount of these taxes reflected in the base rates established in the company's last rate review. This charge adjusts annually as needed.

Energy Efficiency Charge

The energy efficiency charge is the line item surcharge that the Commission uses to allow utilities to recover costs associated with Commission approved Energy Efficiency and Demand Side Management programs. This charge may not be used by every utility.

