



What am I Charged And Why?

Each month when you pay your bill, you probably pay the total due and move on to the next bill in the stack. After all, we are charging you for your electric usage. What more is there to know?

If you look more carefully, you will see your total is broken down into several charges. Below is a brief summary of the charges included on residential member's bills and an explanation of why you see those charges. It is important you understand that BEC does not generate any power. BEC buys power from wholesale power suppliers and then resells that power to you at retail.

Availability Charge – The Charge to Have Power Lines In Place

When you flip the light switch, you want the lights to come on. There are certain fixed costs associated with having the power lines in place for this convenience. These are the same regardless of the amount of electricity used. The member with a hunting cabin that is used once a year pays the same for this as the member with a 3,000 square foot house because the fixed costs of serving those two members are the same.

Examples of some fixed costs included in this charge are administrative charges for billing and postage associated with processing the monthly bills, cost of lines, some of the costs to maintain the crews and substations, the cost of replacing poles or equipment on the system, property taxes, insurance and principal and interest payments on debt. This is the charge that you will see go from \$20.00 to \$22.50 on your May 2010 bill.

BEC Energy Charge – The Charge to Move Power Across Lines

The BEC energy charge is applied to each member's bill based on the amount of electricity used. Each member is charged \$0.01737 per kilo-watt hour (kWh).

BEC moves the electricity from the substation to your house when you flip your light switch on. In addition to the cost associated with having the wire in place for this, there are costs associated with actually moving the electricity down the wires each time you need it. Because of higher loads (i.e. higher electricity use), wires may have to be changed out sooner than expected or transformers at substations may need to be upgraded. Since the member with higher electricity use contributes more to the overall degradation and capacity requirements of the system, that member will pay more for improvements needed due to that use.

PPC Charge –The Cost of Wholesale Power

This is where things start to get a little more involved. The PPC charge is the sum of two factors: the purchased power cost and the purchased power cost adjustment. Remember, BEC buys electricity from wholesale power suppliers. The cost of wholesale power is not a static number; it varies depending on the price of fuel (either natural gas or coal). Money collected from the member under this charge is not kept by BEC, it is simply passed along to the wholesale power supplier.

Purchased Power Cost

The purchased power cost is set at \$0.04463 per kWh. This amount is used as a base rate for the cost of wholesale power each month. This base rate includes the wholesale power supplier's fixed cost of bringing electricity from the power plant generator to the substations. It also includes the estimated variable cost of wholesale power (this amount is estimated because it constantly fluctuates depending on the price of natural gas).

Purchased Power Cost Adjustment

The purchased power cost adjustment (or PPCA) is used to adjust the purchased power cost based on the actual cost of wholesale power that month. This amount accounts for the difference in the estimated cost and the actual cost. If the price of natural gas went up and the cost of wholesale power increased above what was estimated, the PPCA charge will go up. Likewise, if the cost of wholesale power decreased the PPCA charge will go down.

The sum of these two factors is applied to each member's bill based on kWh usage under the PPC charge.

So, as it turns out, there is actually a lot to know about your bill. Your monthly routine will most likely remain the same with you paying your BEC bill and then moving on. Now at least when you make that payment you will know the what and why of your payment.