



## Explanation of Utility Bill Charges

### Customer Charge

The customer charge is the base monthly charge the customer pays regardless of whether they use any electricity or not. This base customer charge covers costs like meter reading, billing and accounting.

### Delivery Charge

The delivery charge recovers the costs of building and maintaining the electrical system designed to meet the peak electricity demand required to serve the customers.

### Demand Charge

Demand charges are based on the peak demand or highest amount of power in kilowatts the customer required during the previous billing period. The demand charge covers the cost for high power use requiring larger transformers, power lines, and generating capacity to meet maximum peak needs.

### Energy Charge

The energy charge is for each kilowatt-hour (or 1000 watt-hours) of energy used by the customer.

### Power Factor Adjustment

The power adjustment is an added KW amount designed to cover costs for delivering reactive power (kVAR) to the customer. The power factor adjustment is calculated as:

$$\text{Power Factor} = \frac{kW}{\sqrt{kW^2 + kVAr^2}} = \frac{kW}{kVA}$$

$$\text{Power Factor Adjustment} = (0.95 - \text{Power Factor}) \times \text{Billing Demand Charge}$$

\*\*PFA only pertains to Large Commercial Time of Day and Industrial Time of Day accounts whose determined PF is below 0.95. Billing Demand charge is the sum of ON-PEAK and OFF-PEAK (if applicable) Demand Charges and the Delivery Charges.

### Energy Cost Adjustment

The energy cost adjustment is an adjustment designed to compensate the customer for any additional costs or credits incurred by the City of Fountain's energy supplier for generating or purchasing electrical energy outside the amount built into the rates.