

Understanding the BRMEMC Customer Charge

We are all fielding increased numbers of calls concerning the new way we are breaking out charges on customer bills. In an effort to keep everyone on the same page, I am including responses to some of the more commonly asked billing questions (see below), especially as they relate to customer charge issues.

Customer Q&A

1. Why am I now paying this \$14.69 customer charge as part of my electric bill?

This seems to be one of the more regular questions we hear from our members. The fact is that we have always had a customer charge factored into the customer bill, but until late 2008 it was not being shown on the bill as a separate line item. BRMEMC decided that in order to increase transparency in the charges that make up the customer bill and instead of showing one grouped total, we would begin breaking out the individual charges.

2. What does the customer charge go toward? It's obviously not for my KWH usage, so what is it?

Customers often do not understand the purpose for a customer charge that is separate from their KWH usage. The customer charge is one way for us to recover the cost of building our electric infrastructure, setting the meter, reading the meter, billing the customer, and collecting the payments each month. Whether or not any electricity is used at all, the customer must pay this charge, which makes sense since we have to incur these costs whether or not electricity flows to them. The customer charge helps to keep the cost of building our infrastructure and operating our business fair for all customers. Let's say we only recovered these costs with sales of KWH: then those customers who never use any electricity would pay less of the overall cost to build and operate our distribution system. If this were the case, our year-round residents (who obviously use more KWH each year than a one or two-month-a year seasonal residents) would have to pay a greater share of the overall cost to operate our business.

For the same reasons listed above, we also require each customer to purchase a minimum number of KWH each month (currently 115 KWH), which can be seen in the bill example above. The customer only used 23 KWH for the month; however the KWH (metered electric) charge was \$17.41. That is because the minimum KWH purchase was charged to this customer. Again, this helps BRMEMC continue to operate its business whether or not the customer is here and using electricity each month.

3. When I take my total bill and divide it by the number of KWH used, I come up with a per KWH charge. That number changes a lot. Why does BRMEMC change its rates so often?

BRMEMC does not change its base rate that often, but what does change is the Fuel Cost Adjustment (FCA) that TVA passes along to us. In fact, the FCA changes each month in response to TVA's actual cost of purchased fuel used in generating electricity. TVA has statistical predictions for what their actual cost of fuel used in generating power will be. As prices for coal and natural gas rise and fall, so too does the FCA that is recovered by TVA. There are times when the FCA is negative (paying customers back for over-collections), and there are times when customers must help make up the difference in TVA's planned versus actual fuel costs. TVA provides us with updated FCA numbers prior to the start of each month and we notify our billing services provider, CSA, of the changes. Then as the new month starts, the new FCA is charged to our customers. This fluctuation in the FCA is what causes our customer bills to change each month.