



POWER NOTES - APPALACHIAN POWER EDITION

SPRING 2015 ISSUE - POWER NOTES

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APPALACHIAN POWER RATES AVAILABLE

Appalachian Power has a wide variety of available rates and riders as shown below:

- Available Rates - 18
- Available Riders - 13

A rider is a provision that works in conjunction with a rate to increase or decrease a customer's total electric bill.

The rates and riders are quite complex. At UMS, our team of full-time analysts use proprietary software to ensure that each customer is receiving service under the most favorable rate and rider combination for their usage and operational characteristics.

NEW RATE AVAILABLE

The LGS-TOD rate was created in the most recent APCO rate case for commercial customers. It is available to customers with peak demands of more than 100 KW and less than 1,000 KW. It is best suited for customers with relatively low load factors or for customers with high off-peak usage. Off-peak hours are generally at night and on the weekends.

We are reviewing the usage for each of our customers to determine if the new rate is advantageous for them. We will be in contact if we find additional savings for you.

APPALACHIAN POWER'S PROPOSED RENEWABLE ENERGY PROGRAM

Appalachian Power has proposed a new program to help promote renewable energy, primarily solar power. Under the proposed voluntary program, non-residential customers with peak demands of 250 KW to 2,000 KW can purchase solar energy generated by a facility on or adjacent to its property, but owned and operated by a third party.

This program may offer benefits for commercial and industrial customers who might like to lease their roof or land to another company to be used for the installation of solar panels.

The VA State Corporation Commission is expected to issue a ruling on this program in the coming months.

HAVE WE AUDITED ALL OF YOUR ACCOUNTS?

Do you have accounts that we have not yet audited? Have you purchased facilities or established new accounts since we did our initial audit for you?

If so, please email a bill copy for those accounts to audits@utilmanagement.com along with your contact information. We will be glad to look at those accounts in search of savings opportunities for you.



Electric Bill Fundamentals

The electric bill for most commercial customers includes:

- Basic Customer Charge (BCC)
- Demand Charge
- Energy Charge

Understanding these can help you minimize your electric bills.

Basic Customer Charge (BCC)

The BCC is a fixed charge for the basic facilities and services for the average customer in that rate class. This includes the transformer, wires between the transformer and the customer, right of way clearing and maintenance for those wires, the meter, meter reading and printing/mailling bills.

Depending on the size of the customers on a particular rate, the BCC can range from less than \$10/month to more than \$1,000/month. For most customers, the BCC is insignificant.

Customers must pay the BCC on all active electric accounts whether or not they use electricity through the account. If you have accounts that are expected to not use electricity for an extended period, you should consider having the service disconnected on those accounts to avoid paying the BCC. Be advised that an electrical inspection and reconnection charge may be required to reestablish service at the facilities.

Demand Charge

The demand charge is based on the peak 15 minute or 30 minute (depending on your provider) average consumption of electricity. It is measured in kiloWatts (kW). Ten 100 Watt light bulbs running at the same time have a demand of 1,000 Watts, or 1 kW.

The demand charge reimburses the utility for the capital investments they make in their system plus a profit margin. Capital investments include the cost of power plants, transmission systems, distribution systems, right of way clearing and maintenance, vehicles, buildings and other fixed assets.

The demand charge can be up to 50% or more of a commercial customer's total bill. The demand charge can range from \$0/KW (for smaller customers) to \$18/KW or more.

Instead of running all equipment at the same time, stagger startup times to reduce peak demand which can ultimately lower the demand charge.

For example, if you have multiple air conditioning units, it is best to start some of them and allow the space to achieve the desired temperature. Afterwards, startup the remaining units. This will avoid having all air conditioning units running at full load for an entire 15 or 30 minute demand interval.

Energy Charge

The energy charge is based on the demand in KW multiplied by the running time for the equipment in hours. Energy is measured in kiloWatthours (kWh). For example, a 1,000 Watt (1 kW) space heater running uninterrupted for 5 hours will consume 5 kWh.

The energy charge reimburses the utility for the fuel, operating and maintenance costs associated with service customers. This includes coal, labor, and many other routine expenses associated with running a business. The energy charge can range from less than \$.01/kWh to more than \$.15/kWh. Customers paying less than \$500/month often pay no demand charge but a very high energy charge.

The amount of energy consumed and the associated energy charge is a function of the amount of equipment a customer has and the number of hours the equipment is operated. Customers can reduce their energy costs by reducing the number of hours their equipment runs. For example, shutting off as many lights as possible before leaving for the day can reduce your energy consumption.

REMINDER: Replace your air filters!

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