

## **EXPLANATION OF CHARGES**

### **Customer/Monthly Service Charge (Electric, Water, & Sewer)**

This charge reflects the Utility's average fixed cost to serve customers. Fixed costs include infrastructure (power poles, conductors, substations, transformers, water towers, wells, water mains, sewer plant, sewer mains, related equipment, etc.) needed to provide safe and reliable electric, water, and sewer service. All utility charges including the customer/monthly service charge are authorized by the Public Service Commission, based on annual cost estimates at the time of a utility's last rate case.

### **Volume Charge (Water & Sewer)**

This charge recovers the costs associated with pumping and chemical treatment of water and wastewater. The volume charge is measured in cubic feet (7.481 gallons/cubic foot) and is billed using a per cubic foot volume charge based off a customer's water usage. The volume charge for water is authorized by the Public Service Commission, based on annual cost estimates at the time of a utility's last rate case. Sewer rates are not regulated by the PSC and are established by the BRF Utility Commission.

### **Public Fire Protection (PFP) Charge (Water)**

The PFP charge recovers the cost of water for fighting fires and the extra capacity built into the system necessary to rapidly deliver a large volume of water to a fire anywhere within the municipality's water service area. These costs include a portion of the wells, pumps, storage facilities, water mains, hydrants and an estimated quantity of water used for this purpose. The PFP charge is a fixed monthly charge and is based on the size of the primary water meter. The PFP charge for water is authorized by the Public Service Commission, based on annual cost estimates at the time of a utility's last rate case.

### **Private Fire Protection Charge (Water)**

NOTE: Only customers with a permanent and continuous unmetered connection to the City water mains to supply private fire protection, such as automatic fire sprinkler systems, are billed this charge.

Fire protection service, either from public hydrants or from private connections, is a demand-related service. On an annual basis, very little water is actually used for fire protection. The major costs associated with this service are the costs of providing capacity in the wells, pumps, storage tanks, and water mains to be able to supply the required fire flow when and if needed. Only a small portion of the cost of providing such capacity is directly related to the volume of water actually used. The charge for private fire protection includes a portion of the fixed costs of depreciation, taxes, and return on net investment rate base attributable to the facilities available to supply fire protection. Charges for private fire protection are computed on a parallel basis with the public fire protection charge. The charge for an unmetered private fire protection connection is based on the potential demand which could be placed on the system due to that connection.

Accordingly, the size of the connection to the utility's water main is used as the basis for calculating the private fire protection service charge. This method is appropriate, because the connection to the main and the utility's portion of the service lateral from the main to the shutoff valve at the curb stop or property

line are the utility's only control points with respect to this service. The utility has little, if any, control over the sizing of and changes to the customer's piping within the building.

### **Energy Charge (Electric)**

This charge recovers the cost of purchasing or producing energy, distributing the energy, and other overhead costs not included in the customer charge. Energy is measured in kilowatt-hours (kWh) and is generally billed using a uniform per kWh rate every month. BRFMU also offers time-of-day service with rates that reflect daily cost differences. The energy charge is authorized by the Public Service Commission, based on annual cost estimates at the time of a utility's last rate case.

### **Demand Charge (Electric)**

NOTE: Only Small Power and Large Power (demand of 50 kW or larger) customers are billed this charge. Residential and General Service customers do not get billed a demand charge.

This charge recovers the cost to have the capacity and infrastructure in place to deliver the maximum capacity of energy needed by the customer at a single point in time.

### **PCAC (Electric)**

The Power Cost Adjustment Clause (PCAC) has been authorized by the Public Service Commission for the municipal utilities and small investor-owned utilities. The PCAC is an automatic adjustment clause that allows a utility to adjust customer's monthly bills either upward or downward to reflect the utilities average cost of purchasing and/or producing power that is either above or below the average cost that is authorized by the Public Service Commission and reflected in the utility's base rates

The cost for purchased power is typically lower between September – April and higher between June – August. If the average cost of purchased power is higher for the monthly billing period than the base rate established by the PSC, those costs are passed on to the customer through a positive (+) PCAC on the utility bill. Likewise, if the average cost of purchased power is lower for the monthly billing period than the base rate established by the PSC, those savings are passed on to the customer through a negative (-) PCAC on the utility bill.