This month, let’s review the charges on your monthly power bill. Most members would just assume the bill is entirely for “electricity”. Did you know, there is actually a great deal more included in that power bill than just a charge for electricity? As a matter of fact, over the last three years, the charge for electricity has been just under 65% of the revenue collected. This electricity charge is known as the wholesale power cost.

There are several components that make up the wholesale power cost. A large portion, sometimes more than half, of that cost is called demand. Since demand is such a large portion of the power bill, we continue to bring it up to our membership. It is also a place where you as a member have some control over how that cost adds up. When you have lots of electric appliances turned on at the same time, this equates to a larger demand cost. Demand is the largest amount of energy you require from the system in a one-hour time period during the month. For example, on November 2, between 5:30 and 6:30 in the evening, all the people connected to one substation used more power than at any other hour during the month. The bill for demand on that substation would be based on that hour. Demand is calculated as the total watts consumed in that hour divided by 1,000 and is called a kilowatt (kW). The total demand is made up of the electricity consumed by each household connected to this substation. If one household is running a 2,000 watt heater for that hour, it will add 2 kW to this demand. A 1,000 watt heater running for two hours adds only 1 kW to the demand. We do not currently charge residential consumers a demand charge, but there is a line item on your bill that shows the highest demand for that billing period.

Another part of wholesale power cost is energy, or “electricity”, which is calculated in kilowatt-hours (kWh). This charge appears on your bill in the “usage” column. Energy billing is very straightforward. Your meter measures usage in kWh and this amount of usage can be directly multiplied by the charge per kWh listed on the bill. With the heater example used above, if you use a 2,000 watt electric heater for one hour, Park Electric bills you for 2 kWh (a kWh is 1,000 watts used for 1 hour). If you use a 1,000 watt electric heater for two hours, you are still billed for 2 kWh. As you can see, there is a substantial difference between the demand charge for the heaters based on the time of day used and the energy charge based on actual usage.

Finally, the last item on your bill is the base charge. Every active Park Electric meter is billed for this, regardless of usage. This charge is somewhat based on an equitable division of our fixed costs amongst all of our active meters in the field. The base charge partially covers the construction and maintenance of power lines and substations, facility and vehicle maintenance, and staff wages.

All of the parts of the bill come together to help make Park Electric a financially stable organization. After we finish paying all of the operating expenses, we make sure there’s enough left over to pay loans and set some aside for improvements to the electrical system. As a member-owned cooperative, we are not for profit which is why the board of trustees looks at the financials each month to make sure the coop is maintaining an appropriate operating margin. For the past 20+ years, the board of directors has decided to return excess funds to our members in the form of capital credits.