

Message from the Utility Department – City of Wellington

The City of Wellington constantly seeks the best possible price for the purchase of electric power for our customers. We currently purchase power through participation in the Kansas Power Pool, but continually seek the most cost effective source.

There are two charges to the electric portion of your utility bill, the Energy Charge and the Power Cost Adjustment (PCA). The following provides an explanation of these charges and how they are calculated for a residential customer.

Energy Charge

There are two parts to the Energy Charge. The first is a meter or customer charge. For Residential customers, the charge is \$10/month. The second part is related to the amount of kilowatt usage. This charge varies from winter to summer rates. The winter period includes the months of November through April. The summer period consist of the months of May through October. The rates for Residential customers are \$.043 per kWh used in winter months and \$.052 per kWh used in summer months.

Example:

Your summer billing indicates 1,000 usage for electricity. Your energy charge is $1000 \times \$.052$ plus the \$10 meter charge. The total energy cost would be \$62. The energy charge is set at a level high enough to fully recover our cost of operating and maintaining the electric utility. Operating cost include salaries, line material/supplies, motor fuel cost, capital outlay and debt service payments. This charge is reviewed annually and can be raised or lowered depending on the revenue needed to properly maintain the electrical service.

Power Cost Adjustment (PCA)

To recover all costs of purchasing power, as well as the transmission cost for that power, the City of Wellington charges each customer a monthly Power Cost Adjustment. This charge also recovers the cost of fuel when the city uses its own generation. This charge varies from month to month as energy and fuel prices fluctuate with seasonal supply and demand.

The calculation of the PCA is based on the previous three months cost of purchased energy divided by the previous three months kilowatt hour consumed. Example: The total cost of energy and fuel for January through March divided by the total kilowatt of energy purchased and generated for January through March. This is what we call a “Three Month Rolling Average”.

The three month rolling average is used to protect our customers from spikes in cost through the higher demand months of June through September. The desired result is a constant charge through the year.

EXAMPLE:

The previous three months kilowatt hour consumed: 23,686,995 kWh. The previous three months cost of purchased energy and fuel: \$1,301,155. $\$1,301,155 / 23,686,995 = \$.05493$

If a customer has a usage of 1,000 kWh his/her PCA would be $1,000 \times \$.05493$ resulting in a PCA charge of \$54.93.

As always, we invite you to contact the Utility Department with any and all questions. Electric Production (326-2561); Utility Department (326-2821)