IMPORTANT INFORMATION FOR UNDERSTANDING YOUR ELECTRICITY CHARGES

Understanding how your electricity service is calculated and billed can help you be more efficient in your energy usage. The following information explains the differences between energy-only charges and demand charges.

ENERGY CHARGE
Energy is measured in kilowatt-hours (kWh). One kWh is equivalent to 1,000 watts of electricity used continuously over one hour. The energy-only charge on your bill amounts to the number of kilowatt-hours used during a specific billing period. A billing period is typically 30 days. Your meter records your electricity usage, and you are billed per kWh.

DEMAND CHARGE
Demand refers to the rate in which electricity is used. It is measured in kilowatts (kW) and is the amount of electricity used to provide power over a specific amount of time, such as 15-minute increments. Demand is billed to you based on the highest amount of electricity supplied to your facility at a specific time interval of the month. Demand meters record your facility’s energy usage over each 15-minute interval of the month and determine your facility’s highest, or peak, period of usage. You are billed based on the 15-minute interval of the month when you use the most electricity, or kW.

When your demand is higher, your bill increases. When your demand is lower, your bill decreases. This is because facilities with higher demand place a larger burden on the electrical system by requiring more generating system capacity to meet their energy needs.

To illustrate: A facility that uses 2,400 kW of power over a 24-hour period of time has a lower demand and is charged less for electricity than a facility that uses the same amount of power equally over a one-hour period of time. This is because it costs MidAmerican Energy Company more to supply 2,400 kW in one hour than it does to supply 2,400 kW over 24 hours (100 kW in each hour).

The example to the right illustrates how the impact to a customer’s bill on an energy-only rate (Customer A) differs from that of a customer that is subject to demand charges (Customer B).

For more information, please call 800-329-6261 or visit us online at www.midamericanenergy.com/iowarates.aspx