

Understanding Your Utility Statement

Knowing how you are charged for electricity and natural gas may help you reduce your monthly utility bill. The New York State Consumer Protection Board (CPB) has prepared this guide to help residential consumers of electricity and natural gas understand their monthly bills.

NOTE: Energy suppliers and local public utilities may use different terminology on their bills. Accordingly, please consult your electricity and natural gas bill and your provider for additional information.

What Makes Up Your Utility Service

Historically, the price of electricity and natural gas was fully regulated, and your local utility company would supply and deliver the resource. As a result of deregulation of the energy market and privatization of energy generation during the late 1990's, **delivery** and **supply** services have been separated.

Delivery service continues to be performed by a public utility, which is an organization that maintains the lines, pipes and other infrastructure for electricity and natural gas. The local public utility company delivers your energy, reads your meter, and services problems in your home. In case of emergency, you should call your local public utility company. Public utilities are subject to State and federal consumer protection regulations.

Charges for electric or natural gas delivery service are based on rates or prices approved by the New York State Public Service Commission (PSC). When changes in prices are approved by the PSC, information is included with your bill. Complete price schedules are available from your utility company.

The supply of energy resources is a different story. You may purchase electricity or natural gas from your public utility or from an energy service company, or ESCO. There are approximately 50 ESCOs licensed by the PSC to operate in New York State. Some ESCOs offer services not available from utilities, such as energy at a fixed price, long-term contracts, "green" power, appliance repair, and energy efficiency services. ESCOs serve more than 50% of large business customers and about 12% of residential customers in the State.

In response to consumer complaints, the CPB has been taking action to stop the aggressive and questionable marketing practices of some ESCOs operating in New York State. The CPB, in conjunction with the New York City Department of Consumer Affairs (DCA), has advocated for and advanced new rules with the PSC establishing mandatory disclosures and enforceable regulations governing ESCO marketing practices, to better protect consumers. Review the [CPB's Consumer Tips Concerning Door-to-Door and Telephonic Marketing of Energy Service](#) before considering purchasing electricity and/or natural gas from an ESCO.

In general, electricity service costs are split evenly between supply and delivery. On the other hand, natural gas costs are split 75% supply and 25% delivery.

Regardless from whom you purchase your electricity or natural gas services, residential consumers have the option of receiving one bill from your utility company to cover your supply and delivery costs for electricity and natural gas. A consumer may also elect to receive these bills separately.

Choosing an Electricity or Natural Gas Supplier

It is important to compare energy supply rates from your local public utility and a prospective ESCO **BEFORE** making your decision on an electricity or natural gas provider. The CPB and the PSC suggest that consumers ask the following questions before making their choice:

INQUIRE ABOUT THE ESCOs

- Is the ESCO eligible to sell energy?

COMPARE PRICES AND SERVICES

- What did the ESCO charge last month and what was included in the price?
- Is the price fixed and guaranteed for a period of time? Or, is the price variable?
- Does the price include taxes?
- Are there any discounts, bonuses or credits?
- Are other services available?

REVIEW TERMS AND CONDITIONS

- What is the length of the agreement?
- Are there penalties for cancelling the agreement?
- Are there additional service or financing fees?
- Is a deposit required and refundable?

CUSTOMER SERVICE

- What are the office hours?
- What is the complaint-handling process?
- Are there toll-free numbers?

ENERGY OPTIONS

- Does the ESCO provide environmentally-friendly generation sources such as solar, wind, or hydro power?
- Is the ESCO part of a group enabling it to purchase energy together with others to increase buying power and keep prices down?

BILLING AND PAYMENT OPTIONS

- How can I elect to receive separate bills for my supply and delivery services?

UTILITY-SPECIFIC CHOICE PROGRAMS

Some utilities offer choice programs such as Power Switch, Energy Choice, and Power Move, which are introductory programs to encourage you to choose an ESCO for electricity supply by giving a discount for a guaranteed fixed period. These programs typically allow the consumer to extend the relationship with the ESCO on mutually agreeable terms and conditions and to return to their regulated utility after two (2) months if you choose.

WHAT HAPPENS AFTER YOU CHOOSE A SUPPLIER?

You will receive a confirmation letter from the ESCO along with a contract providing the terms and conditions of service. You will also receive a confirmation letter from the utility with the effective date of the ESCO contract. That date for the ESCO contract is usually the day after your meter reading date. Your supply will continue uninterrupted.

The [PSC website](#) provides additional information to help you evaluate competing offers from suppliers. For an energy supplier comparison chart, visit AskPSC.com and click on the “Power To Choose” logo. Don’t forget to also check out the number of complaints lodged against an ESCO before making a decision.

Your Electricity Bill

Delivery

Your electric bill has several components. The Delivery Charge varies with usage, while other charges like the Basic Charge are fixed. Service and some delivery charges are determined based on the amount of electricity used by a household in a billing period. The amount of electricity used by a household is measured in kilowatt-hours, or kWh. The kilowatt-hour is a convenient unit for electrical bills because the energy usage of a typical residential customer in one month is several hundred kilowatt-hours.

But, what exactly is a kilowatt-hour? Here is an example: if you keep a 100-watt bathroom light on for a half hour each morning and for a half hour each night for a 30-day billing period (about a month), you will be billed for 3 kWh. Here is how that is measured:

- You have the lightbulb on for a total of a ½ hour in the morning + ½ hour at night, which is equal to 1 hour a day.
- The billing period generally is 30 days. That means you will have the 100 watt light bulb in use for 30 hours during that billing cycle.
- One kilowatt is equal to 1000 watts. That means your 100 watt bathroom light bulb can also be said to equal 0.1 kilowatts.
- If you have 0.1 kilowatts of electricity being used for 30 hours in the time period, you will have used 3 kilowatt hours of electricity during the billing period.

Now, imagine if you were to change the incandescent light bulb with an energy saving compact fluorescent lightbulb (CFL). A comparable CFL producing about the same amount of light as a standard incandescent lightbulb (100-watt) is about 30 watts. For that same period of time, the bathroom light would use 0.9 kilowatt hours, a savings of 2.1 kilowatt hours a month. Switching to CFL’s for light around your entire home could save hundreds of dollars a year. CFL’s also last longer. As you can see, everyday use of electricity adds up in your electricity bill and household budget.

Household electricity usage is measured by the local utility in one of three (3) ways: 1) by direct measurement, 2) estimated or 3) wage consumer reading.

A direct measurement is made when a utility representative is sent to your household to read your electricity meter. The measurement taken is subtracted from the last reading to determine the usage for the time period. For example:

Meter reading on Nov 10 =	13902 kWh
Meter reading on Oct 10 =	13553 kWh
<hr/>	
Usage for billing period Oct 10 to Nov 10 =	349 kWh

If the utility is unable to obtain a direct meter reading, it will estimate the customer bill based on the consumer's past usage, taking current weather conditions into account. Since meters keep a continuous record of usage, any difference between estimated readings and actual usage will be reconciled with the next meter reading. To avoid estimated readings, a consumer may take his/her own reading on or just before the scheduled date shown on your bill and communicate the reading to the utility company.

Usage is the main component of the energy supply service portion of your bill. If you choose to purchase your electricity supply from your local utility, they will charge you the market price of electricity supply used during the billing period, which they call the **Electricity Supply** rate. It is important to note that this rate represents a dollar-for-dollar pass-through of market-based prices. Your regulated utility does not profit from electric supply charges. If you choose an alternate supplier, the price will be what you agree to with the ESCO (See *Choosing an Electricity or Natural Gas Supplier* section). For example, a supplier may charge you an electricity supply rate of \$0.07 per kWh used. Under this example, the 349 kWh used would cost a consumer about \$24.43 before taxes.

The amount of electricity your household uses also impacts upon the electricity **Delivery Charge**, which is the amount charged by your local utility for bringing electricity from your supplier into your residence. The more electricity you use, the higher the charge for delivery service.

At times, the cost of electricity supply and delivery anticipated by your utility during a billing period is higher or lower than the actual cost of getting the electricity to your home. **Adjustment Charges** on your bill compensate for this difference. These charges only apply to consumers who pay the standard rate for energy service. Low-income, seniors or other customers who pay a reduced amount are not charged these fees. Supply adjustments cannot be charged by ESCOs, since their prices are based on specific agreements.

Utilities also levy a **Basic Service** charge for electricity service, which is the same regardless of how much energy is used during the billing period. This charge covers costs for billing, metering, around-the-clock emergency service, equipment and maintenance.

Consumers are also charged a **Tariff Surcharge** and **Sales Tax** on both the supply and delivery portions of service. New York State and many municipalities impose taxes on utility companies' revenue. These operating costs are recovered through a tariff surcharge applied to all rates and charges and may vary among taxing municipalities within the utility service territory. In some areas, utilities are also required to collect State and local sales taxes. Some school districts also impose taxes.

In addition, there may be other charges for costs associated with mandated public policy programs -- including low-income assistance, energy efficiency programs, and certain research and development programs like the advancement of renewable energy resources.

There may also be a **Customer Service Credit** applied to a customer's bill who has chosen an electricity supplier other than his/her regulated utility.

Your Natural Gas Bill

Natural gas supply service and delivery charges are based on the volume of natural gas used by a household in a billing period. You are charged for natural gas by the amount of "heat" use in a time period, not for the exact volume of the natural gas your household uses. Unfortunately, natural gas meters measure volume in 100 cubic feet increments, or CCF, and not the amount of "heat used." A **Therm Factor** is used by natural gas companies to convert the volume of gas to a heat measure called Therms. The Therm factor varies based on the content of the natural gas. For example, natural gas with a higher than average concentration of ethane, propane or butane will have a higher therm factor. Impurities, such as carbon dioxide or nitrogen lower the Therm factor. On average, one Therm of heat is provided by about 96.7 cubic feet of natural gas.

Your natural gas usage is measured by your utility in one of three (3) ways:

1) by direct measurement, 2) through estimate or by 3) customer reading. A direct measurement is made when a utility representative is sent to your residence to read your gas meter. The reading taken is subtracted from the last reading to determine the usage for the current period. For example:

Meter reading on Nov 10 =	167 CCF
Meter reading on Oct 10 =	153 CCF
<hr/>	
Usage for billing period Oct 10 to Nov 10 =	14 CCF

The measured CCF amount is then converted to Therms. For example, if the Therm factor for the natural gas used is 1.02301, the Therms your household is charged for is about 14.32.

Now, if your household were to implement energy conservation measures such as lowering the thermostat, accompanied by actions such as enhanced insulation and weather-sealing and the use of a programmable thermostat, the amount of Therms used could be reduced. For a household with gas heating, this could result in substantial savings.

If the utility is unable to obtain a reading, it will estimate consumer usage based on the customer's past usage, taking current weather conditions into account. Since meters keep a continuous record of usage, any difference between estimated readings and actual usage will be reconciled with the next meter reading. To avoid estimated readings, a consumer may take his/her own reading around the scheduled date shown on your bill and communicate the reading to the utility company.

Usage is the main component of your natural gas supply portion of your bill. If you choose to purchase your natural gas supply from your local utility, they will charge you the actual cost to purchase and transport gas to the utility's distribution system from the supplier during the billing period, which they call the **Gas Supply** rate. It is important to note that this rate represents a dollar-for-dollar pass-through of market-based prices. Your regulated utility does not profit from natural gas supply charges. If you choose an alternate supplier, the price you pay is based on your agreement with the ESCO (See *Choosing an Electricity and Natural Gas Supplier*). For example, a supplier may charge a

gas supply rate of \$0.9240 per Therm. Under this example, 14 Therms would cost a consumer about \$12.94.

At times, the cost of natural gas supply and delivery anticipated by your utility during a billing period is higher or lower than the actual cost of getting the natural gas to your home. **Adjustment or Function Charges** are levied on your bill to compensate for this difference. These charges apply only to consumers who pay the standard rate for natural gas service. Low-income, seniors or others who pay a reduce amount are not charged these fees. Supply adjustments cannot be charged by an ESCO, since prices are fixed based on an agreement between the customer and the supplier.

Gas bills are further adjusted based on variability in temperature during the October through May heating months. The **Adjustment for changes from normal weather** charge takes into account the difference between the amounts of gas delivered for a consumer on a daily basis versus the amount of gas used by a consumer daily.

A utility also charges a **Delivery Service Charge**, which recovers the cost for transporting gas across the utility's distribution system to your premises. This includes costs related to distributing natural gas from various interstate pipelines to your natural gas meter.

Utilities also charge a **Basic Service** charge for natural gas service. This charge covers costs for billing, metering, around-the-clock emergency service, equipment and maintenance. Unlike electricity, the Basic Service Charge for natural gas includes a minimum amount of gas usage and hence varies based on the amount of natural gas a household uses.

Consumers are also charged a **Tariff Surcharge** and **Sales Tax** on both the Supply and delivery portions of service. New York State and many municipalities impose taxes on utility companies' revenue. These operating costs are recovered through a tariff surcharge applied to all rates and charges and may vary among taxing municipalities within the system area. In some areas, utilities are also required to collect State and local sales taxes. Some school districts also impose taxes. Additionally, customers buying gas from suppliers other than their local utility are required to collect a State tax on natural gas they imported, called an **Import Tax**.

There may be other charges for costs associated with mandated public policy programs -- including low-income assistance, energy efficiency programs, and certain research and development programs like the advancement of renewable energy resources. There may also be a **Customer Service Credit** applied to a consumer's bill who chooses a natural gas supplier other than a regulated utility.

In addition to the terms used to label separate charges on your bill for delivery, supply, and other charges, there are also general billing terms included on your statement.

The **Bill Date** is the date your statement was prepared (your statement covers the **Billing Period**, the time period for which you are being charged). It includes your **Total Amount Due**, the sum of charges for delivery and service plus any late fees or previous balances (indicated by **Previous Amount Due** if applicable). This is the amount that must be paid in full by the **Due Date** (date that payment must be *received* by the utility company) to avoid late fees or other penalties. If you do not pay the minimum required

amount by this date, a late charge based on a percentage of the overdue amount is placed on your next bill.

A review of month-over-month usage and rates are also included with each bill.

Paying Your Bill/Payment Options

Utility companies may offer a variety of payment options for consumers:

- **Direct Pay:** The utility will automatically withdraw your monthly bill payment from your checking or savings account. You will avoid the inconvenience of check writing, stamps, mailing and due dates. Your service bill will indicate your energy usage and the date of your next automatic withdrawal.
- **By Mail:** Send your payment in the envelope provided with your bill. For your protection, do not send cash. Most utility companies ask that you write your **Account Number** on your check or money order and include your bill stub or statement with the **Amount Enclosed** (amount of payment you are making) on the stub. Do not staple or paper clip your check to the stub.
- **In Person:** Pay at an authorized location by cash or check. You will need your bill. Most locations charge a fee for providing this service. For the payment locations near you, call your utility's customer service line, or visit their website.
- **Online:** Enroll online to receive and pay your bill over the Internet. Often, the online function will begin with the next billing cycle following your enrollment.

Payment Programs

Many utility companies have a number of payment programs and billing services to meet the varied needs of their customers. These may include budget plans to help customers avoid high seasonal payments by spreading the cost for utility service over the entire year; deferred payment agreements designed for customers who have fallen behind on their payments and cannot pay their bill in full; and, hospitalized customer assistance plans which allow customers temporarily disabled due to hospitalization to extend payment of their utility bill thirty (30) days from the day it is due. Contact your utility company to learn more about the programs they offer.

There are also special programs through the State and utility companies to assist low-income residents and senior citizen with their payments, as well as programs to help consumers become more "green." Go to the [PSC website](#) to identify the programs that may assist consumers in reducing their home energy usage.

The demands for electricity and natural gas continue to rise around the country and in New York State. Better understanding of our utility infrastructure and pricing may help us conserve energy, which, in turn, will help us save money each month. For more information about energy pricing and conservation, visit the [CPB's](#) and the [PSC's](#) respective websites.