

Charges That May Appear on Your Utility Bill

An Overview

There are various types of charges that may appear on your utility bill each month. This flier attempts to explain some of those charges.

Renewable Energy Standard Rate Adjustment Mechanism

Renewable Energy Standard Rate Adjustment Mechanism (RESRAM) is a charge that may appear on the bills of electric customers to reflect renewable energy costs. A RESRAM allows electric companies to adjust rates outside of a general electric rate case to reflect prudently incurred renewable energy standard costs (such as solar and wind). These costs would be costs above renewable energy costs already included in the company's base rates. This renewable energy standard rate adjustment mechanism was allowed by legislation passed in 2008.

Energy Efficiency Investment Charge or Demand-Side Programs Investment Mechanism

Energy Efficiency Investment Charge or Demand-Side Programs Investment Mechanism (EEIC, EEC, DSIM) is a charge which encourages utility companies to implement demand-side and energy efficiency programs. The mechanism is reflected as a separate line item on customer bills and allows utilities to receive cost recovery of program costs, lost revenues and a utility incentive. The energy efficiency framework was part of the Missouri Energy Efficiency Investment Act (MEEIA) created by legislation passed in 2009.

Fuel Adjustment Charge

Fuel Adjustment Charge (FAC) is designed to address fuel and purchased power cost volatility, as well as, company off-system sales revenues. These costs can go up and down.

The FAC attempts to capture those costs in a more timely fashion. If those costs decrease, the customer receives more timely benefit of lower rates. If costs increase, the company can recover those costs more quickly.

An annual true-up is necessary to reflect actual customer usage for that period of time reflected in the FAC charge. If an over-collection or under-collection has occurred, it is ultimately reflected as an adjustment in the customer's FAC.

The FAC has been on the electric bills of some customers since 2007. The charge was allowed by legislation passed in 2006.

Infrastructure System Replacement Surcharge

Infrastructure System Replacement Surcharge (ISRS) appears on bills of most of the natural gas companies under the regulation of the Missouri Public Service Commission. The ISRS was created by legislation in 2003. The surcharge is designed to provide the utility company more timely recovery of a portion of the expenditures it incurs to replace and extend the useful life of its existing infrastructure (pipeline system) for those projects that were completed after the company's most recent rate case.

Many utility companies have plans in place to replace aging infrastructure on a yearly basis. In addition, there are times when pipelines need to be relocated in connection with local, state and federal public improvement and safety requirements. The ISRS reflects recovery of costs associated with these types of activities. The ISRS on customer bills can change twice a year. The ISRS is re-set to zero when the Commission reaches a decision in a general rate increase request filed by the company because any amounts not recovered will be included in permanent rates.

An ISRS charge also appears on the bills of Missouri-American Water Company water customers who live in St. Louis County.

About The PSC

The Missouri Public Service Commission regulates investor-owned electric, steam, natural gas, telephone, water and sewer companies. The PSC also regulates manufacturers and retail dealers of manufactured homes and modular units. The PSC is responsible for deciding cases that are brought before it and for enforcing administrative rules under which a utility company must operate.

If you have additional questions regarding charges that appear on your utility bill, please call your utility company or the Missouri Public Service Commission at **1-800-392-4211**.



Missouri Public Service Commission

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