

A Primer for Your Electric Bill

Utility bills, phone bills, repair bills, even credit card bills can be difficult to interpret and understand. We have put together a short, easy-to-understand guide on your Jump River Electric bill that will break it down for Cooperative members, making costs, revenues, and what goes into this process more transparent and available to you.

Your electric bill has two components: facility charge and energy (kilowatt-hour or kWh rate). These two components comprise your total monthly electric bill.

Facility Charge

- Your facility charge is the cost you pay to have power available to your facility—whether you use 10 kWhrs or 10,000 kWhrs each month. This base charge covers essential expenses such as poles, conductors, wires, trucks, transformers, meters, and line equipment. Also included in that is what your cooperative recovers through the costs of operating a business---accounting, billing, labor to build and maintain the lines, and cost of insurance and taxes. These costs are reviewed periodically to ensure that all essential expenses are covered.
- Jump River Electric Cooperative, Inc. has not raised their facility charge since 2009. Yes, it is higher than Xcel Energy and that is because of the density of population that we serve. What one pays for the facility charge is typically less than a landline or cellular telephone service fee, just as a note of comparison.
- The facility charge and the kWhr components of members' bills are quite similar to leasing a vehicle. The facility charge is like leasing the vehicle and making the lease payment; it has nothing to do with whether the vehicle is ever driven or the home used.
- The Jump River Electric base facility charge averages \$32.90/month, which is in the middle of the range of 18 cooperatives in the state, including Barron Electric (\$32.70), Bayfield Electric (\$35.00), and Price Electric (\$30.00)

Energy Charge

- The kWhr is the energy charge, which is like how much gasoline one would use in driving the leased vehicle. You pay for what you use and you have control over the expense and how much you use.
- The Jump River Electric rates, both winter and summer, are below the average rates of other rural Cooperatives and investor-owned utilities at 11.65 cents per kilowatt hour summer and 10.65 cents per kilowatt hour winter.
- The Jump River winter rate of 10.65 cents per kilowatt-hour is lower than Xcel's charge of 11.75 cents.

Population Density

- When we talk about density of population, we mean how many members are served per mile of line. Population density is the key factor in rate structures of base facility charges. Most investor-owned utilities average 35 consumers per mile of line. Jump River Electric Cooperative has 4.76 members per mile of line whereas Xcel Energy has over 30 customers per mile of line. The cost to maintain a mile of line is as much if you have five members or 30 members per mile of line. We are largely a rural, member-owned cooperative whereas investor-owned utilities, such as Xcel, are city or metropolitan-based.
- The facility charge therefore is naturally higher for rural member-owned cooperatives due to lower population density, i.e., fewer members to cover the costs; however, the cooperative costs that go into that facility charge are 30 percent below the costs collected per mile of line by investor-owned utilities.
- Additionally, profits from Jump River Electric Cooperative are returned to its subscribers as member/owners in the form of an annual patronage refund whereas profits from investor-owned utilities are returned only to stockholders in the form of dividends.

The Board of Directors and the management team, as well as all employees at Jump River Electric Cooperative, Inc., are steadfast in looking for ways to save our members money. We do it in small ways and, when we can, in big ways, such as this year when we remounted the aerial equipment on one of our bucket trucks onto a new chassis instead of purchasing a whole new setup—at a cost savings of nearly \$100,000. We must weigh decisions like this in the interest of service and safety as well, and rest assured we do that carefully and purposefully.

Please feel free to call us with any questions or concerns you may have about these facts at (715) 532-5524.