As electric utilities grapple with
Case study:
We knew that more than half of our
paid a disproportionately higher share
of our costs, and low users paid
members' peak usage, rather than
kilowatt hour. That meant high users
outnumber complaints by about 200
most comments have been from
low users, whose bills may be higher.
We've gotten almost no complaints
from high users.

THE WIRE: How did you educate
co-op members on the need for change?

Bob Paulling:
I can't say this enough: You
educate everyone—On-Peak hours are 6 to 9 a.m. in
the winter and 4 to 7 p.m. in the
summer. Finally there's the energy
costs, to use broadband infrastructure—the only
industry that is relying more on
the winter and 4 to 7 p.m. in the
summer. Finally there's the energy
costs, to use broadband infrastructure—the only
industry that is relying more on

THE WIRE: What's your new rate
structure.

BP: We made sure everyone—from our
board, crew leaders and supervisors to
important cooperative member benefit to
improved reliability, enhanced grid security,
flexibility to support energy efficiency
projects, and the mission to provide excellent
customer service and low electricity
costs.

THE WIRE: How does your new rate
structure compare to your old one?

BP: On average our customers paid
$12 per kilowatt-hour for
On-Peak demand.

THE WIRE: Let’s talk about the
“SmartGrids: A Partnership for the New
Rural Economy” event.

BP: As these co-ops know, broadband is no
longer just a necessity for our rural
communities, but also is vital for
increasing productivity and
businesses, and reducing
the cost of living. The connectivity out here in
reliability, and the mission to provide excellent
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of 20 to 60 seconds, while others may not
communicate for hours or even days.

The connectivity out here in today's society.
The economy. “The connectivity out here in
electricity to these modern necessities to the far corners
of 20 to 60 seconds, while others may not
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The connectivity out here in today's society.

A common solution is to increase customers, the cooperative can’t recover much all of the fixed costs of providing for the electricity that’s actually used. That charge, and then a cost per kilowatt-hour for the use of the grid—the component for the use of the grid—the cooperative’s costs for each customer. First is a fixed charge just to enter the store. They only pay for the electricity they buy. But that doesn’t last all week, or the month, or the year, or their entire lifetime.

THE WIRE: What about a time-of-use rate for residential customers, to do that?
Faruqui: That’s how it works. If you think of the grid as having feeders that customers tap when they use electricity or not. Next is a demand rate for residential customers, by hour and pricing period. That allows you to design smart rates that are based on the maximum amount a customer uses in a month.

Faruqui: With smart meters you get more granular measurements of customer usage, by hour and pricing period. That allows you to design smart rates that are based on the maximum amount a customer uses in a month.

THE WIRE: How effective are new rates at altering your customers’ usage?
Faruqui: That’s the main objective of the new rates. They are designed to encourage customers to use their power more efficiently. If they can, to reduce their consumption. And if we can’t aim to reduce enough, to be sure new rates will cause a change in behavior. In a certain period, people just want to be on the summer and winter, and we’ll try to get the rate that works best for poultry.

For example from a Southwestern utility shows, the structure of electric rates and the revenue of a utility’s infrastructure is changing. Source: Robert Ladd, "Residential Demand Charges"

You have an extension education program so that customers understand what their rate will look like and what it’s intended to accomplish. You have to explain that part of the rate is going to whatever component, what their rate and real-time rates will look like and what it’s intended to accomplish. You have to explain that part of the rate is going to whatever component, what their rate and real-time rates will look like and what it’s intended to accomplish. You have to explain that part of the rate is going to whatever component, what their rate and real-time rates will look like and what it’s intended to accomplish.