Understanding the Power Cost Adjustment

What is the "Power Cost Adjustment" on my bill?

Anza Electric Cooperative, Inc. (AEC) has a long term "Power Purchase Agreement" with Arizona Electric Power Cooperative, Inc. (AEPCO). The price per kilowatt-hour that Anza Electric pays for the electricity that we purchase under this contract is subject to variable market forces, most notably the price of coal and natural gas, which is burned to provide heat for the generator turbines, and the price of railroad transportation to bring the coal to the power plant. The Power Cost Adjustment is a mechanism that allows for the recovery of the difference between the cost of purchased energy and the revenue generated from the sale of that energy, minus system losses, without resorting to a permanent rate increase.

Why does the Power Cost Adjustment vary from month to month?

AEC's electric meter is read on a monthly basis, just like our members. AEC receives a power bill on a monthly basis, just like our members do. The Power Cost Adjustment is calculated by subtracting the 2009 base wholesale cost of power rate of $.0817 from the current cost per kilowatt-hour sold. This amount is then multiplied by your monthly usage in kilowatt-hours to determine your total Power Cost Adjustment cost for the current month.

Will the Power Cost Adjustment continue to increase?

This is impossible to answer. Since the price of coal and natural gas, like all commodities, fluctuates up and down over time, the Power Cost Adjustment will continue to be highly variable. As a non-profit cooperative, AEC is committed to providing its membership with the lowest cost, most reliable electric service available.

What can I do to reduce my costs?

AEC provides free in-home energy audits to all its members. We routinely help our membership save money by finding those areas in their homes where they can conserve and save money. There are many resources available to our members regarding energy conservation and efficiency. Remember, the lowest cost kilowatt-hour is the one that is never used!