



Commercial Account Billing

What Exactly is Demand?

How is My Consumption Billed?

Electric rates are categorized by customer classes such as Residential, Secondary Service Small, Secondary Service Demand, Secondary Service Large and others. Electric rate classes are initially determined by how customers use electricity. Residential customers use electricity in the same manner. During the summer the highest usage is in the afternoon hours and then tapers off throughout the evening. It is very much driven by weather conditions. Commercial customers operating hours and usage vary so widely that utilities have several commercial classes. They are grouped more by the amount of electricity required at one time. This is due to the fact that commercial customers' electricity usage is normally dictated more by the equipment in their facility and operating hours than by weather conditions.

Let's talk more specifically about commercial rate components. Electrical energy consumed over some number of hours is measured in kilowatthours (kWh), which is how residential customers use and are billed for their energy consumption. This is also one component of commercial customers' bills. Another component is **demand** and it is measured in kilowatts (kW). The electric meter actually measures demand separately from kilowatthours, they are two different billing components. Demand is the total amount of electric load the customers' facility requires at all times. Demand is the amount, in kW, of all electrical equipment running simultaneously, such as lighting, HVAC, motors, office equipment, machinery, etc. Demand is also described as the total kW required, or used by electrical equipment in the facility at any one time. The more electrical devices that operate at the same time, the higher the demand. Utility companies must know the maximum or peak demand of every customer so they can build adequate infrastructure and be ready to supply the electrical capacity needed at all times.

Sizes of commercial businesses vary and how and when they use electricity can be very different. Some businesses operate at extremely consistent levels and need about the same amount of power day after day. Many 24/7 manufacturing operations are examples of this type of consistent load. Other businesses may have much more sporadic usage patterns. They may use a lot of electricity one or two days a week and very little at other times. A church is a good example of this load characteristic. Utilities combine similar usage patterns into classes based on kilowatts, kW.

BTU's main commercial customer classifications are as follows:

- **Secondary Service Small:** this classification is for commercial customers with demand of 24.99 kW or less. Commercial customers falling in the Secondary Service Small rate structure are billed for kWh consumption, but not demand. All commercial accounts initially begin in this classification until the demand exceeds 24.99 kW. If, at any time, demand is greater than 24.99 kW, the account will automatically be placed in the Secondary Service Demand class or another appropriate rate class and will begin billing with those rates on the next bill. Once an account is in the Secondary Service Demand level, it will remain in that classification for a minimum of 12 months and shall be billed for kW demand at no less than 50% of the highest demand reading during the preceding 12 month period. If there are 12 consecutive demand readings of 24.99 kW or less, the account will be placed in the Secondary Service Small commercial classification.
- **Secondary Service Demand:** this classification is for customers who have demand between 25 kW and 999 kW in the city and a demand of 25 kW and higher in the rural area.
- **Secondary Service Large:** this classification is for commercial customers in the city with demand greater than 1,000 kW. There is no Secondary Service Large class in the rural area.