

Rocky Mountain Power: New rate category covers costs of meeting peak loads

# 'Demand' charge spikes Wyoming electric bills

By DUSTIN BLEIZEFFER - Star-Tribune energy reporter | Posted: Thursday, March 18, 2010



Wayne Reed, owner of Reed's Automotive, finishes taking a phone call in his shop on Wednesday afternoon in Casper. Reed's is one of a number of area businesses that have been hit hard by new 'demand' charges from Rocky Mountain Power. Some specialized equipment in Reed's shop require a short but high surge of power when switched on, which under the new billing system results in dramatically higher bills even if overall power usage remains steady or even decreases, according to Reed. (Dan Cepeda/Star-Tribune)

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Wayne Reed of Reed Automotive & Custom Exhaust discusses his increased utility bills due to a Demand Charge that went into effect in May of 2009.

The electric bill for Reed's Automotive & Custom Exhaust used to average about \$300 a month. Then last summer owner Wayne Reed was shocked to see a \$500 "demand" charge.

Turns out that powering up his hot-water parts washer temporarily caused his shop to pull more than 15 kilowatts which, since it happened more than twice within a 12-month period, moved him into the "rate schedule 28" category.

The new rate schedule was implemented in May 2009 as part of Rocky Mountain Power's 2008 rate case settlement with the Wyoming Public Service Commission.

Now to avoid the \$500 demand charge, Reed must set aside a few hours every month to shut off everything -- lights, hoists -- in half of his 24-car shop to use the hot-water parts washer.

Reed said it's forced him to use less electricity. Still, Reed estimates he's had to pay an extra \$3,000 on his electric bill in the past year, forcing him to lay off one of his three employees.

"Makes it hard on a business like this," said Reed. "What they're asking us to do ain't right."

And more rate hikes are in the works. Rocky Mountain Power recently proposed a rate increase of 13.7 percent, which is currently under negotiation at the Wyoming Public Service Commission.

The schedule 28 demand charge has been a major hit for small businesses that must power up large equipment every so often, like restaurants that only open on the weekends and small hotels that crank up air conditioners in the summer and electric heat in the winter.

"I'm aware of a bowling alley (in Wyoming) that's only opened one or two days a week," said Rocky Mountain Power spokesman Jeff Hymas. "It's cases like these that have been the most difficult for some customers."

Hymas explained that these types of demand charges are necessary to cover the costs of meeting peak loads. For example, the average demand load in a hypothetical service area may be 30 megawatts. But the generation, transmission and distribution facilities must be built to meet peak demand -- those few times a month or week when businesses switch on large appliances.

"For customers who use larger amounts of energy, or those who have high peak demand, it makes sense to have a separate demand charge," said Hymas. "That allows us to make sure each business pays its share of the utility's investment in generation, transmission and distribution equipment that is standing by, ready to serve their needs."

The schedule 28 demand charge applies to Rocky Mountain Power's non-residential customers who either use more than 5,000 kilowatt hours or register more than 15 kilowatts more than twice in a 12-month period.

Hymas said the utility moved a lot of customers from "schedule 25" to "schedule 28."

It's a switch that folks at Casper Speedway desperately want to avoid. Rather than flipping on one main switch to turn on all the lights at the race track, operators plan to switch on lights in stages -- one set every 15 minutes or so.

But that strategy may not work on the Fourth of July when track operators don't have 40 minutes to an hour to switch on the lights after the fireworks display.

"They have to be able to meet the demand, so why are we getting nailed for this demand," said Casper Speedway president Lou Grunewald.

Hymas said he encourages customers to take advantage of Rocky Mountain Power's energy efficiency and demand-side programs to save electricity.

"We've been able to help many customers who have passed the (rate schedule 28) threshold to reduce their peak demand and return back to rate schedule 25," said Hymas.

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For more info

For help in reducing your peak electrical demand, check out Rocky Mountain Power's "Tool Kit" at [www.rockymountainpower.net/toolkit](http://www.rockymountainpower.net/toolkit).