Residential Guide to Understanding Your Utility Bill
Closely inspecting your utility bill is the first step to energy conservation

NOTE: Looking at the history of your energy use is a good habit to practice. If you used more energy this month compared to the same month last year, consider looking for ways to save energy around your home. Keep in mind that your energy use is affected by weather, so using more energy than a previous month isn’t always cause for alarm.

NOTE: The bill featured in this guide may not exactly match your own, but will have similar elements. Use this guide and your utility’s website as tools to help understand your bill.

1 Charges for This Month’s Bill
All of the charges associated with your bill equal the total you pay, displayed here. Some utilities supply both electricity and natural gas, and both charges will be included in this total.

2 Rate Plan Name
Your rate is what your utility charges you for the energy you use. It is wise to familiarize yourself with your rate plan through the utility’s website or customer service line, as noted in the definitions section of this guide.

3Billing Period Usage Summary
This section provides the exact dates of your billing period. As noted in the definitions section of this guide, your previous billing period meter reading is subtracted from the current billing period meter reading to find how much energy you have consumed since your last reading. This is the amount of energy you will be charged for on this month’s bill.

4 Historical Energy Usage
Some utilities provide graphs, charts, or tables that show how much energy you’ve used during past billing periods. Keep in mind, this information may be available even if you do not see it on your bill. Call your provider’s customer service line for more information.

5 Explanation of Charges
You’re not always just paying for your energy when you pay your bill. Other charges that may be included are:

Account charges or basic facilities charge
A consistent charge on every bill added to pay for utility actions that enable you to receive service.

Renewable energy charges
This charge helps fund the research and development of renewable energy programs.

Franchise fee
This fee is used to allow the utility to recoup the cost of using the local government’s public rights of way.

Riders
An additional charge on your bill. The purpose of a rider may vary, but can be for something temporary, beyond the utility’s control, or optional to the customer.

5a Energy Charge
This charge is the amount of energy you’ve consumed multiplied by the amount the utility charges per unit of energy.
Additional Tips for Understanding Your Bill

Weather Normalization Adjustments for Natural Gas
Some utilities rely on weather data when determining what to charge customers for the delivery of natural gas in order to recover their fixed costs associated with equipment and infrastructure. In 1992, the Public Service Commission of South Carolina approved a method to use the difference between “normal” weather, calculated from historical data gathered by the National Oceanic and Atmospheric Administration, and the actual weather experienced in the billing period to adjust the amount you are charged for natural gas. In heating seasons where weather is colder than usual, the price for natural gas is reduced, and in milder-than-usual heating seasons the price for natural gas is increased.

Time of Use/Demand Rate Structures
"Time of Use" billing and electricity demand charges are two ways that utilities may seek to manage customer demands and reduce costs. Utilities use these billing structures to send price signals to customers. This approach encourages reducing energy use during times of the day when it costs the utility more to generate or purchase energy. By keeping the total electricity demand low, the utility delays building new power-generating facilities. The example bill in this guide does not use either of these techniques, but certain rates do.

On-Peak or Time of Use
The term “on-peak” refers to the time of the day when the demand for energy in homes is elevated, typically in the morning and evening when residents are home. The exact time, as well as the cost of energy during these times, is dictated by the utility and explained in your rate plan. The cost of energy during on-peak hours is higher; careful planning of when you use energy can save you money.

Demand
Demand is the sum total of your power draw. If you add up all of the watts each appliance in your home is using right now, you get your current demand. The more appliances you turn on, the more your demand increases. Utilities may charge you for the maximum demand (in kW) used within the billing period in addition to the energy used (in kWh).

Opting In/Out
Depending on your eligibility for the various rates your utility provides, you may be able to opt-in or opt-out of these billing methods. A significant amount of money can be saved by using on-peak and/or demand pricing to your advantage.

For example, if using a rate with a “time-of-use” or “on-peak” component, a utility’s cost and your cost could be reduced if you perform tasks during off peak times when electricity is cheaper.

Switching Rates
While researching your rate, look for other rates your utility offers and whether or not you qualify to subscribe. There may be opportunities to save money by subscribing to a different rate. Contact your utility or check out their website to get additional information about different rate structures.

Definitions

Rate Plan: A description of your rate. Usually available through your utility’s website.

Watt (W): A unit of electric power, or the rate at which electricity is used.

Demand: The sum total of your power draw, measured in watts, a higher demand means more electricity is needed at once.

Kilowatt-hour (kWh): The total amount of energy consumed, found by multiplying power (kW) by the number of hours you have that demand.

Meter: The device through which the utility "gives" you your energy, it has a measurement device on it to determine how much electricity or natural gas is passing through.

For more information about the different parts of a utility bill, as well as energy saving tips, visit ENERGY.SC.GOV/Residential

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