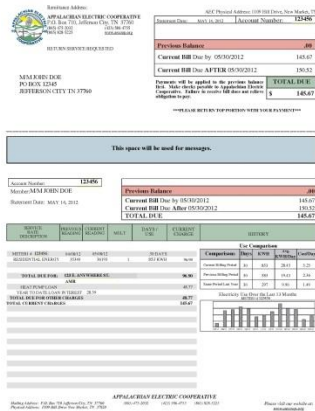


How is my bill calculated?



AEC follows the same formula in calculating every residential member’s electric bill. The following four components are added together to determine how much you owe:

1. Base customer charge

AEC’s base customer charge is determined by a cost-of-service study. Assessed across the membership, the base customer charge covers the cost of the infrastructure needed to provide service—poles, lines, transformers, etc.

2. Energy charge

Basic kilowatt-hour cost of electricity.

3. Seasonal component

An indicator of TVA’s costs associated with meeting peak demand during different times of the year. Highest during the summer months, followed closely by winter; no additional amount is added during the spring and fall.

4. Fuel Cost Adjustment (FCA)

Reflects TVA’s costs to purchase the resources need to generate electricity. Changes monthly, depending upon the price of coal, natural gas, etc.

How it all adds up:

Energy charge
+
Seasonal component (if any)
+
Fuel Cost Adjustment

Cost per kilowatt-hour of electricity
+
Base customer charge

The total amount of your monthly electric bill

It's important to remember that:

- Additional miscellaneous charges (security lights, heat pump financing, etc.) could appear on a monthly residential bill.
- Residential rates—on homes, apartments, and other dwellings—are not taxed. All other facilities such as barns, shops, garages, pumps, electric fences, etc. are billed at commercial rates and are subject to tax, except in cases of official tax-exempt status.
- Commercial members are billed based on their electric load. Commercial rates generally include the base customer charge, the energy charge, the seasonal component (when applicable), and the Fuel Cost Adjustment. In addition, commercial rates may include demand charges.
- AEC's current retail rates are posted monthly online. Hard copies are also available upon request from our Member Services department.