



# RESIDENTIAL & COMMERCIAL RATE COMPONENTS

**Our residential and commercial electric rates are made up of three components - Service Charge, Energy Charge, and PPA Charge. Each component is described below.**

## **SERVICE CHARGE**

The service charge is applied to each metered service. It is a constant monthly charge and does not include any energy consumption. This charge is intended to cover the utility's costs of maintaining and keeping your customer account records active (data processing, meter reading, billing, etc.).

## **ENERGY CHARGE (KWH)**

The energy charge is the amount you pay for each kilowatt-hour (kWh) used. It is intended to cover costs to purchase and deliver safe and reliable electricity to your

home. It includes costs for operation and maintenance of the local electric distribution system, transmission and production costs, and other energy delivery expenses. While this rate does not change, it is multiplied by the amount of electricity (kWh) consumed, so the amount you pay fluctuates based on your monthly usage.

## **PPA (PURCHASE POWER ADJUSTMENT) CHARGE**

The PPA is a variable charge that changes based on the actual cost the utility incurred for purchasing power for the month. The PPA charge can be positive (increases your bill) or negative (decreases your bill), depending on the actual cost of power compared to the average cost of power budgeted. This ensures that the utility does not overcharge or undercharge customers for total electricity used.

**QUESTIONS? CONTACT US TO LEARN MORE.**



**ilpt.com • (319) 332-0100**

At Independence Light & Power, Telecommunications, we join forces with other local, not-for-profit utilities through WPPI Energy to share resources and lower costs.

SHARED STRENGTH THROUGH @WPPI ENERGY