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# What a Business Needs to Understand About its Electric Utility Bill During the COVID-19 Emergency

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Trying to understand your electric utility bill can be a frustrating experience. It can be full of abbreviations and multiple line-item charges for energy, demand, system access, energy efficiency, power supply cost recovery, power factor, and securitization...just to list a few. In most cases, these charges have been approved by the state public utility commission and published in utility tariff rate books. But unlike most other commercial supply agreements that you enter as a business, these utility tariff rates that govern the electricity supply to your business generally do not contain a [force majeure provision](#). So, in a situation like the current COVID-19 national emergency where many states have required non-essential businesses to shut-down and even essential businesses have seen a significant reduction in their operation, you could still be facing a large electric utility bill. That's because many of the charges on your utility bill are not reduced by your lower electricity usage or because there are minimum charge levels that apply. For instance, the distribution/delivery cost that you pay the utility could be based on the highest demand (kW) of your business over the prior twelve-month period! System Access and Customer Charges are generally fixed dollar amount charges. Certain power supply charges have minimum bill provisions based on 60% or more of the prior year peak usage.

What can you do?

1. Understand your normal energy usage and energy spend, and how that may compare to your current reduced operation.
2. Perform an assessment of the current utility tariff rate and any separate agreements your business has entered with the utility to understand the details of current rates, rules, and obligations.
3. Discuss your situation with the utility. The utility may be willing to implement certain temporary relief from normal tariff provisions.
4. Consider making a formal filing for relief at the state public utility commission.
5. Consider becoming an active participant in future utility rate case filings, individually or through an association of other businesses, to help shape rules and obligations, including minimum bill and force majeure provisions.

At Clark Hill, we understand energy issues from the customer perspective. We work hand in hand with clients' key executives, senior managers, and technical staff and draw on our in-depth understanding of utility tariffs and utility regulatory law to find solutions for energy issues. Please [contact](#) Clark Hill's Energy Management Consulting Group leader for more information.