

Answers about the Environmental Surcharge



Here are answers to help our members better understand the environmental surcharge on their monthly bills:

Q. *What is the environmental surcharge?*

A. The surcharge reflects the cost of equipment and other expenses our power supplier incurs as it complies with EPA regulations on power plant emissions.

Q. *What equipment is needed to comply with EPA rules?*

A. Our power supplier has installed expensive equipment like scrubbers. The surcharge covers operation and maintenance of this equipment, and other environmental costs.

Q. *Is the charge from my co-op?*

A. No. The charge is a pass-through from our wholesale energy supplier, East Kentucky Power Cooperative (EKPC). Every penny goes directly to EKPC.

Q. *Who decides what my surcharge is?*

A. It's based on a formula approved by state regulators. EKPC bills our co-op and then those costs are passed to our members. State regulators make sure only proper expenses are included.

Q. *What goes into the formula?*

A. Each month, environmental costs are divided by the 12-month average revenues of the co-op. This produces a surcharge billing factor that is stated as a percentage. This surcharge billing factor is applied to the wholesale power bill of the co-op and is then passed on to end-use members.

Q. *Is the EPA Clean Power Plan going to cause it to increase a whole lot more?*

A. These complex and massive EPA regulations will not likely impact the surcharge, but the law could put strong pressure on electricity rates to increase. We are working closely with our power supplier to find the right path to compliance that imposes the least cost on our members.

Q. *Why does the surcharge go up and down, and why has it gone up lately?*

A. It varies because revenues fluctuate with the weather, and environmental costs change. There is an additional adjustment that takes care of over- or under-collections of the surcharge. In recent months it has increased because of costs to remove coal ash from a plant beside the Kentucky River.

Q. *Will it ever be taken off the bill?*

A. With the EPA tightening regulations, the surcharge will probably be in effect for a long time.

Q. *Can I lower the environmental surcharge?*

A. The surcharge varies each month, and it is applied to the total bill. One way to contain the amount you pay toward the surcharge is to reduce your electric consumption.

Q. *Can the co-op help me at all?*

A. We can help customers find ways to conserve power through free energy audits, our online home energy evaluation called *BillingInsights*, and many other programs. Go to our website to learn more.