

How many people does it take to understand a power bill?

Delivery costs, fees, taxes frustrate some, but utility says it's aiming for simplicity

BY LARRY RULISON
BUSINESS WRITER

ALBANY — Debra Vincent is steaming mad about her most recent National Grid bill.

The Latham resident is furious because she used \$46.41 worth of electricity during the month of August — but National Grid charged her \$84.37 to deliver the

power to her home, nearly double the cost of the actual electrons.

"You pay 200 percent of your usage. Come on!" Vincent said. "A lot of people don't even look at their bill. They should look at their bill and start complaining — it matters."

Vincent is not alone in her frustration over her utility bill. With the wholesale price of electricity

falling because of the recession, National Grid customers are noticing that their delivery costs — the amount that National Grid charges customers to provide homes and businesses with power — are more than the cost of the power itself.

The anger is also caused by a utility bill that is unclear to most people because of confusing charges, taxes and fees that can change from month to month and differ depending on where you live.

Taxes and government fees account for about 6 percent of a typical gas and electric bill, and in school districts that collect sales taxes on utility bills, the percentage can be even higher.

To be fair, National Grid has done a lot to try to simplify its bills over the past several years. And the London-based utility doesn't have any control over the numerous taxes levied by the state and local municipalities.

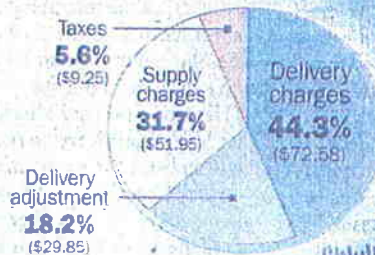
"We want to give as much information as possible to the customer and make it as simple as possible," said National Grid spokesman Patrick Stella. "But that doesn't always work together as well as possible. We want to see it as simple as possible, and our customers want to know what makes up the bill."

The latest tax to be added to the bill is the so-called incremental state assessment that Gov. David Paterson and the Legislature used this year to help bridge the state budget gap. This tax is officially

Please see **POWER BILL A10** ▶

What's in a power bill?

Business writer Larry Rulison broke down his \$163.63 National Grid bill for August between taxes, delivery and supply charges and what's known as "delivery adjustment" charges. With lower prices for electricity and natural gas, the delivery adjustment charges have been higher than normal, causing confusion — and sometimes anger — among consumers.



ALBANY, NEW YORK ■ SUNDAY

timesunion.com

OUTLYING AREAS

THE INFORMATION SOURCE SINCE 1856 FOR THE CAPITAL REGIONS

TIMES UNION

POWER BILL: Up to 8 different line items

CONTINUED FROM A1

known as the 18-a assessment, and it is designed to fund the state Public Service Commission. The tax — originally a levy of one-third of one percent of the utility's revenues — used to be included in National Grid's delivery charges.

But the 18-a assessment was increased to 2 percent of the utility's revenues, and now it's broken out as its own line item on National Grid bills.

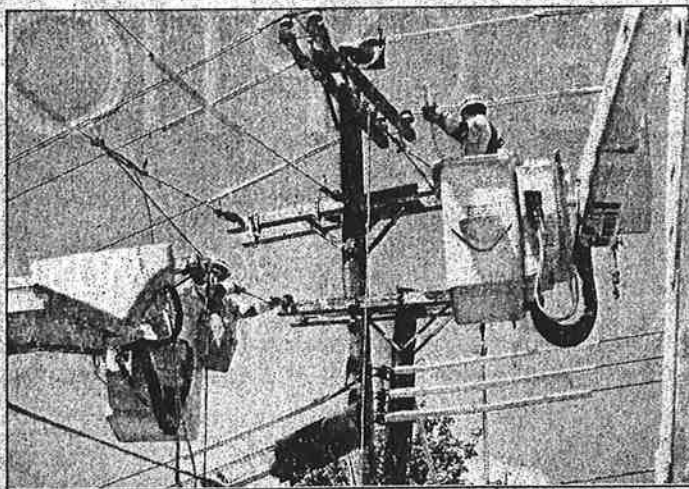
On a \$150 bill, this tax amounts to about \$3 — and that's just one of many taxes that consumers and businesses have to deal with. There can be as many as eight different line items on the combined National Grid gas and electric bill showing state and municipal tax charges.

On the same \$150 bill, state surcharges for what's known as the Systems Benefit Charge, for energy efficiency programs, and the Renewable Portfolio Standard, which subsidizes clean energy development such as wind farms, total about \$3.50.

Paterson spokesman Morgan Hook says those two surcharges help the state meet many energy, environmental and economic goals outlined in the governor's draft state energy plan released in August.

"The SBC and RPS programs support energy efficiency and renewable energy initiatives that will put New Yorkers back to work, reduce greenhouse gas emissions, strengthen New York's energy security, and save New Yorkers hundreds of millions of dollars per year," Hook said.

But not everyone believes that these state surcharges are worth their cost. Gerald Norlander, executive director of the Public Utility Law Project, a nonprofit consumer advocacy group in Albany, says the System Benefit



TIMES UNION ARCHIVE

NATIONAL GRID linemen Joe Robles, left, and Shawn O' Brien work on infrastructure improvements on power lines on Route 50, Glenville.

Charge doesn't always benefit the poor as it should.

He points to a case in which landlords in New York City used SBC money to buy sub-meters, forcing tenants to pay power bills they couldn't afford, especially since the apartments had outdated and inefficient appliances that used a lot of electricity.

"We question whether the poor may be getting the benefits of the SBC," Norlander said. "And in some cases, it might be hurting them."

The business community was also outraged during the state budget process earlier in the year when Paterson increased the 18-a assessment to help balance the budget. National Grid added it to bills in July, and it accounts for about 2 percent of the average utility bill.

Businesses have been hit hardest with the 18-a assessment, especially large industrial customers, says Ken Pokalsky, senior director of government affairs for The Business Council of New York State in Albany. He said that

industrial power in New York state is already 40 percent to 60 percent higher than in other states.

"This has made the pain even worse," Pokalsky said. "This exacerbates a bad situation. No doubt, besides taxes, other portions of the utility bill can be confusing — especially an item called the 'delivery adjustment.'"

The delivery adjustment is designed to smooth out the volatility in the price of electricity and natural gas — the cost of which is listed under the supply portion of the National Grid bill.

When electric and gas prices are low, the delivery adjustment fee goes higher. When gas and electric prices go higher, the delivery adjustment can actually credit a bill. The goal is to smooth out what consumers pay for their energy, but many people are confused because the adjustment is listed under the delivery portion of the National Grid bill — not the supply section.

"There's not a lot of fluctuation from month to month," said Pam Dise, manager of New York

electric pricing for National Grid. "If you look at that total bill, it's quite consistent."

Of course, there is a way to get out of paying for the adjustment by asking National Grid to put you in what is called the "market rate option."

Those who choose the market rate option pay current wholesale prices for their electricity and gas, but there is no delivery adjustment to guard the consumer against potentially large swings in pricing.

Those who choose the market rate option are required to stay in it for at least 12 months. Wise says that "very few" National Grid customers have elected to go this route.

There are other ways to try and cut costs or simplify the bill. National Grid customers also have the option of shopping for an alternative energy supplier for electricity and gas. Doing so for your gas supply will eliminate the "merchant function" from your bill, an administrative fee that National Grid charges its gas customers that can range from 50 cents to \$5, depending on the time of year.

Mindy Bockstein, executive director of the state Consumer Protection Board, says she understands the complexity of the utility bill, and she encourages consumers to read theirs carefully. But she adds that the bills these days carry a lot of useful information, such as a monthly usage history and supply costs, which can help people manage their usage or decide whether to choose an alternative supplier.

"We encourage a robust bill with detailed information," Bockstein said. "It helps empower consumers."

► Larry Rullison can be reached at 454-5504 or by e-mail at lrullison@timesunion.com.