

Arkansas Customer Bills FAQs

We understand there are many concerns regarding the rising cost of electricity bills.

Below, we've answered some frequently asked questions to help explain the factors that are impacting your electric bill. ***As a reminder, bills are calculated differently in each state, as our base rates, fuel and other charges are reviewed and approved by each state's public service commission.***

Why was my bill higher in summer 2022 versus summer 2021?

One of the two factors that can impact your bill is the amount of energy used – measured in kilowatt-hours (kWh). **The hotter it got, the more energy you likely used.** The 2022 summer set record temperatures in many parts of Arkansas. During periods of extreme heat, your air conditioning system may run longer, work harder, and use more energy to keep your home comfortable. You can compare your current kWh usage to the same month a year ago with information displayed on your bill or by logging into your SWEPCO account online.

Base rates increased in July 2022. A base rate approved in June 2022 by the Arkansas Public Service Commission (APSC) increased rates by 9.49% effective the first billing cycle of July. Base rates refer to the costs of building, maintaining and operating SWEPCO's electric system. These costs pay for the generation, transmission and distribution system – the power plants, substations, poles and wires you see in your community – along with the costs to keep this system running. These costs also include reading meters, producing bills and customer service activities. Base rates do not include the fuel portion of your bill, which pays for fuel and purchased power. Fuel cost is a direct pass-through to customers.

The July 2022 base rate increase reflects recent investments in reliability and resiliency improvements in the power grid, as well as cleaner power generation such as our investment in the North Central Energy Facilities (NCEF), which provides 268 megawatts (MW) of wind energy to Arkansas customers.

The fuel savings and tax credits we gain with the addition of renewable energy help to offset the cost of these facilities, which **results in continued long-term savings to customers.**

Our long-term strategy calls for more than one-third of our energy generation mix to consist of wind and solar resources. **The addition of wind and solar generation is an important factor to help reduce the reliance of natural gas to generate energy, which can be volatile with exponential increases in price in a short period of time.** As we increase renewable energy as part of our generation mix, we can help offset the cost to purchase fuel and ultimately provide further savings to our customers.

Why did my fuel rate go up in the fall?

The second factor that can impact your bill is the cost to purchase fuel to generate electricity, seen on your bill as a fuel rate. Base rates are not the same as fuel rates. In Arkansas, the Energy Cost Recovery (ECR) rates are typically set each spring based on a 12-month market forecast for the cost to purchase fuel to generate electricity. SWEPCO can file for interim adjustments throughout the year if the cost of fuel is significantly higher or lower than the annual rate set for customers.

From January 2022 through August 2022, **SWEPCO under-recovered approximately \$44 million in fuel costs based on higher natural gas prices**, as well as increases in purchase power expenses and supply chain challenges. In September 2022, SWEPCO filed an interim ECR adjustment with the APSC to collect the \$44 million under-recovered fuel balance.

The cost to purchase fuel is passed directly through to customers via fuel rates without profit to the company.

This adjustment **increased the fuel rate from 3.74 cents per kWh to 6.4 cents for kWh effective October 2022 through March 2023**. For Arkansas residential customers using 1,000 kWh per month, **bills beginning Sept. 28 would increase \$12.05 per month** compared to their September bill of the same usage.

The new adjusted rate is in effect during winter base rates, which are lower than summer rates. The lower winter rates will help lessen the overall impact on customers.

Current fuel costs reflect impact of February 2021 winter storm. Current SWEPCO customer bills in Arkansas also reflect the extraordinary costs of fuel during the February 2021 winter storm. SWEPCO began recovering that fuel cost in April 2021, which is being spread over five years to lessen the impact to customers. This fuel cost is also a direct pass-through to Arkansas customers.

How does natural gas impact my bill?

Natural gas prices have risen significantly versus 2021 prices. SWEPCO has a diverse energy mix with wind, natural gas and coal to generate electricity for our customers. The cost of natural gas, which fuels 39% of our generation mix, has been two to three times higher this year versus 2021. The cost to purchase fuel (such as natural gas) to generate electricity is passed directly through to our customers, meaning ***SWEPCO does not profit from the cost to purchase fuel to generate electricity for customers.***

As natural gas prices remain high, we expect that to drive increases in customers' bills based on normal usage patterns. The diversity in SWEPCO's generation resources helps hold fuel prices down in times of high natural gas demand and corresponding price fluctuations.

However, during the hot days of summer or cold days of winter, we may have to rely on our natural gas fired generation more often to meet demand, which could increase customers' bills.

What are my options to help pay my electric bill?

SWEPCO announced additional flexible options to help residential customers facing high bills due to increased demand and rising fuel costs. Through October 31, 2022, all SWEPCO residential customers can have late fees, and in some cases, deposits waived. They can also take advantage of an extended payment plan that gives them up to 12 months to pay their bill in full. Customers must call 1-888-216-3523 to speak with a SWEPCO representative regarding these flexible options, including requesting late fee and deposit waivers.

Learn about other payment assistant options, including enrolling in the Average Monthly Payment plan, by visiting [SWEPCO.com/Assist](https://www.swepcoco.com/Assist).