

## How Utility Companies Overcharge You and What You Can Do About It

### *True or False?*

State Public Utility or Service Commissions establish utility rates and compel the utility companies to see that customers receive the lowest rate.

Utility companies automatically give customers the best and lowest rates available.

If a utility meter has malfunctioned and you are being undercharged, you're not responsible.

If you answered yes to any of these questions, you could be needlessly...

### **Wasting Money On Your Utility Bills**

Okay, let's get to it and explain why you are losing money.

First, each state has a regulatory body, a public service or public utility commission. Utility companies submit proposed rate increases (or decreases) to those commissions and await their approval. For the most part these commissions are rubber stamps for the utility companies.

As a consumer you are offered a range of different rates and it is your responsibility to find the one that is best for you. This quote is from the Georgia Public Service Commission and it sums up what is the universal policy across the country.

“This commission does not require that utility companies guarantee to commercial and industrial consumers the lowest available rates for a given operation. When two or more rate schedules or types of service are available it is the customer who must make the final decision as to which type of service he desires. If the customer guesses wrong as to what type of service will be most economical, the utility cannot be required to reimburse him for his mistakes.”

In other words, good luck. You're on your own to decipher a bunch of complicated rules and regulations and make your own decision.

So, let's go to point number two, and about your utility company automatically giving you the lowest rate available. Again, good luck.

Here's what Ohio Edison (now First Energy) has to say about this.

“The Company does not guarantee that customers will be served under the most favorable rate at all times and will not be responsible for notifying the customer of the most advantageous rate.”

That’s pretty much it across the country. And it’s not that the utility companies are operated as some kind of Machiavellian enterprise. Their rules are complex, contradictory and for the most part ambiguous. Have you ever called the IRS for a simple tax question and been given 10 different answers? It’s the same with utility companies. The rules are often so complex very few people have any understanding of what’s there.

Now, let’s look at meter malfunctions and how this affects you. Meters often run slower with age and the readings become unreliable. Months, or even years can go by and you are being undercharged. Or due to some clerical error the utility company has been undercharging you. You probably think you’re getting a great deal. Wrong! Even though it’s their mistake they can come back to you and demand back payments for something that was their fault. This happens all the time and it may have already happened to you.

How can you fight something like that? Well, there are very specific procedures to do so, but they don’t make that knowledge readily available and you usually end up getting stuck.

The fact is that as a consumer you are presented with a very convoluted set of utility rules and regulations, and it is your responsibility to decide what makes sense for you and best for your particular location. On top of that you have to work with utility bureaucracies that just shuffle you around the system, put you on hold forever, direct you to the wrong person, and in the end they figure you just get fed up and walk away. They’re counting on the fact you have other pressing commitments.

So, what can you do? You can either try and check out the available rates and regulations and do it on your own, or engage a consultant. Now, for about 15-20% of the utility companies across the US the rules are often pretty straight-forward, and you might be able to do this on your own. For the rest, you can feel like you stepped into *Alice in Wonderland*.

Either way, you can’t just accept the utility companies are doing things right and you’re being billed what you should.