Understanding the Power Cost Adjustment

Each month, Brown County REA includes a charge on member's electric bills called the Power Cost Adjustment (PCA). The PCA reflects an adjustment for the actual cost of wholesale power during each billing period – above or below Brown County REA's base rate.

Why is PCA necessary?

In order to generate the electricity you consume, our wholesale power supplier, Great River Energy (GRE), obtains electricity from many sources, including coal, natural gas, wind and solar. GRE sets its rates each year based on variables including the cost of fuel and amount and cost of power purchased in the market. GRE also estimate the amount of power to be sold into the market. If its costs are greater than or less than their base rate, they pass through the difference to Brown County REA and other member cooperatives on the monthly wholesale power bill. The co-op in turn, passes on the difference to you, our members. If it is an additional charge, it is added to your bill in the form of a PCA. If it is a credit, you will see a PCA credit on your bill.

How is my total PCA calculated?

Members can calculate their own PCA each month by multiplying the PCA amount (listed on the electric bill) by the kilowatt hours (kWh) used during the billing period. This formula charges all Brown County REA members equally for the increase or decrease in the cost of generating electricity, based on fluctuating costs.

Do other electric utilities use a PCA?

Wholesale power cost is Brown County REA's largest expense and the PCA is a pass-through from the wholesale power bill to members' bills. But this is not unique to cooperatives, in fact, all energy suppliers have a monthly adjustment for fluctuating fuel costs related to power production. The terminology may vary. You may hear PCA's referred to as a "Wholesale Power Adjustment" or "Fuel Cost Adjustment," or other terms, but all are fundamentally the same.