



## **BUDGET BILLING**

The City of Hogansville and most other public utilities offer budget billing as an option for paying home utility bills, but is budget billing a wise option?

### **What is Budget Billing and how does it work?**

Budget Billing works like this: The City of Hogansville – which provides you electric, natural gas, water and waste-water service – adds up your utility bills for the last twelve (12) months and divide the total by twelve in order to determine a fixed billing amount for your utility bill for the next twelve months. You must have twelve (12) months of utility history at your current location to establish an average.

Based on your historical average utility usage, we're assuming you'll use about the same amount of electric, natural gas, etc., in the coming year. That's how we determine the average and set the fixed monthly billing amount for the upcoming year.

At year's end, the billing system compares the amount of utilities energy you've used with the amount of energy you paid for during the year. If you've paid more than your usage, you get a refund credit on your next bill. If you've paid less than the energy you've used, you get billed for the additional amount at the end of the year.

### **How much does Budget Billing cost?**

The service is free for budget billing; we see it to help our customers plan your budget more easily. At the same time, we are reducing the chances that a customer won't be able to pay their bill due to extra high energy usage.

For instance, running your furnace a lot in January can lead to a shocking natural gas bill. Also, running your central air unit constantly in July and August can lead to an expensive electricity bill in your mailbox.

### **Is Budget Billing the right choice for you?**

The Budget Billing concept has its pros and cons. Let's look at some of the more common discussion points about budget billing.

#### **Pros:**

##### **Budget Billing does make budgeting easier.**

Energy bills do tend to fluctuate each month based on usage and consumption. A Budget Billing plan helps people to have a fixed utility payment each month so that they can better budget for their month's expenditures.

##### **Budget Billing helps people avoid super high summer or winter bills.**

Cold winter months and piping hot summers can result in astronomically high energy bills that many people and families may have trouble paying. Budget Billing averages out annual energy bills so that people don't have to try and budget in hundreds of extra dollars per month for energy bills when energy use peaks for them.

## **Cons:**

### **Budget Billing can lull people into using more energy.**

For all the benefits of a budget billing system, there is a downside. Knowing that your bill will be the same each month, a Budget Billing system can lull you into a false sense of security. That could cause you to forget the long-term ramifications of using too much energy.

You might be tempted to keep the heat higher or the air conditioning temperature lower, knowing that you won't need to pay the piper until the end of the year. And if you do tend to heat or cool your house more as a result of Budget Billing, ultimately, you'll be paying more.

### **Budget Billing can result in a high year-end bill.**

If you're not meticulously keeping track of energy usage, you can end up with a big energy bill at year-end to make up for the energy usage you weren't billed for. This can put an unexpected strain on your budget for that "true-up" month.

Budget Billing may work well for you or it may not. Each person must decide for themselves whether Budget Billing can be a benefit to their specific budget or if it might cause them to pay more for utilities overall by changing their heating and cooling habits.

### **Tips to save on your monthly energy bills.**

However, all people can cut down on energy usage, making a positive impact on the environment and on their wallet. Here are some tips for saving money on your monthly energy bills.

#### **Switch out your light bulbs.**

LED light bulbs cost more than traditional incandescent light bulbs, but they also use 75% less energy than a traditional incandescent bulb and last up to 25 times longer than a traditional incandescent bulb. Make room in your budget to switch out traditional bulbs for LED bulbs and watch as your energy bill drops. And LED bulbs have gotten so much cheaper in the last few years.

#### **Adjust your thermostat by a couple of degrees.**

Even a couple of degrees down during the winter months or up during the summer months can make noticeable impact on your energy bill. In fact, for every degree you turn your thermostat down during the winter or up during the summer, you'll save between 1% and 3% on your heating and cooling bills.

Learn to adapt to home temperature levels that are a bit warmer or cooler than you're used to in order to save money on those energy bills.

When possible, cook meals in the crockpot or instapot instead of the oven in order to use less energy for cooking. Similarly, using an outdoor grill in the summer can help you avoid heating the house unnecessarily with your oven while you are simultaneously trying to keep your home cool.

#### **Keep heating and air conditioning units maintained.**

Improperly functioning heating and air conditioning units can result in increased energy bills. Be sure to have your local heating and air conditioning expert out annually to keep your HVAC in proper working order. Also, be sure to replace your air filters in a timely manner. By keeping those clean, your unit will last much longer, and you'll also have a unit that runs more efficiently resulting in lower utility bills.