**Electric Utilities Fundamentals and Future**

**WEEK 2**

Question 1 Which of these geographic areas has the highest residential electric use per capita?

1. United States and Canada
2. Asia
3. Africa
4. Latin America

Ans. A

Question 2 The average U.S. household spends about $1,500 annually on their electricity.

1. False
2. True

Ans. B

Question 3 What makes up the biggest percentage of our electric bills?

1. Computers and related
2. Lighting
3. Cooling and air conditioning

Ans. C

Question 4 There are three basic types of utilities. Select the correct three.

1. Public power systems
2. Jurisdictional Utilities
3. Rural electric cooperatives
4. Investor-owned utilities

Ans. A, C, D

Question 5 Which of the following statement is NOT true about public power utilities/municipalities?

1. They are government-owned.
2. They only provide electricity.
3. They might or might not generate their own electricity.
4. One of their goals is to deliver solid return on investment to shareholders.

Ans. D

Question 6 Which of the following statements are true of cooperative electric utilities?

1. They are associated with serving rural areas.
2. Controlled by members.
3. They always generate their own electricity.
4. They are governed by boards of directors.

Ans. A, B, D

Question 7 Investor-owned utilities are always large.

1. True
2. False

Ans. B

Question 8 Why were electric utilities initially established and generally remain natural monopolies?

1. It was not intentional.
2. So electric utilities do not have to communicate with customers.
3. Duplicating the electricity infrastructure is expensive to construct and maintain and would increase how much customers pay since they don't benefit from economies of scale. Customers pay less for electricity because electricity is provided more efficiently.
4. It is so electric utilities can charge rates as high as they want.

Ans. C

Question 9 Which of the following statement is true about electric utility industry restructuring?

1. The United States was the first country to embrace it.
2. None of the above.
3. All states in the United States have embarked on restructuring.
4. Restructuring has been widespread in the United States.

Ans. B

Question 10 Our electricity bill is a function of which of the following factors?

1. Rates and usage
2. The amount of solar planned for your community
3. Whether or not our utility is overseen by a public utilities commission
4. Whether or not you have a programmable thermostat

Ans. A

Question 11 Why was the United States' regulatory compact or agreement formed?

1. To give natural monopolies a choice in who they want to serve.
2. To help consumers avoid a similar fate as seen with another monopolistic industry - the railroad industry!
3. To ensure natural monopolies can charge whatever rates they choose.

Ans. B

Question 12

Public utilities commissions (PUCs) play a key role in providing checks and balances on what investor-owned utilities can charge for electricity.

1. True
2. False

Ans. A

Question 13 Which of the following represents a primary reason for the high level of structure and regulation surrounding the electric utility industry?

1. To create more government jobs.
2. Because of environmental concerns.
3. It is a social necessity.

Ans. C

Question 14 State retail competition in the United States emerged over the past 5 years.

1. True
2. False

Ans. B

Question 15 Cost of service means a utility can set rates based on the cost they incur for providing service to their customers and they have the right to earn a limited margin, which is regulated.

1. True
2. False

Ans. A

Question 16 Which of the following services may be regulated by a state utilities commission?

1. Electricity
2. Cable
3. Water and sewer
4. All the above.

Ans. D