

Its a double-digit surge in electricity costs

The Philadelphia Enquirer
March 5, 2007

Caps are ending, and prices are rising.

By Bob Fernandez
INQUIRER STAFF WRITER

Electricity prices in the nation and the Philadelphia region soared an average 12 percent in 2006 — by far the sharpest jump since 1990, according to the federal government.

Higher consumer prices reflect the end of rate caps linked to electricity-market deregulation of the 1990s and the soaring prices of natural gas after the Gulf Coast hurricanes in 2005. Many newer power plants run on natural gas.

Prices may not surge so vigorously this year, but experts agree the trend of higher electric bills is upon customers.

The sharpest hikes in the region — which includes Philadelphia, Wilmington, Atlantic City and Camden — came in Delaware. The price information is part of the regional consumer price index from the Bureau of Labor Statistics,

Delmarva Power, which serves 300,000 customers, boosted electricity rates between 57 percent and 63 percent in the spring of 2006. The company said typical residential customers who used 1,000 kilowatt hours a month saw their bills increase to \$145 a month in 2006, from \$91 in 2005.

Spokesman Tim Brown said Delaware electricity rates had been "artificially low," and the company moved its customers off rate caps, which had been set in 1999, and into market-set electricity prices in 2006. He said the Delmarva electricity rates would decline about 1 percent this year.

A sister company, Atlantic City Electric, boosted rates for 500,000 customers about 10 percent in 2006, Brown said. This is a systemwide number, and many individual customers could have seen rate hikes of 30 percent, he said. "We do think there is a trend

line of prices going up, and we are certainly focused on controlling costs," Brown said.

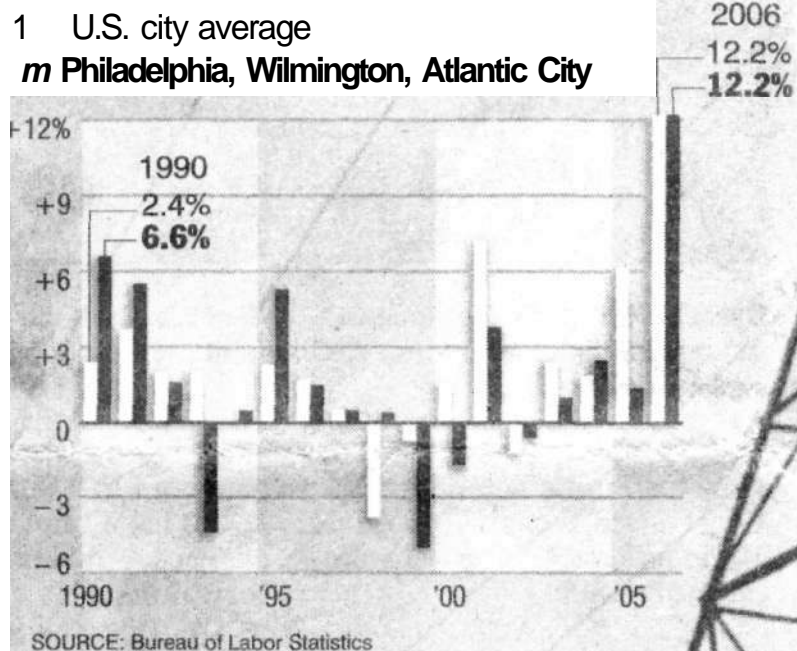
Rates for customers of Public Service Electric & Gas Co. in Newark, which serves parts of Burlington, Camden and Gloucester Counties, rose 13.7 percent in 2006. The rates will increase an additional 11.7 percent this June, spokeswoman Karen Johnson said. "We are doing the best we can to hold prices to a reasonable level," she said.

She said the average monthly bill for a typical PSE&G residential customer who used 650 kilowatt hours went from \$81 in 2005 to \$92 in 2006. After the 2007 hike, it will jump to \$104 a month.

See **ELECTRIC BILLS** on C4

Shocking Bills

After mild rate hikes over the last 15 years, consumers in major metropolitan areas saw a double-digit jump in the year-to-year percentage change in the price of electricity. Analysts expect that to continue as previously agreed-upon caps on rate hikes expire.



Electric-rate caps end, prices surge

ELECTRIC BILLS from CI

In the Philadelphia area, Peco hiked electricity rates 7 percent in January 2006. Two months ago, it raised them 4 percent. The company said the typical customer who uses 500 kilowatt hours a month paid \$65.25 a month in 2005 and \$70 in 2006, and would pay \$72.80 this year.

Peco spokesman Cameron Kline said there are no more scheduled hikes until the rate caps expire in 2010 and electricity customers face market pric-

ing in 2011.

Experts say the big question is whether electricity-market deregulation — which had promised lower prices through competition among power plants — will contain price hikes, said Sonny Popowsky, the consumer advocate in Pennsylvania. "Wholesale prices are a lot higher than what people thought 10 years ago," he said.

John Hanger, a former Pennsylvania utility regulator and now president of PennFuture, a

nonprofit public-interest group, said electricity prices have fallen when adjusted for inflation at the major electric companies in Pennsylvania over the last 15 years.

"The Peco customers are doing well. Prices in the Peco area are too high when compared to the nation but the differences are narrowing," he said.

Contact staff writer Bob Fernandez at 215-854-5897 or bob.fernandez@phillynews.com.