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APPA, NCLC AND PUBLIC CITIZEN CALL ON CONGRESS AND FERC TO PROTECT CONSUMERS AND INVESTIGATE RISING UTILITY COSTS

Washington, D.C., November 3, 2009 – High electric rates are forcing a growing number of low-income consumers to choose between energy, medicine and health care. The American Public Power Association, the National Consumer Law Center, Public Citizen, and other public interest and low-income representatives are calling on Congress and the Federal Energy Regulatory Commission (FERC) to investigate these prices and protect consumers.

While there are a number of reasons behind high electricity rates, one major contributor is the deregulated electricity markets. The 42 million consumers in full retail choice states served by Regional Transmission Organizations are being hit hardest – their rates are 55 percent higher than those in regulated states, a gap that has been increasing, according to data from the Energy Information Administration.

“At a time when consumers are facing extreme hardships from rising electricity costs and growing numbers face shut-offs, FERC must assure electric rates are just and reasonable.” said Mark Crisson, president of APPA. “The promises of deregulation – competition and lower prices – have not been kept. While energy costs across the country have risen, the electric rates in deregulated markets have climbed faster than the rates in regulated areas.”

A recent survey of low-income households by the National Energy Assistance Directors Association found the percentage who sacrificed food to afford electricity bills rose from 22 to 32 percent since 2003, a 70 percent increase. The percentages of those forgoing medical or dental care or prescription medicine rose by 10 and 26 percent. This same survey found that electric bills have risen since 2007 and that almost half the respondents skipped paying or paid less than the amount of their total energy bill.

“Last year, the number of consumers unable to pay utility bills reached record levels and this trend shows no signs of letting up given the current economic climate,” said John Howat of the National Consumer Law Center. “Nobody, no matter what your income level, should be forced to choose between medical care and keeping the lights on in their home.”

A recent survey by the National Association of Regulatory Utility Commissioners covering 42 million electricity customers nationwide found that one in five had past due electric bills. Data collected by the National Consumer Law Center shows that in

Pennsylvania, the number of terminations of utility service jumped 73 percent from 2004 to 2008. In Ohio, applications for the state's energy affordability program have increased 63 percent since 2003. And Rhode Island's service disconnections for non-payment were the highest of any year on record in 2008 and 21 percent of those accounts were not restored.

"It is time for lawmakers to erase Enron's legacy and ensure that FERC enforces that all electric rates be just and reasonable," said Tyson Slocum, Director of Public Citizen's Energy Program.

While consumers continue to struggle to pay their electricity bills, the deregulated markets serving about two-thirds of the country, continue to create opportunities for excessive profits for a handful of companies that own generating plants. As Congress works toward passage of federal climate legislation, consumers in these markets will also pay for the additional layer of windfall profits that will result from a carbon allowance cap-and-trade system, according to a recent study by Synapse Energy Economics.

Despite numerous requests for an investigation into the rate disparities and escalating costs in areas served by Regional Transmission Organizations from consumer, business and public interest groups FERC has taken little action. FERC is the federal agency charged with regulating wholesale electric power markets and is required by the Federal Power Act to ensure that the rates consumers pay are fair and reasonable.

The organizations below are urging consumers to call their Senators and Representatives and demand that FERC act to protect consumers.

American Public Power Association

National Consumer Law Center, on behalf of our low-income clients

Public Citizen

Alliance for Affordable Energy

Citizen Power

Democracy and Regulation

Empowerment Center of Greater Cleveland, Inc

Public Utility Law Project of New York, Inc.

TURN* The Utility Reform Network

Virginia Citizens Consumer Council

