

# Energy rate increases going to front burner

By *Wayne Witkowski*

Editor's Corner

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Over the next few months, residents of the eastern Poconos may ponder a new rate hike — energy costs.

Rate caps are scheduled to expire the end of the year for Pennsylvania Power and Light customers in the region and Met-Ed caps come off at the end of 2010. It already has gotten attention by area residents and, like the television conversion, will get more interest in the closing months of the year if nothing is done.

"I've seen some pieces of legislation that have not been circulated yet," said State Rep. John Siproth, D-189. "The Senate has had some pieces of legislation that would continue to freeze the rate caps and none moved to us yet."

The consensus is that increases would be in the range of 30 to 40 percent on current bills. Current rates have been relatively unchanged since 1997 after Pennsylvania was one of the first states to put in price caps when it passed the Electricity Generation Customer Choice and Competition Act. It's a far cry from the sticker shock the Milford area experienced in its affiliation with Rockland (N.Y.) when its caps came off in 2004 at a time when energy rates were very high. Rates there increased to as much as 60 percent for residents and 100 percent for businesses. Those rates were renegotiated recently to more affordable figures with a different energy supplier.

Siproth said he has "very mixed feelings" about freezing rates any longer. "As we continue to prolong the inevitable, it is going to be more burdensome to individuals," said Siproth, referring to increases. PPL spokesman Paul Wirth has said the increases are a matter of "catching up. For the past 12 years (during the cap), we had not addressed building maintenance and upgrades and, as time has gone on, we need to do that even more."

"Both PPL and Met-Ed are working on offers to the consumer so they can add a little something now to electric bills and minimize that imposition when the rate caps are lifted," said Siproth, who considered that "a possibility."

His chief of staff, Stephen Washington, who has been an advocate of energy-efficient initiatives, agrees.

"At this moment, businesses are interested but it's not resonating yet with residential customers," said Washington. "There is a feeling that perhaps this can be averted by legislation. When Pennsylvania decided to deregulate years ago, it decreased competition and consumers benefitted from lower pricing. Unfortunately, it's not the case now that companies want to recoup some of the costs they have incurred for capital expenses. Legislators are trying to forestall the rate cap but some want to phase it in."

It seems doubtful to most experts interviewed by the Community News that, once the caps are removed, rates will go up gradually over a period of years but rather go into one substantial increase.

Suez Energy Resources, the third largest retail energy provider for commercial customers in the U.S., will be competing in the PPL market in the eastern Poconos, Suez regional vice president David Braun told the Community News. It already has a customer base in the western part of the state and east in New Jersey, with offices in Syracuse, N.Y. and Edison, N.J., along with eight other states and Washington, D.C. "We're looking to put more into Pennsylvania," said Braun,

He'll host an educational workshop on Thursday, June 11, at the Hotel Hershey in Hershey starting at 11 a.m. He said that he expects some businesses in this region concerned about rate hikes to attend and

curious residents are welcome and can cull some good information there as well from a panel of industry experts.

Also in attendance will be Eric Matheson, chief policy advisor to the Pennsylvania Public Utility Commission chairman.

"A 30 to 40 percent increase over prices 13 years ago is not surprising," said Braun. "It's a benefit customers need to think about in enjoying rates lower than the surrounding states for a long time.

"The rates are being reset to marketing reality. It would eventually catch up," Braun said.

"Realize that energy is a traded commodity like oil, copper," Braun said. "The market goes up and down. We happen to be at a down point in the market with low gas and natural gas and power not seen like this in six years. This has been battled and discussed in Harrisburg over the last 18 months with different proposals."

One solution is the Energy Bank Unit invented by Smithfield's Guy Lestician who signed a contract announced last month with DMI manufacturing for \$25 million over the next five years. It currently is filling an order of 1,000 units per month for retail sale, which may increase to as many as 5,000 monthly, to GoIP Global Inc., a publicly traded company.

It can cut consumption in a home by 30 percent and retails for about \$350. "This is a unit I hope will end up in everybody's house eventually," Lestician said in a Pocono Record article announcing the contract in mid-May. GoIP CEP Ike Sutton said in the Pocono Record article, "The return on this device is less than a year for most consumers. We're going to be marketing to people who will realize substantial savings."

The unit had been manufactured by Burnley Workshop in Snydersville, which was manufacturing 40 units weekly. First devised in 1997, it regulates wattage to a more even flow rather than the more expensive surge when demand is high. It also removes irregularities in voltage supplied by power stations. The EBU can fit unseemly on the wall or a corner of a home or business and carries a 20-year warranty.

Rose's Deli on Route 447 in Analomink has used a smaller version in the store's basement.

"I can say it's helping keep my energy bills down 28 to 30 percent. We have a lot of compressors here, so our bill gets high," said Rose's Deli owner Rose Mary Stolfer, who had it installed in 2006 as a prototype and said it has worked without any problem.

Siptroth has been an advocate of the device and Washington feels the idea can catch on with residents after successful evaluations at Lehigh and Wilkes universities. DMI manufacturing is a client of Ben Franklin Technology partners and works with East Stroudsburg University, said Washington.

For some residents who rely on extensive use of energy, it is an option to consider.