

Soaring electricity bills are the latest inflation flashpoint

Updated September 13, 2022 8:41 AM ET

Heard on Morning Edition



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Transcript



Vehicles drive past a sign on the 110 Freeway warning of extreme heat and urging energy conservation during a heat wave in downtown Los Angeles on Sept. 2. Soaring electricity bills are pinching many household budgets across the country even as gasoline prices have come down.

Patrick T. Fallon/AFP via Getty Images

Inflation cooled a bit last month, thanks in part to falling gasoline prices, but for many families, there's another major strain on their household budget: soaring electricity bills.

Take Bernice Brown, a retiree in Tuscaloosa, Ala.. In both July and August, her power bill topped a jaw-dropping \$400.

"It's been damaging to be honest," she says.

But there's little she can do about it.

"The heat here is horrible," she says, noting her neighborhood near the University of Alabama campus doesn't have many shade trees. "The houses are just sitting, baking."



ENERGY

California could see blackouts as heat wave taxes the power grid

A report from the Labor Department Tuesday shows the country's annual inflation rate dipped to 8.3% in August, from 8.5% in July. But many families are still struggling with the rising cost of groceries, rent, and other essentials like electricity.

Electricity prices have jumped 15.8% in the last year, largely as a result of high-priced natural gas, which is used to generate nearly 40% of the nation's power.

The rising price of power has been compounded by soaring temperatures, which have kept air conditioners working overtime.

"It was one heat wave after another," said Mark Wolfe, executive director of the National Energy Assistance Directors Association. "Families need to use air conditioning to stay safe."

NEADA estimates the average family's cooling costs rose from \$450 last summer to about \$600 this year.

Six months of summer

Dale Cooper's power bills in Phoenix are even higher.

"We have six months of summer with over 100-degree heat," says Cooper, who earns \$13.50 an hour as a restaurant cashier. "If I didn't have roommates, I wouldn't be able to make it on the salary that I have."

While Cooper, who's 59, will likely get a break on utility costs during the mild Phoenix winter, people in colder parts of the country are likely to face significantly higher heating bills.



An aircraft takes off from Los Angeles International Airport (LAX), with electric power lines visible at sunset as the California Independent System Operator announced a statewide electricity Flex Alert urging conservation to avoid blackouts in El Segundo, Calif., on Aug. 31.

Patrick T. Fallon/AFP via Getty Images

NEADA predicts the average family will pay \$1,202 to heat their home this winter — 17% more than last year. For the six in 10 families whose heat comes from

natural gas, the increase in heating costs could be 34%.

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"There's no sign these prices are coming down," Wolfe says. "All the signs point to more expensive costs of home heating, and they could spike if it's cold."

NEADA says more than 20 million families have fallen behind on their utility bills and the average amount they owe has grown to \$792 — nearly double what it was before the pandemic.

"It's not a question of are families heating and cooling their homes responsibly," Wolfe says. "Families do this. They turn the heat down as low as they can. They use air conditioning sparingly. It's just that the cost of home heating and home cooling has gone up so much that low-income families are struggling to pay these bills."

Other costs still sting

Heating and cooling bills come on top of rising costs for other essentials such as shelter and food. Housing costs rose 6.2% for the twelve months ending in August, while grocery prices jumped 13.5%.

"To get decent, healthy food, the prices are extremely high," said Brown, in Tuscaloosa.

That's keeping the Federal Reserve on guard, even as overall inflation was tempered last month by the steep drop in gasoline prices. Gas prices tumbled nearly 40 cents a gallon during August to \$3.84, according to the American Automobile Association.

Gasoline prices are among the most visible in the country, and they often carry an outsize psychological impact. As pump prices have declined, Americans' worries about inflation have also eased a bit.

A new [NPR/PBS *Newshour*/Marist poll](#) finds that inflation is the number one concern for 30% of adults this fall, down from 37% in July.



ECONOMY

Inflation is crushing rural America and may even drive people to the cities

Despite the drop in gasoline prices, officials at the Fed say they are still not satisfied that overall inflation is moving back towards their target of 2%.

"I got burned last year," Fed governor Christopher Waller said in a speech last week.

He noted that inflation appeared to be falling last summer only to have prices take off again in the fall.

"We're very cautious about getting burned again," Waller said. "So it's got to be a real, permanent longer-term decline than like what happened last year."

The Fed is expected to raise interest rates by another 0.75 percentage points next week, and keep borrowing costs elevated until officials are confident that prices — including for essentials like electricity — are under control.

utility bills gasoline prices consumer price index inflation
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