

IPU RESEARCH NOTE**TRENDS IN CONSUMER PRICES (CPI) FOR UTILITIES THROUGH 2013**

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The Consumer Price Index (CPI) is used to measure the average change over time in prices paid by urban consumers in the United States for a market basket of consumer goods and services.¹ This research note summarizes the annual CPI data focusing on public utility services and how they compare over time with each other and with other major household expenditures. Inflation can be a significant issue for utility services, which are highly essential, relatively price inelastic, and generally regressive in terms of cost impact on households.

The Bureau of Labor Statistics (BLS) estimates the CPI for all items as well as for particular categories of goods and services. The utility-related services included in this comparison are: electricity, natural gas, fuels (fuel oil and propane), water and sewer, local telephone service, interstate telephone service, wireless phone service, internet service, cable and satellite television, garbage collection, and postage. CPI composite indicators are also provided for “fuels and utilities” and “telephone services” (the latter includes landline and wireless services, but does not include internet or cable services). For further perspective, other major household expenditures included in the summary are: housing, good, medical care, gasoline (unleaded regular), and college tuition.

Six exhibits based on data extracted from the BLS website (www.bls.gov) are provided:

- Exhibit 1. Long-term trends in the Consumer Price Index (CPI) for utilities (1913-2013).
- Exhibit 2. Trends in the Consumer Price Index for utilities (general, 1978-2013).
- Exhibit 3. Trends in the Consumer Price Index for utilities (detailed, 1978-2013).
- Exhibit 4. Trends in the difference between the overall CPI and the CPI for utilities (1978-2013).
- Exhibit 5. Trends in the Consumer Price Index for major household expenditures (1978-2013).
- Exhibit 6. Average percentage change in the Consumer Price Index (CPI) for utilities and other major household expenditures: long-term and 2003-2013.

The data reveal the following:

- Prices for water and sewer maintenance continue to rise at a rate much higher than the overall rate of inflation (CPI).
- Recent price trends for electricity are generally tracking the overall rate of inflation.
- Recent price trends for natural gas have fallen below the overall rate of inflation.
- Long-term price trends for telecommunications remain below the overall rate of inflation and stable.

¹ For more information and data, please visit the U.S. Department of Labor, Bureau of Labor Statistics, <http://www.bls.gov/cpi>.

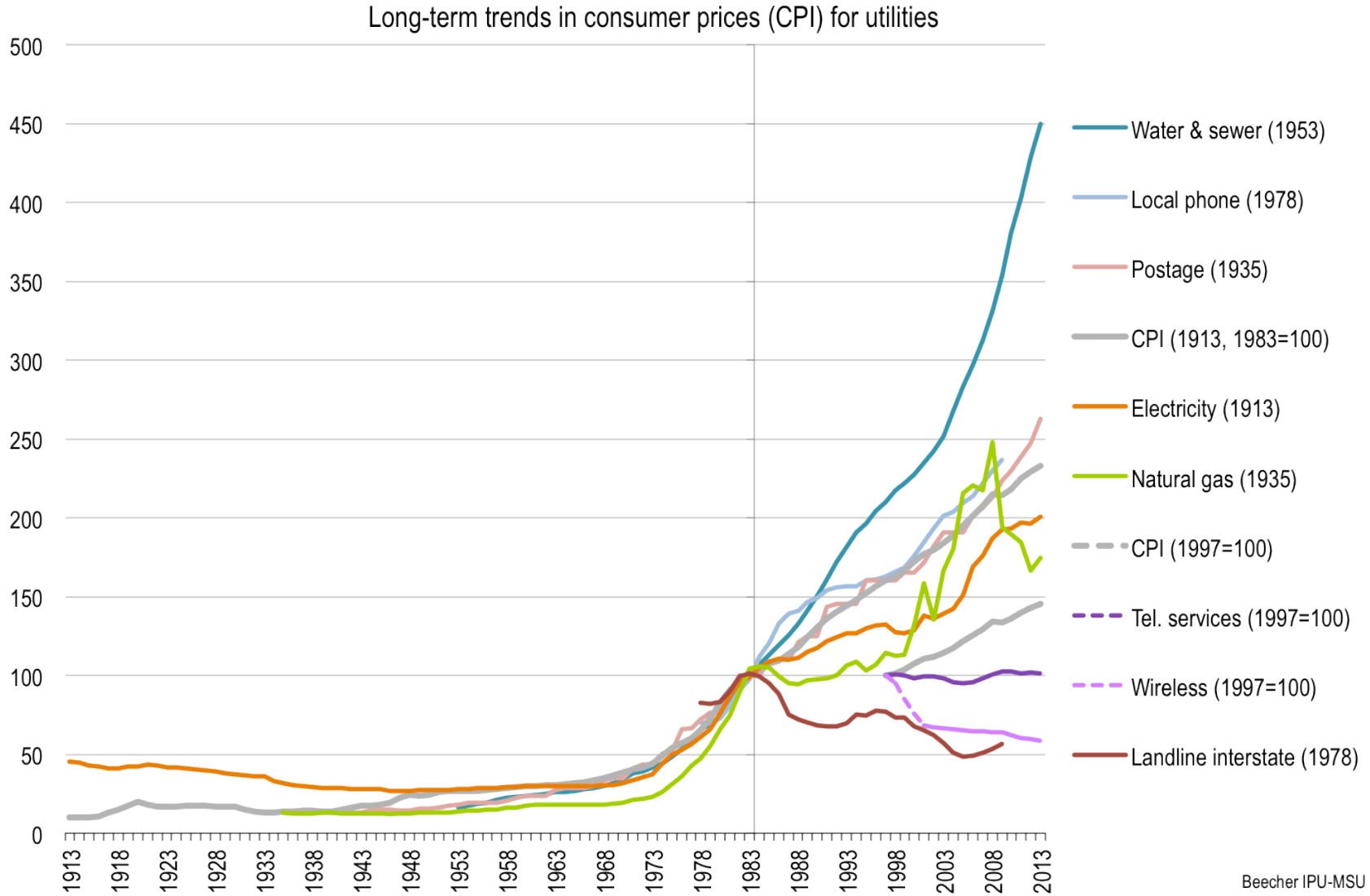
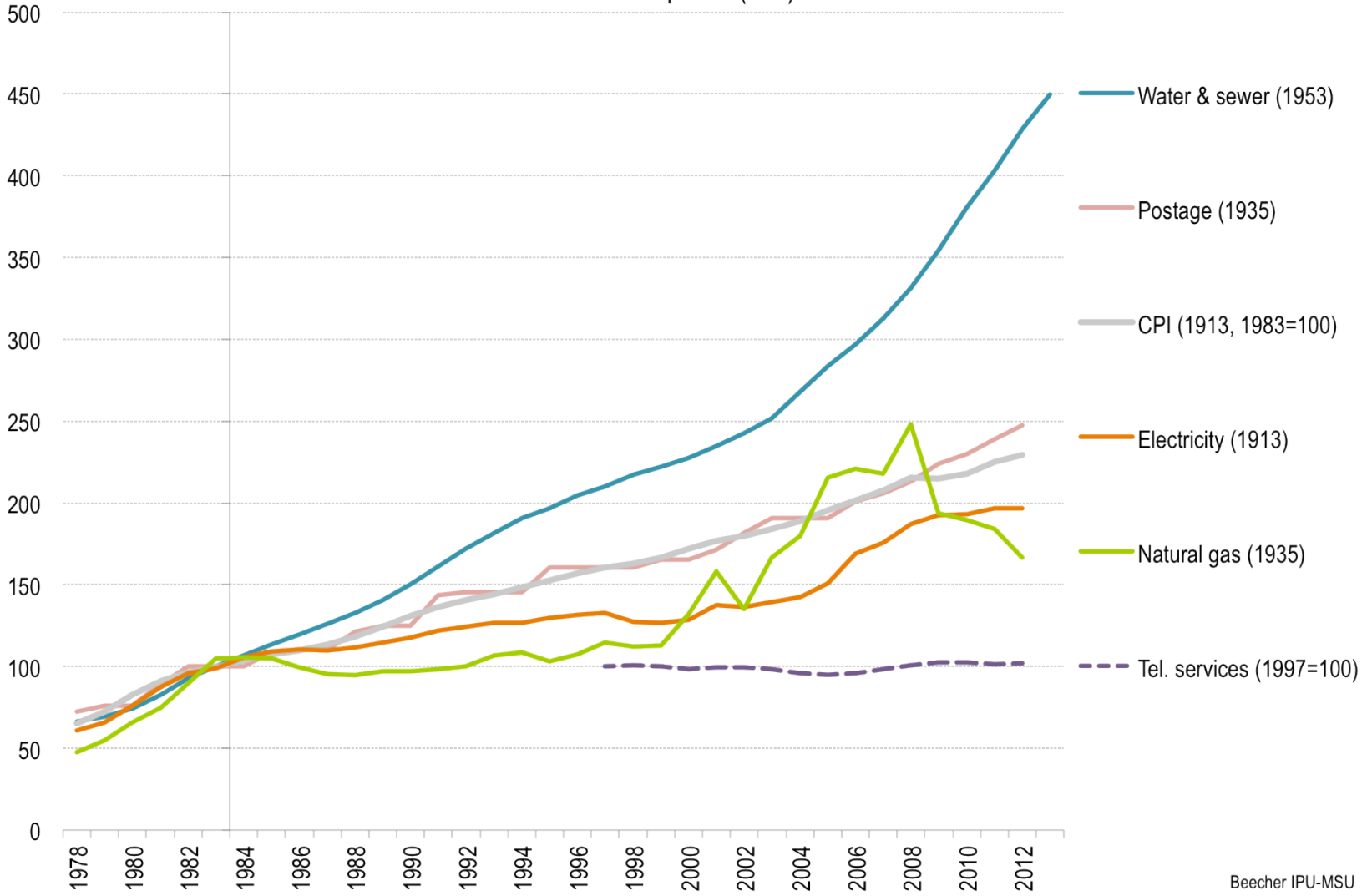


Exhibit 1. Long-term trends in the Consumer Price Index (CPI) for utilities (1913-2013). The index is set to 100 for 1982-1984 except for telephone and wireless services, where the index is set to 100 for 1997. Year (*) indicates start of series.

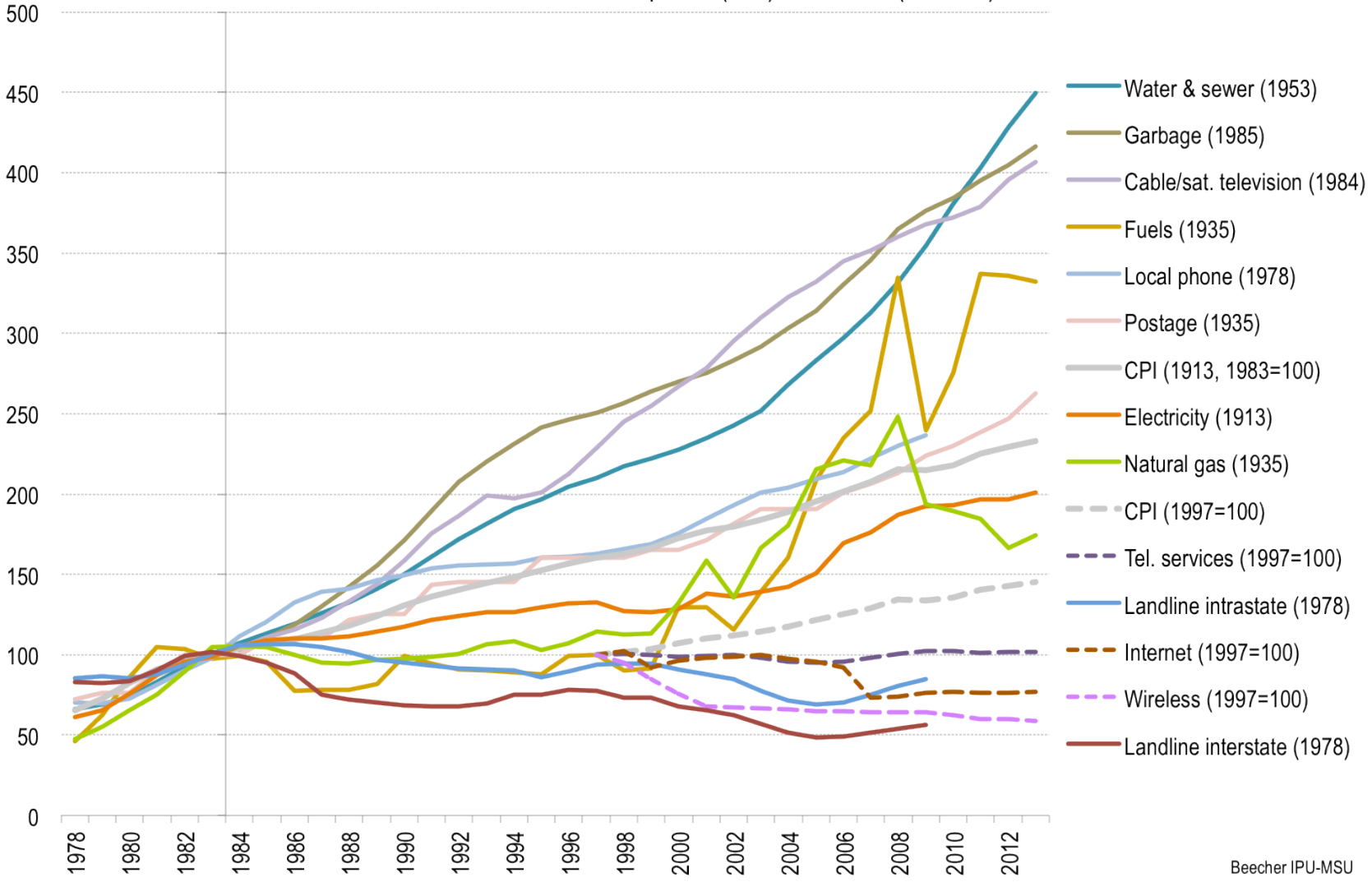
Trends in consumer prices (CPI) for utilities



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Exhibit 2. Trends in the Consumer Price Index for utilities (general, 1978-2013).
 The index is set to 100 for 1982-1984 except for telephone services, where the index is set to 100 for 1997. Year (*) indicates start of series.

Trends in consumer prices (CPI) for utilities (detailed)



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Exhibit 3. Trends in the Consumer Price Index for utilities (detailed, 1978-2013). The index is set to 100 for 1982-1984 except for telephone, wireless, and internet services, where the index is set to 100 for 1997. Year (*) indicates start of series.

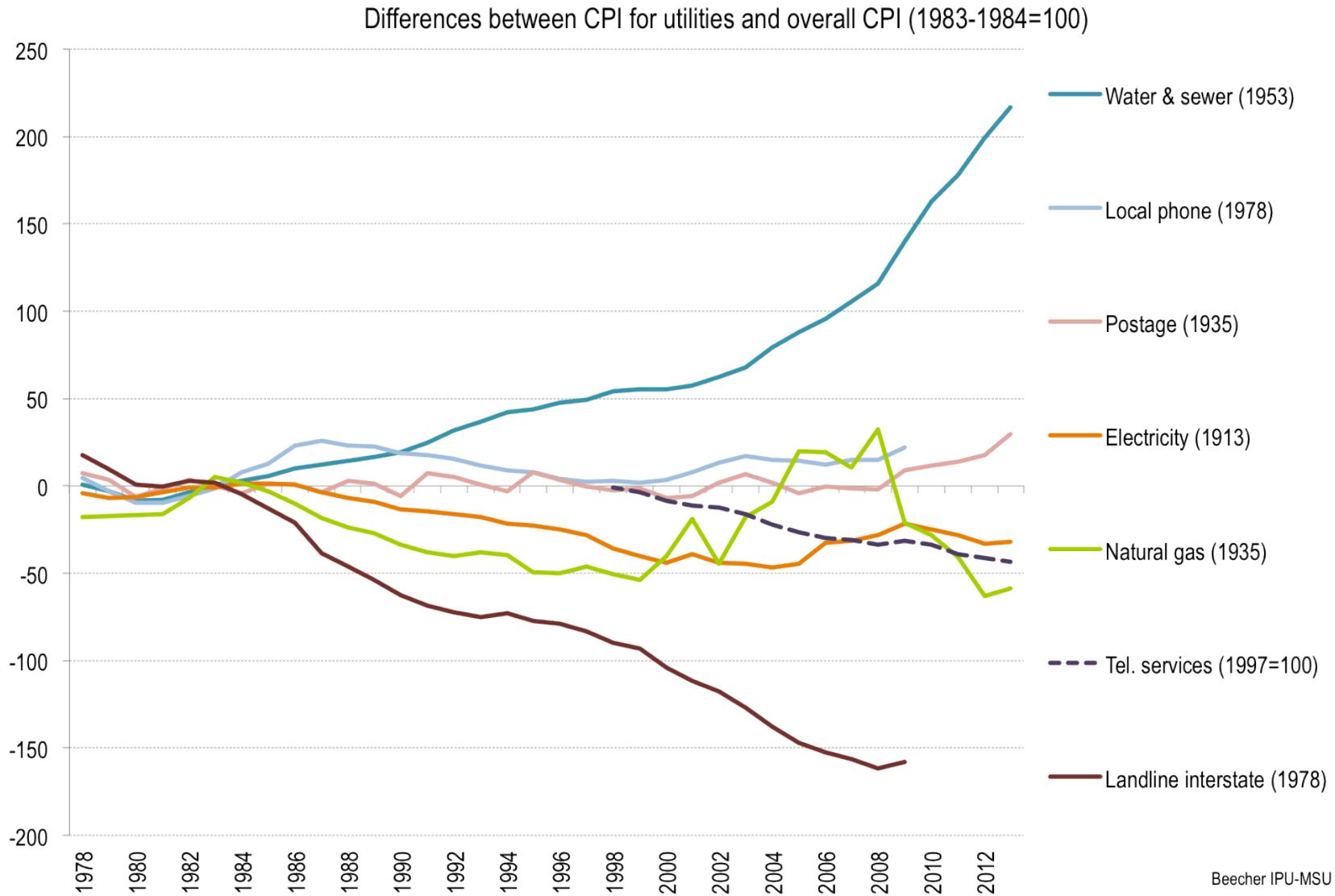
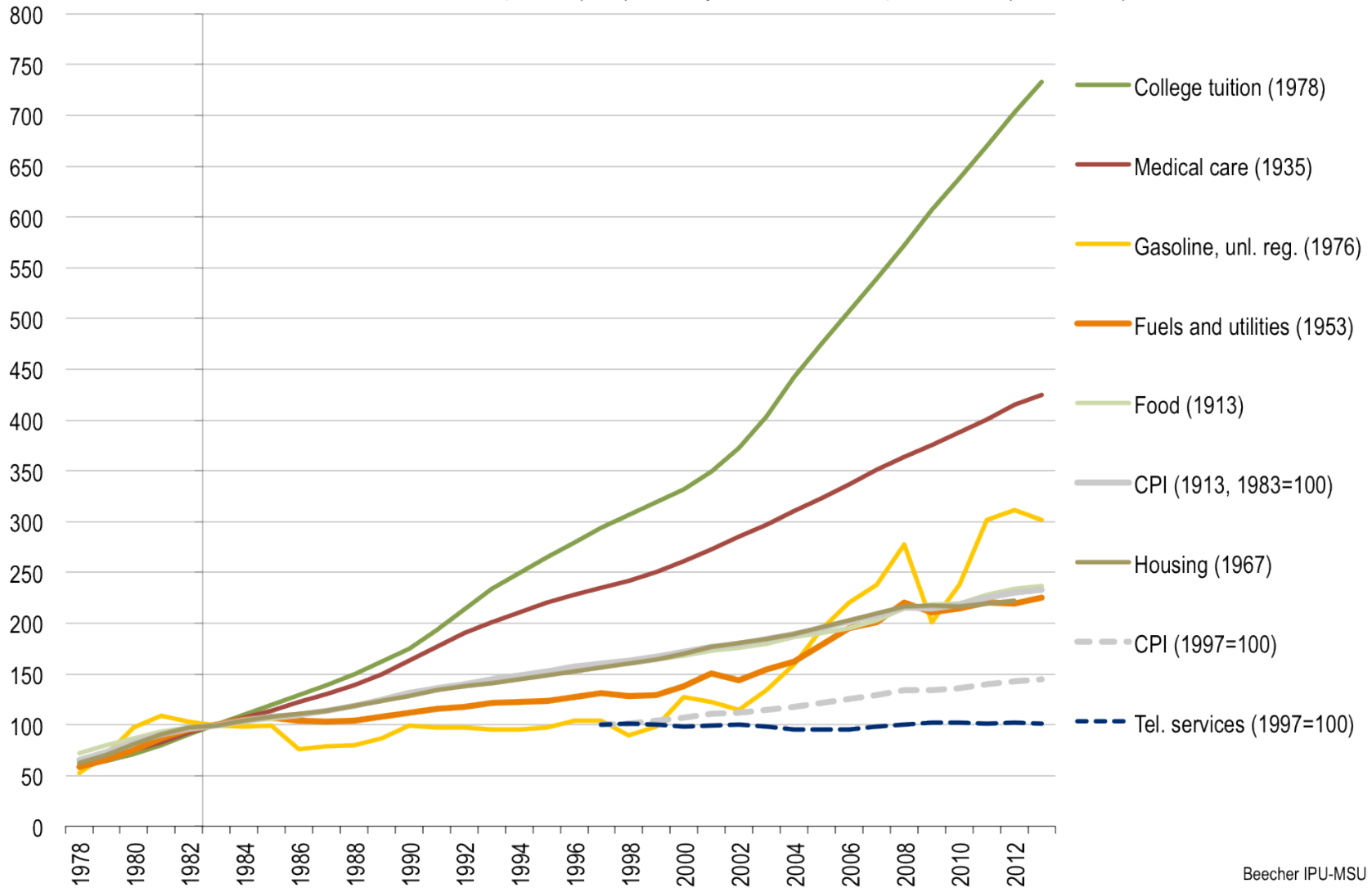


Exhibit 4. Trends in the difference between the overall CPI and the CPI for utilities (1978-2013). The index is set to 100 for 1982-1984 except for internet and wireless services, where the index is set to 100 for 1997. Year (*) indicates start of series.

Trends in consumer prices (CPI) for major household expenditures (1983=100)



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Exhibit 5. Trends in the Consumer Price Index (CPI) for major household expenditures (1978-2013).

The index is set to 100 for 1982-1984 except for telephone services, where the index is set to 100 for 1997. Year (*) indicates start of series.

Average annual change in CPI

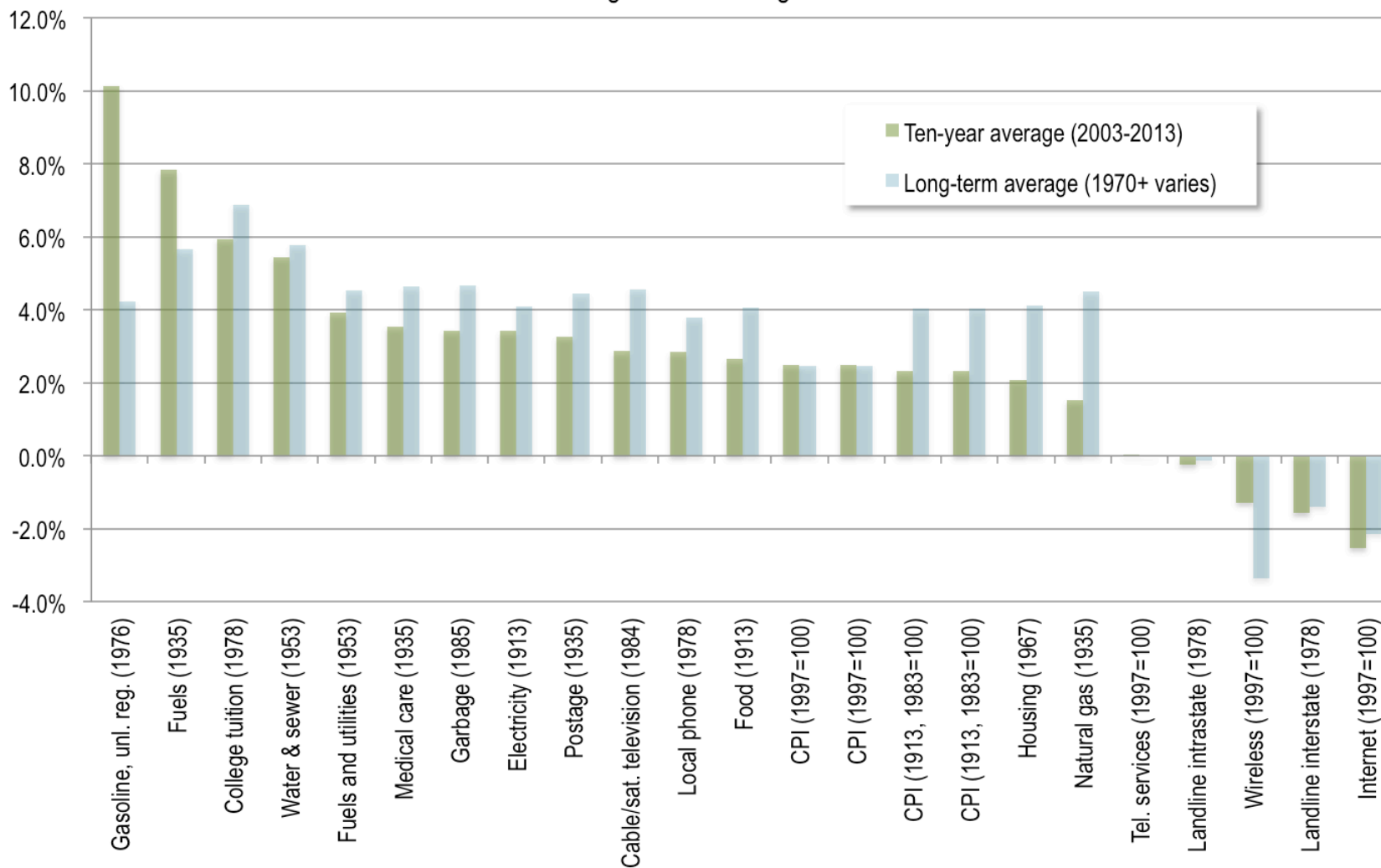


Exhibit 6. Average percentage change in the Consumer Price Index (CPI) for utilities and other major household expenditures: long-term and 2003-2013. The long-term average is based on the available data. Year (*) indicates start of series.