

TRENDS IN CONSUMER PRICES (CPI) FOR UTILITIES THROUGH 2008

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In the United States, the Consumer Price Index (CPI) is used to measure the average change over time in prices paid by urban consumers 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, fuel oil, 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.” For further perspective, other major household expenditures included in the summary are: housing, good, medical care, gasoline, and college tuition.

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

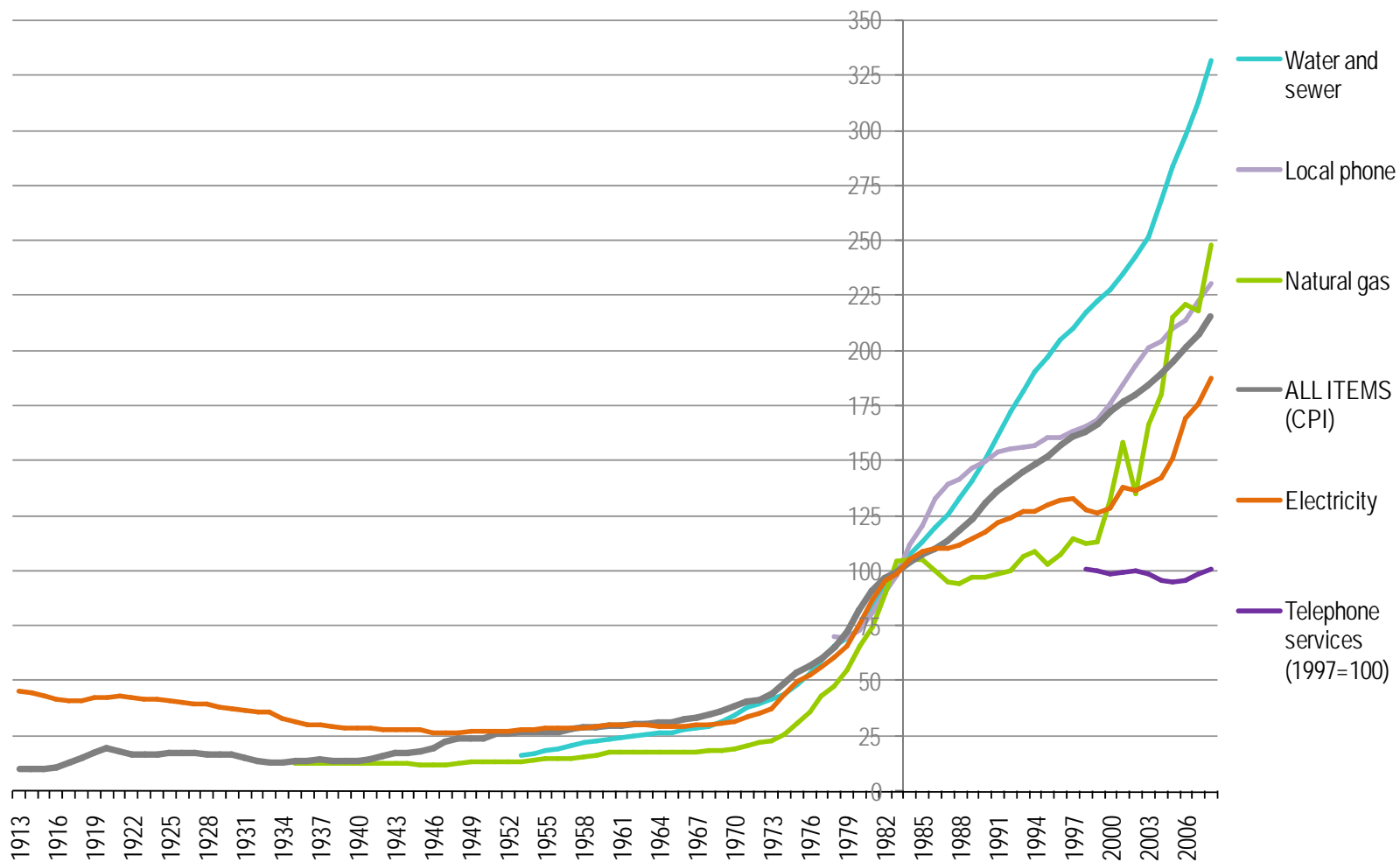
- Exhibit 1. Long-term trends in the Consumer Price Index (CPI) for utilities.
- Exhibit 2. Trends in the Consumer Price Index for utilities (1977-2008).
- Exhibit 3. Trends in the difference between the overall CPI and the CPI for utilities (1977-2008).
- Exhibit 4. Trends in the Consumer Price Index for major household expenditures (1977-2008).
- Exhibit 5. Average percentage change in the Consumer Price Index (CPI) for utilities and other major household expenditures: long-term and 1998-2008.

The data reveal the following:

- Over the long-term and recently, price inflation is particularly pronounced for fuel oil, garbage collection, cable and satellite television, and water and sewer services.
- Recent years have seen steeper increases for fuel oil, natural gas, and electricity.
- Price declines are apparent for modern telecommunications services, with the exception of local phone service where price increases in recent decades have tracked inflation or exceeded it slightly.
- Not surprisingly, postage prices track the CPI very closely, as does food.
- Fuel oil and gasoline stand out in terms of price inflation over the last decade.

¹ For more information, data, and answers to frequently asked questions, please visit the U.S. Department of Labor, Bureau of Labor Statistics, <http://www.bls.gov/cpi/cpifaq.htm>.

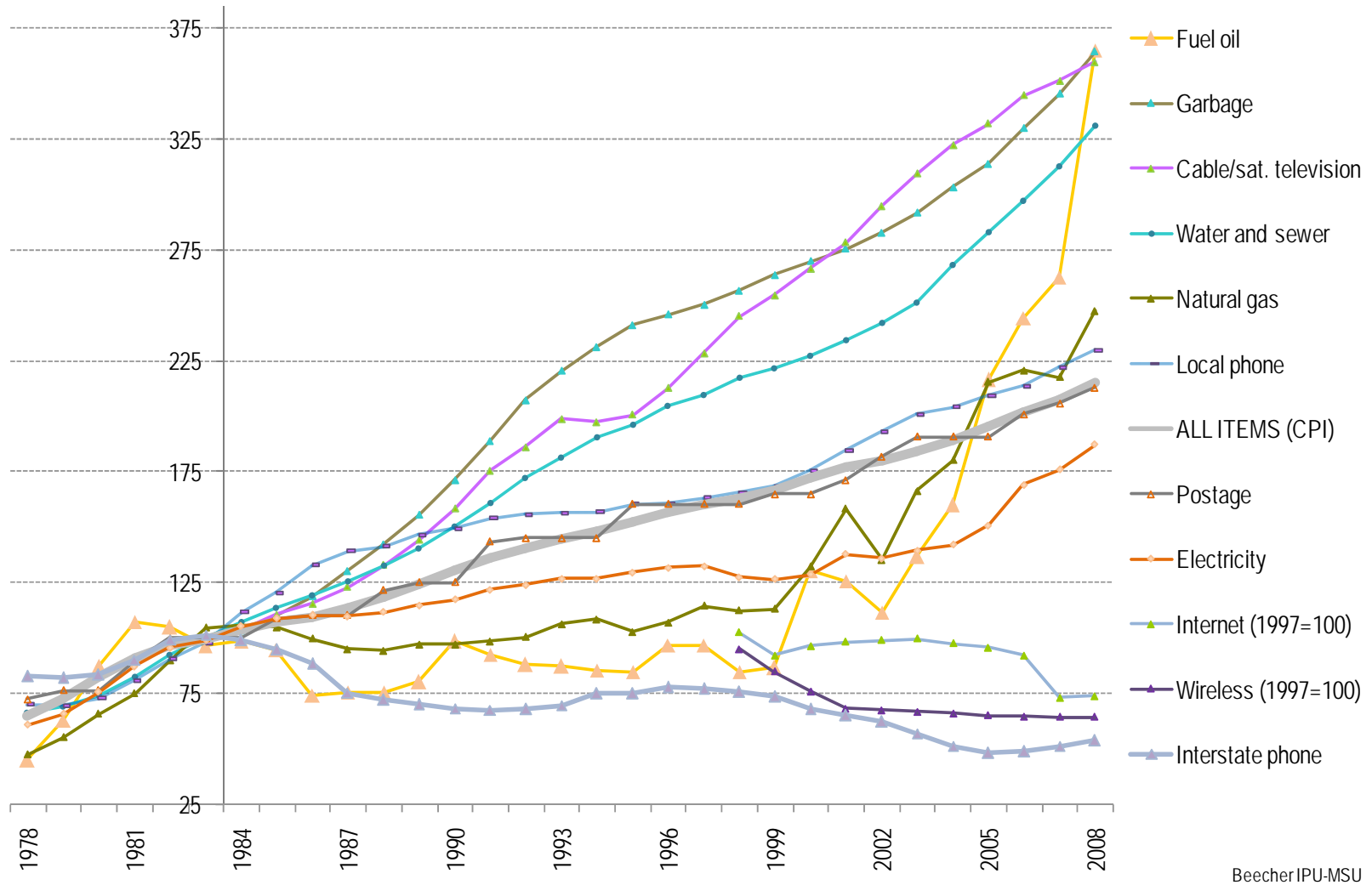
Long-term trends in consumer prices (CPI) for utilities [1913-2008]



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Exhibit 1. Long-term trends in the Consumer Price Index (CPI) for utilities.
The index is set to 100 for 1982-1984 except for telephone services, where the index is set to 100 for 1997.

Trends in consumer prices (CPI) for utilities [1978 to 2008]



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Exhibit 2. Trends in the Consumer Price Index (CPI) for utilities (1977-2008).
 The index is set to 100 for 1982-1984 except for internet and wireless services, where the index is set to 100 for 1997.

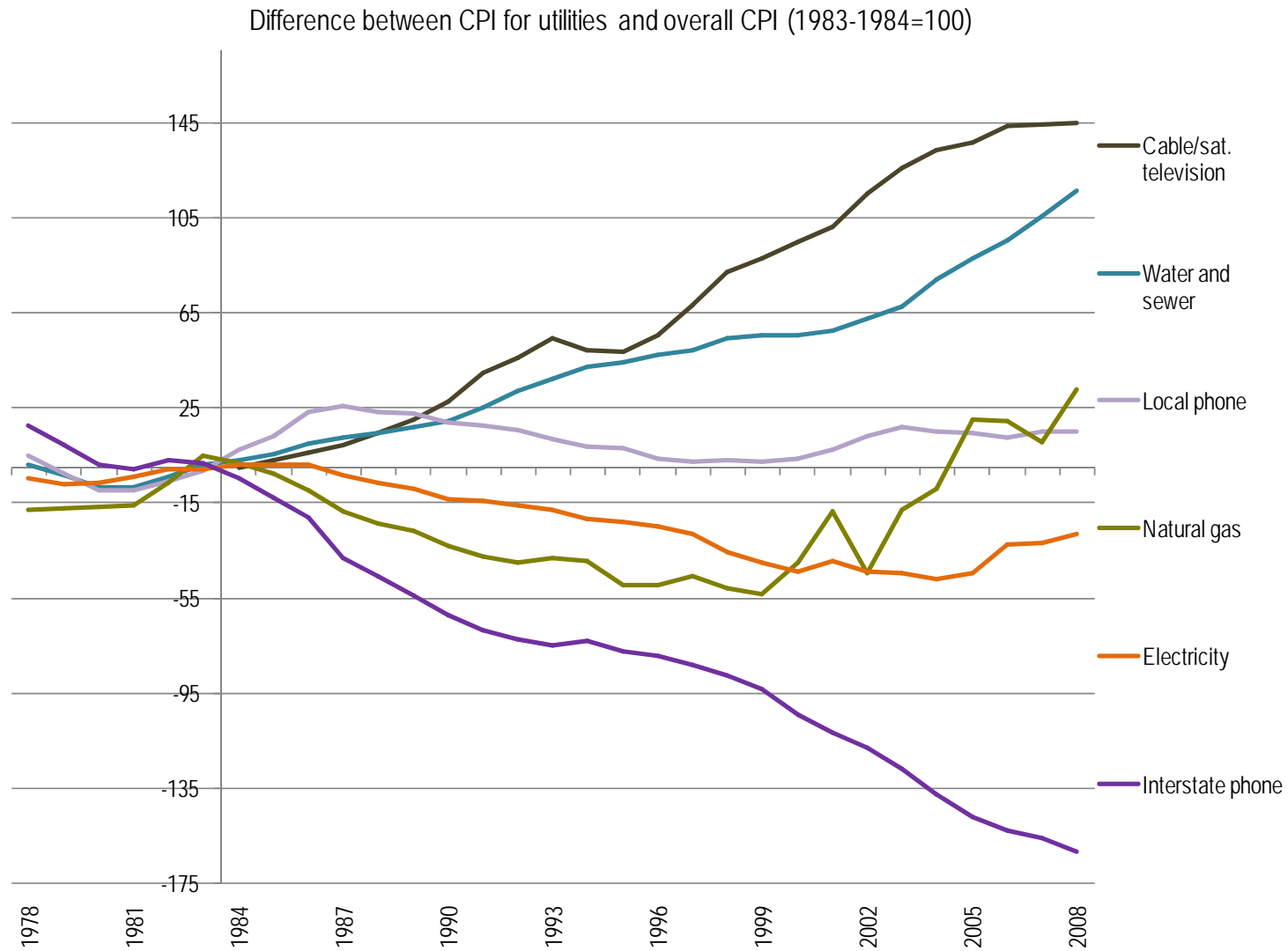
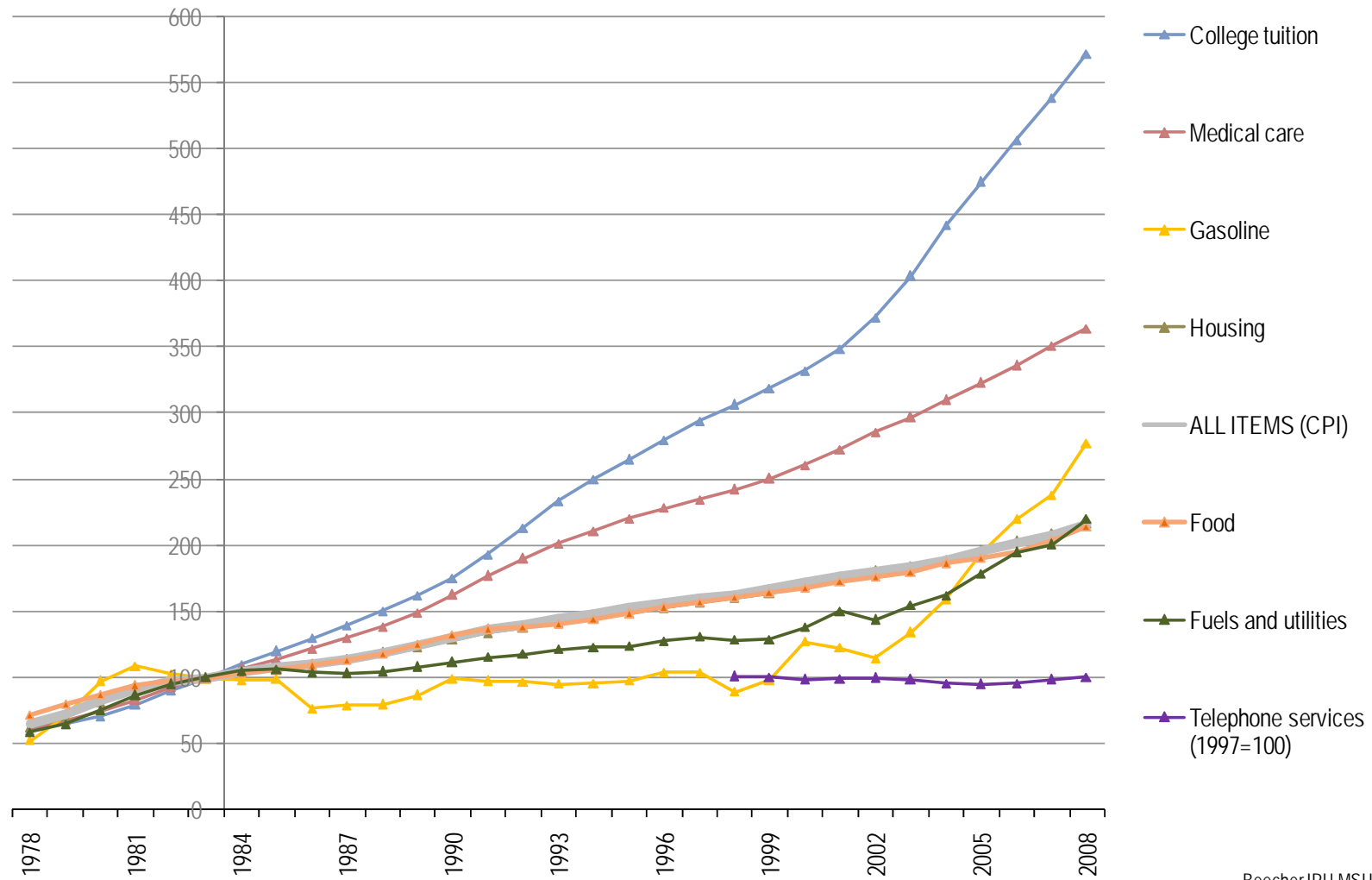


Exhibit 3. Trends in the difference between the overall CPI and the CPI for utilities (1977-2008).
 The index is set to 100 for 1982-1984 except for internet and wireless services, where the index is set to 100 for 1997.

Trends in consumer prices (CPI) for major household expenditures [1977 to 2008]



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Exhibit 4. Trends in the Consumer Price Index (CPI) for major household expenditures (1977-2008). The index is set to 100 for 1982-1984 except for telephone services, where the index is set to 100 for 1997.

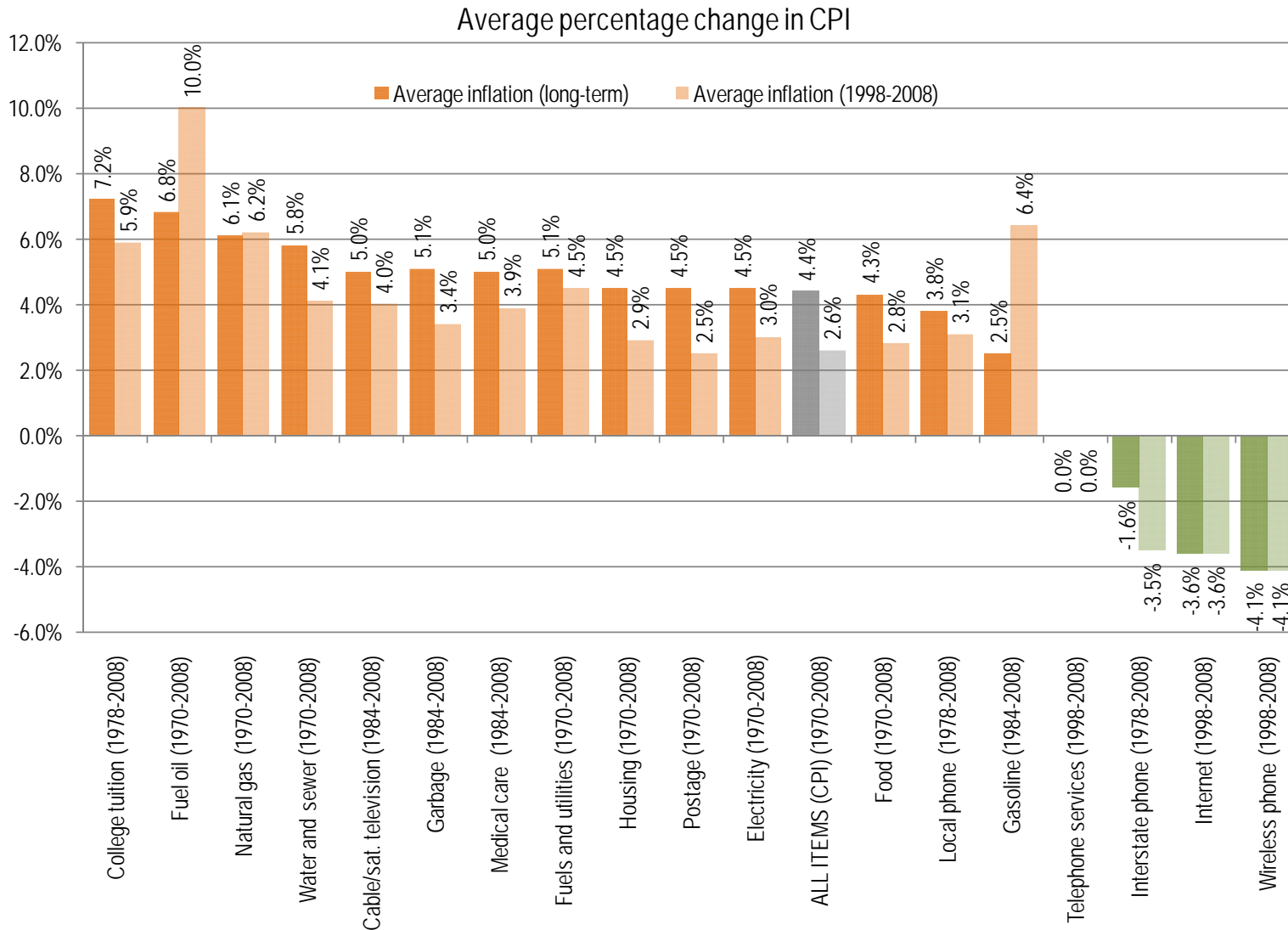


Exhibit 5. Average percentage change in the Consumer Price Index (CPI) for utilities and other major household expenditures: long-term and 1998-2008. The long term average is based on the data series available, shown in parentheses for each indicator.