

An increase in RG&E's service rates is not that clear-cut

Steve Sink • Business editor • May 2, 2010

If you shoot for the sun, moon and stars and wind up with only a star or two, you still have done all right for yourself.

That's where RG&E and NYSEG might be headed after asking seven months ago for big — really big — **rate increases** and then reducing them sharply last week.

We'll focus on Rochester Gas and Electric here because it's the utility that affects this region the most, even though sister company New York State Electric and Gas has more customers across upstate.

RG&E originally proposed to raise the bill of its typical gas-and-electric customer by almost \$33 a month, or about 16 percent. That's roughly \$400 a year. Now, it's proposing an increase of about \$12.50 a month, or 6 percent, which amounts to \$150 a year.

Are you breathing a sigh of relief? Well, what if you had never known about the \$400-a-year plan? I'll bet \$150 wouldn't sound so good.

After attending Tuesday's public **meeting** on the rates at City Hall, I can tell you this: Even if the smaller increase had been on the table (it wasn't disclosed in Rochester until two days later), every speaker would have been against it.

"Utility costs are already beyond the reach of many," said Trudy Harper of the Monroe County Workers Benefit Council, an organization representing low-income working people. Her point was drilled home again and again by other speakers, who said people shouldn't have to choose between paying the landlord and paying RG&E.

Though a rate increase of any size would be painful for many people — and businesses — there are two sides to this issue. RG&E hasn't had an increase since 1996. What other company has been stuck with the same **revenue stream** for 14 years?

Your RG&E bill has gone up, of course, but that's because the cost of fuel and taxes have risen. That revenue makes its way into the deep pockets of energy producers and government but not RG&E, whose rates involve only the delivery charge.

"Obviously, this isn't the best time to be asking for an increase," Rochester Business Alliance CEO Sandy Parker told me Friday. "But they've experienced the same kinds of increased costs for health care, payroll, insurance that other employers have." She also noted that in the communities where it has facilities, RG&E invariably is the biggest property taxpayer.

The utility's services are so essential, Parker pointed out, that RG&E must have adequate revenue so it can keep its infrastructure updated.

At Isaac Heating & Air Conditioning, Eric Knaak, vice president of service and a veteran of more than 20 years with the Rochester company, agreed with Parker that RG&E's timing could be better.

"It kind of felt like a kick in the teeth," Knaak said. "From where I sit, the economy's still trying to

recover," and paying more each month for utilities will restrain consumer and business spending, which combined account for 80 percent of the economy.

But Knaak, too, saw a rationale in RG&E's request. And if rates do go up, he can spot a silver lining: More households will feel compelled to increase their **energy efficiency**.

Already, Knaak's company is seeing a growing number of homeowners asking for energy audits to find out how they can save money. Many, he said, are also seeking to take advantage of **federal tax** credits and state rebate programs to lessen the financial impact of investments they make to become more energy efficient.

The best solution, of course, would be for all of us to use less energy. Higher RG&E and NYSEG rates could be the prod we need to move in that direction.