
REPORT SHOWS ENERGY COSTS CONTINUE TO RISE, STRAINING AMERICAN HOUSEHOLD BUDGETS

Atlanta, GA – The United States Conference of Mayors (USCM), led by Conference President Michael A. Guido and Atlanta Mayor Shirley Franklin, held its 2nd National Summit on Energy and the Environment: Implementing the 2030 Challenge, on October 26-27 in Atlanta at the Grand Hyatt Hotel. The primary focus of the summit is the building sector -- a major consumer of fossil fuels, which contributes significantly to the climate change problem in the United States.

On the first day of the Summit, the mayors released a new metro economies report showing the impact of rising energy costs on household budgets, and forecasting the nation’s projected energy expenditures for commercial and residential buildings.

Almost two weeks ago the population in this country passed the 300 million mark, and 25 years from now that population is expected to exceed 365 million. With that type of rapid growth over the next 25 years, the nation will construct 40 million new homes to house this expanding population and build 20 billion square feet of new commercial space.

While homes and buildings are becoming more efficient, all of this new construction will require a significant amount of energy. This new report, prepared by Global Insight, an economic forecasting firm, projects that these new homes and commercial buildings will use an additional 4 quadrillion BTUs (British Thermal Units) of energy in addition to the nation’s current energy consumption. By the year 2030, that additional energy will cost $40 billion annually. Between now and then, this country will spend $500 billion on energy for these new structures over the next 25 years.

The report also found that in 2005 alone, Americans spent $501 billion on energy, including gasoline, motor oil, fuel oil and coal, natural gas, and electricity. This marks the first time that Americans have spent over half a trillion dollars on energy costs. This year, in 2006, the average household will have spent $4,795 on energy, up from $3,812 per household in 2004 and $4,443 in 2005. Next year, the average family will spend $4,841 on energy costs – that’s an increase of over $1,000 since 2004.

The $501 billion Americans spent on energy in 2005 represented 5.7% of the nation’s total household consumption—an increase from 5.4% in 2004. This year, energy costs will represent 5.9% of the country’s total consumption, and that share will continue to grow. In 2010, energy prices are expected to remain at least 20% higher than they were in 2004.
The report also found that these higher energy costs come at an unfortunate time for American families. In June, the Conference of Mayors reported that 80% of American families had not seen real wage increases over the previous year. For these families, the higher energy costs mean less money for other essentials.

The report also documents the effect of rising mortgage costs for the many families who have adjustable rate mortgages. Combined with adjustable rate mortgages and higher interest rates, meaning higher mortgage payments, many of the nation’s families will be facing even greater financial challenges.

Four states—Nevada, Colorado, California, and Arizona—as well as the District of Columbia, had the highest percentage increases in the number of families with adjustable rate mortgages. In these places and across the country, the average increase in monthly mortgage payments will be 150% of any projected income gain for that family.

Thus, in the coming decades, energy conservation and the use of green technologies will be increasingly important to the financial well-being of America and its families. Mayors are leading the way by calling for all new buildings in the U.S. to be carbon-neutral by the year 2030 (meaning they will not use fossil fuel energy). By reducing the energy consumption of the 40 million new homes and 20 billion square feet of commercial space to be built by 2031 by just 10%, the country will save $50 billion over 25 years.

To view the entire report, go to The U.S. Conference of Mayors website at www.usmayors.org. For more information about the Metro Economies Report, contact Jim Diffley at Global Insight at (610) 490-2642.

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**About The United States Conference of Mayors**

*The U.S. Conference of Mayors is the official nonpartisan organization of cities with populations of 30,000 or more. There are 1,139 such cities in the country today, each represented in the Conference by its chief elected official, the Mayor.*