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**ENERGY COST INDEX 2010:  
RANKING THE STATES**

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## **Energy Cost Index 2010: Ranking the States**

by Raymond J. Keating

One way or another, the cost of energy affects every consumer and small business in the country.

For example, manufacturers and high-tech firms need electricity to run their operations. Transportation companies need fuel for vehicles. Retailers are affected by the costs of getting goods into their stores, as well as the impact that the price of gas might have on their customers. And home-based businesses face the costs of powering their home offices, and prices at the pump for their own cars and for any firms making deliveries.

In turn, energy costs are impacted by a variety of factors, including economic growth, investment in exploration and development of resources, the particular energy resources being utilized (such as coal, natural gas or renewables), political risks (for example, in terms of risks to oil production at home and around the globe), monetary policy and inflation, and government mandates, regulations, subsidies and taxes.

In fact, governmental factors explain part of the difference in energy prices from state to state. For example, what taxes are in effect in each state? What mandates are imposed by either the federal government or by the states that either directly or indirectly affect energy prices? Those mandates and regulations can include renewable portfolio mandates on electricity producers, for example, as well as state-based or regional efforts to reduce carbon-dioxide emissions.

For most businesses, including small firms, the two big energy questions are: What do you pay at the pump? What do you pay for electricity?

SBE Council's "Energy Cost Index 2010" looks at these two major energy costs affecting small businesses, individuals and families. One is the price of regular gasoline at the pump and the other is the cost of electricity (average revenue per kilowatthour). Each are calculated as indices and combined into one index. The "Energy Cost Index 2010" provides a bottom line ranking of the 50 states and the District of Columbia on energy prices.

At the top – or the lowest cost states – are: 1) Wyoming, 2) Kentucky, 3t) Missouri, 3t) Oklahoma, 5) Idaho, 6) West Virginia, 7) Louisiana, 8) North Dakota, 9) Iowa, 10t) Nebraska, 10t) South Dakota, 10t) Utah, 13) Arkansas, 14t) Indiana, and 14t) Montana. At the other end are the highest cost states (including the District of Columbia): 37) Florida, 38) Delaware, 39t) Maryland, 39t) Maine, 41) Vermont, 42t) District of Columbia, 42t) Rhode Island, 44) New Jersey, 45) California, 46) New Hampshire, 47) Massachusetts, 48) New York, 49) Alaska, 50) Connecticut, and 51) Hawaii.

In the end, elected officials need to be aware of how policy impacts the costs of electricity and the cost of fuel. It matters to consumers and businesses of all types and sizes; to the competitiveness of each state; and to the overall economy.

## Energy Cost Index 2010

<b>Rank</b>	<b>State</b>	<b><u>Gas Price Index</u></b>	<b><u>Electricity Cost Index</u></b>	<b><u>Energy Cost Index</u></b>
1	Wyoming	0.95	0.61	1.56
2	Kentucky	0.97	0.66	1.62
3t	Missouri	0.92	0.74	1.66
3t	Oklahoma	0.93	0.73	1.66
5	Idaho	1.02	0.64	1.67
6	West Virginia	1.02	0.66	1.68
7	Louisiana	0.96	0.73	1.69
8	North Dakota	1.03	0.68	1.70
9	Iowa	0.96	0.75	1.71
10t	Nebraska	1.00	0.72	1.72
10t	South Dakota	0.99	0.73	1.72
10t	Utah	1.03	0.69	1.72
13	Arkansas	0.94	0.79	1.73
14t	Indiana	0.99	0.76	1.74
14t	Montana	1.01	0.73	1.74
16	Washington	1.07	0.68	1.75
17	Kansas	0.95	0.83	1.77
18t	Colorado	0.96	0.83	1.79
18t	Oregon	1.04	0.75	1.79
18t	South Carolina	0.95	0.84	1.79
21t	Minnesota	0.99	0.82	1.81
21t	Tennessee	0.96	0.86	1.81
23	New Mexico	1.00	0.82	1.83
24	Mississippi	0.95	0.88	1.84
25t	Alabama	0.96	0.88	1.85
25t	Georgia	0.95	0.90	1.85
27	North Carolina	1.00	0.86	1.86
28t	Ohio	0.96	0.91	1.87
28t	Virginia	0.96	0.90	1.87
30	Wisconsin	0.98	0.94	1.93
31	Illinois	1.02	0.92	1.94
32	Michigan	0.98	0.97	1.95
33t	Arizona	0.99	0.97	1.96
33t	Texas	0.94	1.03	1.96
35	Pennsylvania	1.02	0.96	1.98
36	Nevada	1.06	1.04	2.10
37	Florida	1.01	1.15	2.16
38	Delaware	0.98	1.22	2.20
39t	Maryland	1.00	1.32	2.32
39t	Maine	1.03	1.29	2.32
41	Vermont	1.05	1.28	2.33
42t	District of Columbia	1.06	1.38	2.44

## **Energy Cost Index 2010 (continued)**

<b><u>Rank</u></b>	<b><u>State</u></b>	<b><u>Gas Price Index</u></b>	<b><u>Electricity Cost Index</u></b>	<b><u>Energy Cost Index</u></b>
42t	Rhode Island	1.04	1.40	2.44
44	New Jersey	0.96	1.49	2.45
45	California	1.12	1.37	2.49
46	New Hampshire	1.00	1.53	2.53
47	Massachusetts	1.01	1.56	2.57
48	New York	1.09	1.61	2.69
49	Alaska	1.27	1.50	2.77
50	Connecticut	1.07	1.75	2.82
51	Hawaii	1.29	2.08	3.37

Data Sources: Gas price index from gas prices provided by the AAA's website [www.fuelgaugereport.com](http://www.fuelgaugereport.com) accessed on February 8, 2010, and electricity cost index is an index of state's average revenue per kilowatthour for electricity utilities (data for 2008 through October from the U.S. Energy Information Administration).

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