

## Summer Residential Cooling Outlook: Residential Electric Utility Expenditures Projected to Increase by 8.5% this Summer

This summer, consumers are expected to face another year of elevated home cooling costs, with the average seasonal electricity expenditure projected to reach \$778. This represents an increase of 8.5 percent from \$717 last year and a 37.2 percent rise since 2020 (Table 1 and Figure 2A). Even after adjusting for inflation, cooling costs are projected to be approximately 7.4 percent higher than in 2020 (Figure 2B), indicating that the increase is not solely driven by general price levels but reflects underlying changes in both energy markets and demand.

These higher costs are driven by the interaction of two primary factors. First, retail electricity prices have continued to increase at a rate exceeding overall inflation, reflecting upward pressure from fuel costs, grid investments, data center demands and utility rate adjustments. Because air conditioning is one of the most electricity-intensive end uses in the residential sector, increases in per-kilowatt-hour prices translate directly into higher seasonal cooling expenditures.

**Table 1: Summer Electric Bill Price Differentials: 2025 vs 2026**

Summer Electric Bill / Cooling Season (June – September)					
Region	New England	Mid Atlantic	EN Central	WN Central	S Atlantic
<b>2026 Cooling Season</b>	\$817	\$790	\$672	\$651	\$860
<b>2025 Cooling Season</b>	\$758	\$740	\$641	\$659	\$757
<b>Difference</b>	\$59	\$50	\$30	\$30	\$102
<b>% Difference</b>	7.8%	6.7%	4.8%	4.8%	13.5%
Region	ES Central	WS Central	Mountain	Pacific	US Average
<b>2026 Cooling Season</b>	\$824	\$924	\$696	\$722	\$778
<b>2025 Cooling Season</b>	\$760	\$829	\$640	\$669	\$717
<b>Difference</b>	\$65	\$95	\$56	\$54	\$61
<b>% Difference</b>	8.5%	11.5%	8.8%	8.0%	8.5%

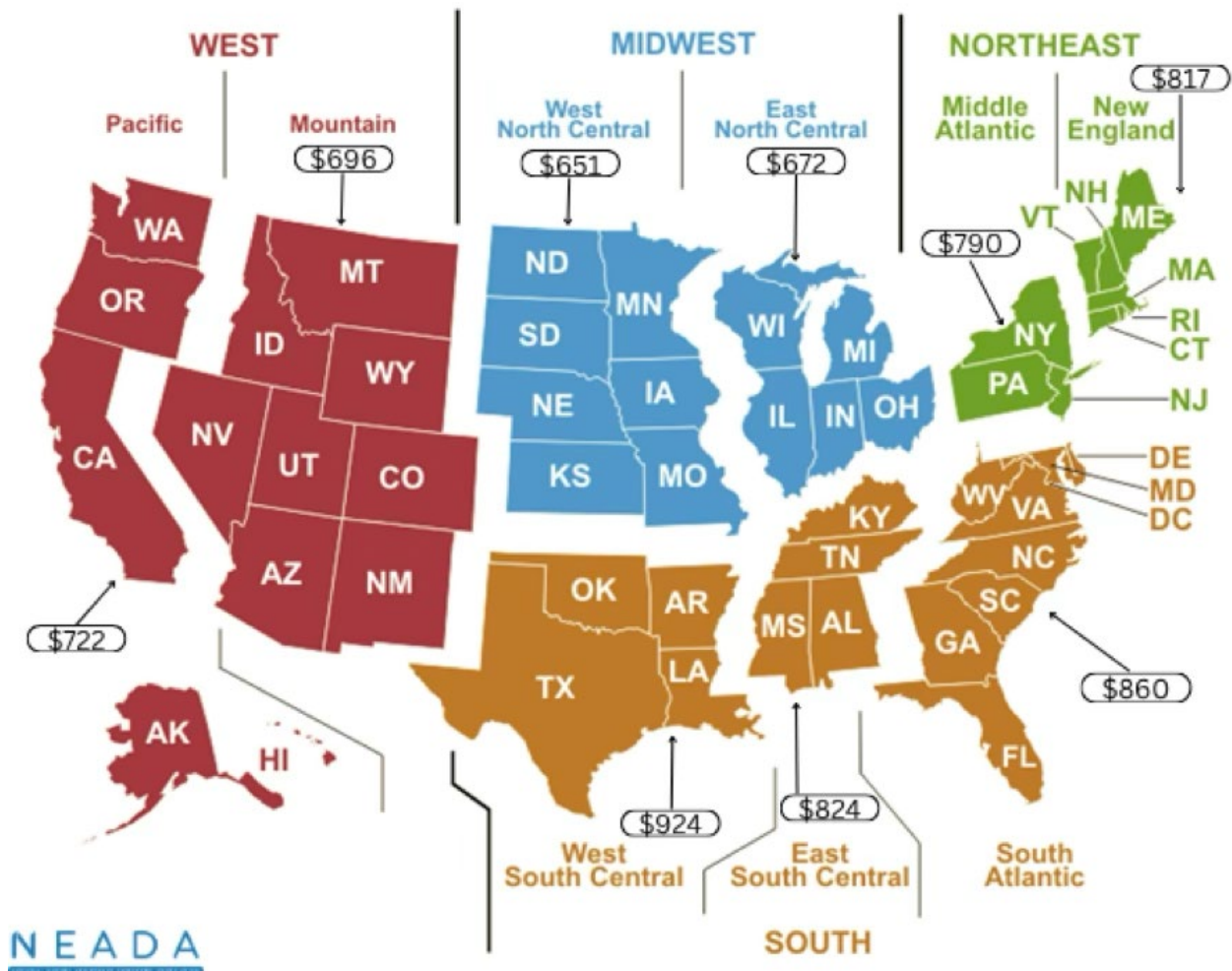
Second, rising temperatures are increasing the amount of electricity required to maintain comfortable indoor conditions. Cooling demand is closely linked to cooling degree days, and recent trends point to sustained increases in summer heat exposure consistent with broader climate change patterns. As a result, households are not only paying more for each unit of electricity consumed, but are also consuming more electricity overall due to longer and more intense cooling periods.

Taken together, these dynamics rising real electricity prices and increasing weather-driven demand are producing a compounding effect on household energy bills, leading to persistently high and rising costs for summer cooling.

**Federal Funding for LIHEAP Needs to be Increase to Cover Cooling Costs:** In order to keep up with rising energy costs and temperatures, and the increase in extreme weather events, the states have asked Congress to increase funding for LIHEAP to NEADA is requesting that Congress provide \$7 billion for LIHEAP in FY2027. Providing \$7 billion for LIHEAP would signal that the program is essential in keeping American families safe in their homes despite rising energy costs. The current funding level, \$4.1 billion, is not enough. Families are facing mounting pressure from all sides. According to the Consumer Price Index, home energy costs are increasing at more than two and a half times the rate of overall inflation. Because energy is a basic necessity, these increases function like a regressive tax, placing disproportionate pressure on low-income households that already devote a larger share of their income to energy expenses.

**Regional Variation in Summer Cooling Costs:** As shown in Figure 1, while summer cooling costs are projected to increase nationwide, the magnitude of these increases varies significantly across regions, reflecting differences in climate, baseline electricity consumption, and regional power market conditions. The largest increases are concentrated in the South, where high temperatures, widespread air conditioning use, and greater exposure to peak electricity demand combine to drive both higher consumption and higher marginal costs.

**Figure 1: Average Cost of Residential Electricity June to September 2026**



In the South Atlantic region, average summer cooling bills are projected to rise by approximately 13.5 percent, increasing by more than \$100 compared to last year. Similar patterns are observed in the West South Central region, where costs are expected to increase by roughly 11.5 percent, and in the East South Central region, with an increase of about 8.5 percent. These regions already have some of the highest baseline cooling costs in the country, and the combination of rising electricity prices and hotter summer conditions results in disproportionately large increases in both percentage and dollar terms. Because air conditioning is nearly universal and used intensively across these regions, even modest increases in temperatures or electricity prices translate into substantial changes in total household expenditures.

In contrast, regions in the Midwest are projected to see more modest increases. In the East North Central and West North Central divisions, summer cooling costs are expected to rise by approximately 4.8 percent, corresponding to increases of roughly \$30 per household. These smaller changes reflect both lower baseline cooling demand and less sensitivity to incremental increases in temperature, as cooling loads remain more seasonal and less intensive than in the South.

The Northeast falls between these two extremes. In New England and the Middle Atlantic, summer cooling costs are projected to increase by roughly 6.7 to 7.8 percent. While these regions experience less sustained heat than the South, rising electricity prices play a larger role in driving cost increases. As a result, households in these areas face meaningful increases in cooling costs even without the same level of growth in temperature-driven demand.

Mountain and Pacific regions also see moderate increases, reflecting a mix of rising temperatures and regional pricing dynamics. In these areas, the interaction between weather conditions and electricity market structures leads to increases that are more pronounced than in the Midwest but generally smaller than those observed in the South.

Overall, the regional pattern of projected cooling costs underscores the compounding effect of rising electricity prices and increasing heat exposure. Households in warmer regions face the largest increases because they consume more electricity for cooling to begin with and are more exposed to periods of peak demand, when electricity is most expensive. This results in a highly uneven distribution of cost increases across the country, with Southern households bearing a disproportionate share of the rise in summer cooling expense.

These estimates draw on observed trends in retail electricity prices from the U.S. Energy Information Administration and expected weather conditions based on NOAA cooling degree day projections. Together, these factors point to a broad-based increase in household electricity expenditures during the peak cooling season, with variation across regions driven by differences in climate, baseline consumption, and power market conditions.

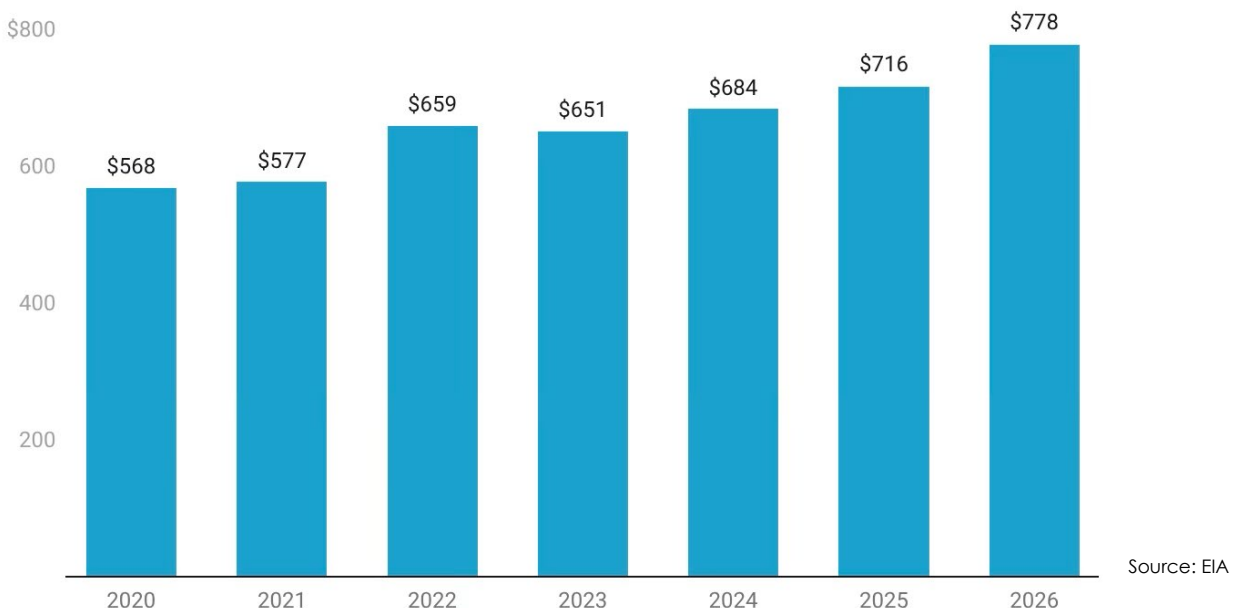
Electricity prices have continued to trend upward in many parts of the country, contributing directly to higher cooling costs. Increases in fuel costs particularly natural gas, which often sets the marginal price of electricity have played a role, alongside rising transmission and distribution expenses and ongoing utility investments in grid reliability and capacity. These cost pressures are reflected in retail rates and are especially consequential during the summer months, when air conditioning drives a large share of residential electricity consumption. As a result, even modest increases in per-kilowatt-hour prices can translate into noticeable changes in total household bills when usage is elevated.

At the same time, summer 2026 is expected to be warmer than the previous year, leading to higher cooling demand across most regions. Cooling electricity use is closely tied to cooling degree days, which measure how much temperatures exceed a baseline level at which cooling becomes necessary. As temperatures rise, air conditioning systems run more frequently and for longer durations, increasing total electricity consumption. This effect is particularly pronounced during extended heat events, which can drive sustained periods of high usage and elevate monthly bills.

The impact of these factors is not uniform across the country. Regions in the South, where air conditioning is nearly universal and used intensively throughout the summer, are projected to see the largest increases in cooling costs. Higher baseline electricity consumption in these areas means that increases in both prices and temperatures compound to produce larger absolute and percentage changes in total bills. In contrast, regions in the Midwest and parts of the Northeast, where cooling demand is more moderate and seasonal, are expected to experience smaller increases. Differences in regional power market dynamics, including exposure to peak pricing and the cost of meeting high demand during heat waves, also contribute to variation in projected bill increases.

Overall, the rise in summer cooling costs in 2026 reflects the interaction of higher electricity prices and increased weather-driven demand. Households are expected to consume more electricity to maintain comfortable indoor temperatures while simultaneously facing higher prices for each unit of energy used. This combination results in higher total expenditures, with the largest impacts concentrated in regions that already rely heavily on air conditioning during the summer months.

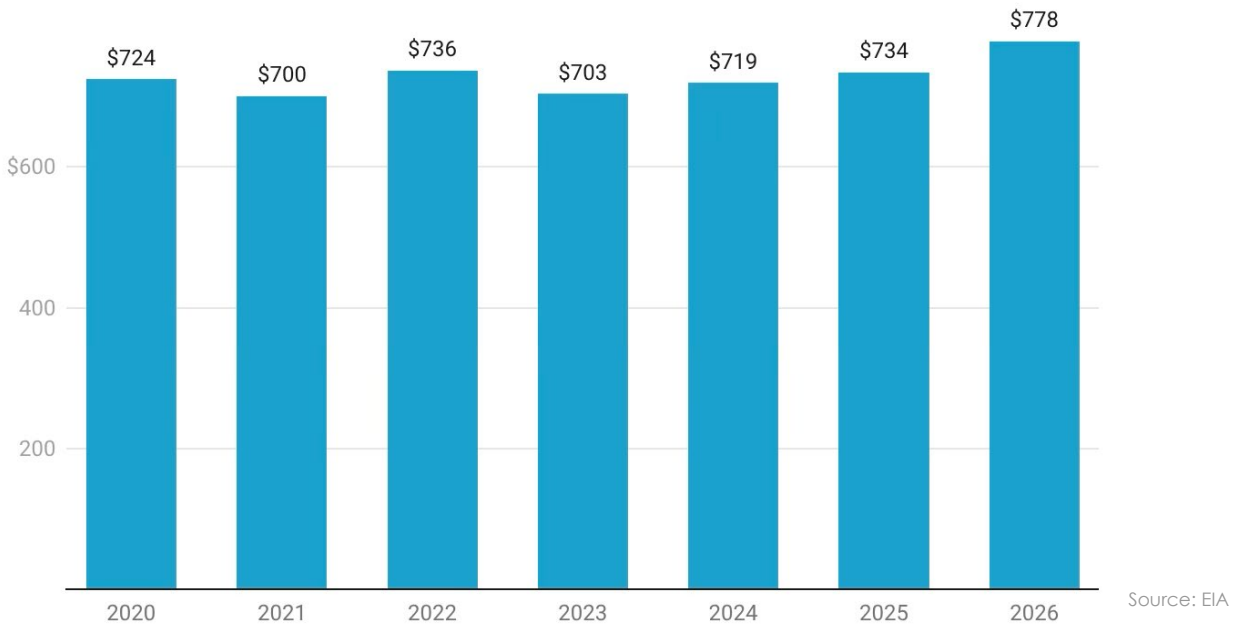
**Figure 2A: Average Electric Bill from June to September in the United States**



**Figure 2A Summary (Nominal Electric Bills)**

Figure 2A illustrates a pronounced upward trend in nominal summer electricity expenditures, with particularly strong growth beginning around 2020. The increase reflects the combined effects of rising retail electricity prices and higher cooling demand, with recent years showing an acceleration relative to the prior period. The projected 2026 value represents a continuation of this upward trajectory, reaching a new peak in nominal terms. The magnitude of the increase nearly 37 percent since 2020 indicates that energy costs have risen substantially faster than historical norms, consistent with broader trends in fuel costs, utility rate adjustments, and increased system demand during peak summer periods.

## Figure 2B Summary (Inflation-Adjusted Electric Bills)



### Figure 2B Summary (Inflation-Adjusted Electric Bills)

Figure 2B isolates the real component of the increase by adjusting for inflation, showing that summer electricity expenditures have risen materially even after controlling for general price levels. While the slope of the increase is more moderate than in nominal terms, the data indicate a sustained upward shift in real cooling costs since 2020, with projected 2026 expenditures approximately 7 percent higher in real terms. This divergence between nominal and inflation-adjusted trends confirms that the increase in household energy burden is not solely attributable to inflation, but reflects structural changes in electricity pricing and weather-driven demand. In particular, it suggests that households are experiencing a real increase in the cost of maintaining indoor thermal comfort during summer months.

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Taken together, Figures 2A and 2B demonstrate that the recent rise in summer cooling costs is driven by both nominal price inflation and real increases in electricity expenditures. The persistence of upward movement in the inflation-adjusted series indicates that underlying market and demand fundamentals rather than transitory price effects are contributing to a sustained increase in household energy burden.

**Energy price increases fall hardest on low-income households.** The share of income spent by the lowest income families increased from about 9.38 to 9.86 percent of income more than four times the average rate for all families (2.35 percent). Even modest rate increases can force families to choose between paying utility bills and covering essentials such as food, rent or medicine.

**The facts are striking:**

The **2024 Residential Utility Disconnections Report**, recently released by the U.S. Energy Information Administration, found that utilities disconnected electricity service 13.4 million times and natural gas service 1.7 million times in 2024. These figures confirm that the electricity shutoff crisis is far more widespread than previously estimated, underscoring the depth of the nation’s energy affordability challenges.

The most recent **Census Household Pulse Survey (9/16/24)**, designed to estimate the economic impact of the pandemic on families, which found the percentage of low- and moderate-income households that could not pay their energy bill for at least one month between April 2023 and April 2024 increased from 34.6 percent to 36.8 percent (see Figure 3).

**One in six U.S. households is behind on its energy bills**, with total utility debt being expected to reach about \$23 billion dollars at the end of 2026, which is the highest level since 2021. Nearly 40 percent of households earning under \$50,000 report being unable to pay an energy bill at least once in the past year, and those pressures are likely to intensify as higher energy costs ripple through the broader economy.

**Federal Reserve** survey data make clear how little margin many families have: 34 percent of adults with incomes below \$25,000 dollars report they were unable to pay all their bills in full. Eliminating assistance under these conditions would not reduce the burden; it would simply shift more of it onto households least able to bear it.

**Figure 3: Households Unable to Pay Energy Bill in 2023 and 2024**

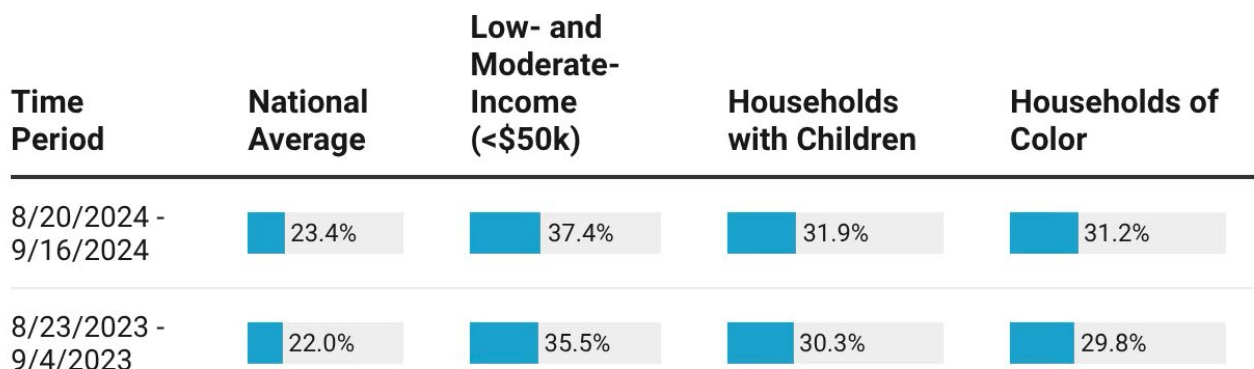
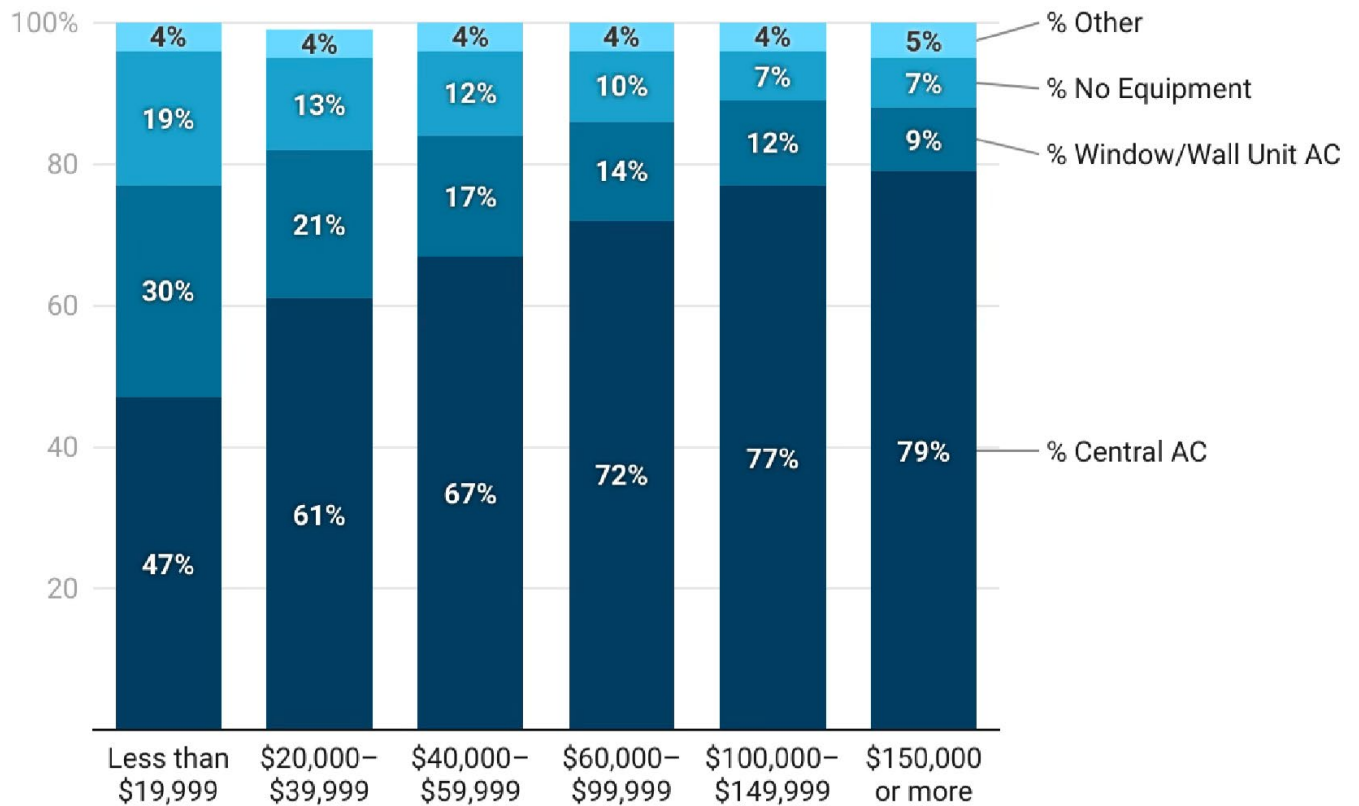


Table: NEADA • Source: Census Pulse Survey July 2024 • Created with Datawrapper

**Figure 4: Type of AC Equipment Households Have, Sorted by Income**



Source: EIA RECS • Created with Datawrapper

**States are Moving to Increase Summer Shut-Off Protections.** 19 states and the District of Columbia now provide some protections against utilities shutting off electricity for customers who are behind on utility payments, and those states are moving to strengthen their protections as temperatures continue to increase each summer. For example, Arizona has recently imposed a blanket summer protection rule to protect low-income families. Despite some progress, 31 states have no summer shut-off protections at all (see Appendix 2), leaving low-income families vulnerable to the dangerous health conditions caused by prolonged exposure to extreme heat.

**Extreme Summer Temperatures are Higher and More Widespread:** According to [NOAA](#), [NASA](#), and the [World Meteorological Organization](#), 2025 was among the hottest years on record, continuing a sustained period of extreme heat that is increasing cooling demand and putting upward pressure on household energy costs. Forecasts from NOAA indicate that 2026 is likely to bring above-average temperatures across most of the country, with a developing El Niño and widespread drought conditions increasing the likelihood of another hot summer and further increases in cooling demand. Taken together, these trends point to a continued escalation in both the frequency and intensity of extreme heat events, with direct implications for household energy use and costs.

Extreme heat poses a significant and growing public health risk. According to the [Centers for Disease Control and Prevention](#), heat is the leading cause of weather-related deaths in the United States, claiming approximately 2,000 lives each year. In recent years, that toll has risen sharply, with more than 2,400 heat-related deaths recorded nationally in 2023 and similarly elevated levels reported in 2024. These figures likely understate the full impact of extreme heat, as heat exposure is often recorded as a contributing factor in deaths attributed to cardiovascular disease, respiratory illness, stroke, and the exacerbation of underlying chronic conditions.

Local data illustrate the scale and persistence of the risk. In [Maricopa County](#), Arizona, 608 heat-related deaths were confirmed in 2024 one of the highest totals on record. Preliminary data for 2025 suggest a decline to approximately 427 deaths, reflecting expanded heat mitigation efforts, but still far above historical norms and indicative of a sustained public health crisis. Even in years with modest improvement, heat-related mortality remains at historically elevated levels, underscoring the ongoing danger posed by prolonged and extreme heat.

These risks are not evenly distributed. Low-income households, older adults, and individuals with pre-existing health conditions are particularly vulnerable to extreme heat, especially when they lack reliable access to air conditioning. Nearly 20 percent of very low-income households do not have any cooling equipment, leaving them exposed during periods of sustained high temperatures. For these households, the ability to maintain safe indoor temperatures is not simply a matter of comfort it is a matter of health and safety.

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**Conclusion:** Taken together, these findings point to a worsening outlook for vulnerable households. Families that are already struggling to pay their energy bills will face increasing difficulty keeping their homes at safe temperatures this summer. Rising electricity prices, higher cooling demand, limited access to air conditioning, and insufficient federal and state assistance programs are converging to deepen the affordability crisis. Absent increased federal support and stronger protections against utility shutoffs, the combination of rising energy costs and extreme heat will continue to place millions of households in unsafe and potentially life-threatening conditions.

## Appendix 1: States Offering Summer Cooling Assistance (2025)

States with Summer Cooling Assistance	States Without Summer Cooling Assistance
Alabama	Alaska
Arizona	Colorado
Arkansas	Connecticut
California	Idaho
Delaware	Illinois
District of Columbia	Indiana
Florida	Kansas
Georgia	Maine
Hawaii	Maryland
Iowa	Massachusetts
Kentucky	Michigan
Louisiana	Minnesota
Mississippi	Missouri
Nebraska	Montana
New Jersey	Nevada
New Mexico	New Hampshire
New York	North Carolina
North Dakota	Ohio
Oklahoma	Pennsylvania
Oregon	Rhode Island
Tennessee	South Carolina
Texas	South Dakota
Utah	Vermont
Virginia	Washington
Wisconsin	West Virginia
Wyoming	
<b>Total - 26</b>	<b>Total - 25</b>

## Appendix 2: Summer and Winter Shutoff Protections by State (2025)

Summer Protections	No Summer Protections	Winter Protections	No Winter Protections
Arizona	Alabama	Alabama	Alaska
Arkansas	Alaska	Arizona	California
California	Connecticut	Arkansas	Colorado
Colorado	Florida	Connecticut	Florida
Delaware	Hawaii	Delaware	Hawaii
District of Columbia	Idaho	District of Columbia	Kentucky
Georgia	Indiana	Georgia	North Dakota
Illinois	Iowa	Idaho	Virginia
Louisiana	Kansas	Illinois	
Maryland	Kentucky	Indiana	
Minnesota	Maine	Iowa	
Mississippi	Massachusetts	Kansas	
Missouri	Michigan	Louisiana	
Nevada	Montana	Maine	
Oklahoma	Nebraska	Maryland	
Oregon	New Hampshire	Massachusetts	
Texas	New Jersey	Michigan	
Virginia	New Mexico	Minnesota	
Washington	New York	Mississippi	
Wisconsin	North Carolina	Missouri	
	North Dakota	Montana	
	Ohio	Nebraska	
	Pennsylvania	Nevada	
	Rhode Island	New Hampshire	
	South Carolina	New Jersey	
	South Dakota	New Mexico	
	Tennessee	New York	
	Utah	North Carolina	
	Vermont	Ohio	
	West Virginia	Oklahoma	
	Wyoming	Oregon	
		Pennsylvania	
		Rhode Island	
		South Carolina	
		South Dakota	
		Tennessee	
		Texas	
		Utah	
		Vermont	
		Washington	
		West Virginia	
		Wisconsin	
		Wyoming	