

Congressional Lowering Utility Bills Caucus

Launch press conference – January 22, 2026

Mark Ellis, Senior Fellow, American Economic Liberties Project

Thank you, Congressman Riley, and all the members here for joining us today. This is an exciting effort, and the American Economic Liberties Project is thrilled to be a part of it.

My name is Mark Ellis. I'm a Senior Fellow for Utilities at AELP. I've worked in the energy sector over 30 years – including 15 as the head of strategy at one of the largest US utility companies – and now as an expert witness in utility cases across the country. I've seen how the industry – utilities, regulators, and advocates – operates from the inside.

Investor-owned monopoly utilities have gamed, captured, and made a mockery of the century-old regulatory system that is supposed to keep them in check. Only bold action at all levels of government can rein them in and lower costs for consumers.

Utility regulation is built on a few basic premises. The first is that utility services – gas, electricity, water – are natural monopolies: it's most cost-effective to have a single provider in a geographic area. So a grand bargain was struck between industry and the public's representatives in government: privately-owned utilities would be granted geographic franchises, and in exchange they'd be subject to government regulation of their prices and have an obligation to serve all customers willing to pay them.

The second premise of utility regulation is that customer rates should mimic what would occur in a competitive market – in other words, regulation should be a surrogate for competition. In a competitive market, prices reflect actual, necessary costs – and “cost-of-service regulation” is the binding standard throughout the country.

Investor-owned utilities are for-profit companies, so their costs include a regulator-determined profit, tied to the amount of capital each utility invests. There are well-established, Nobel Prize-winning theory and models for setting

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profits that reflect the market cost of capital – taught to every first-year finance undergrad and MBA student. But, for decades, regulators nationwide have been granting utilities profits far above the market cost.

This creates two problems. First, excess profits needlessly raise rates, directly and mechanically. Worse, they create a perverse incentive for utilities to invest as much as possible. This “capex bias” is the underlying driver of upward-spiraling rates. In effect, regulators are facilitating a massive, unearned, and legally unjustifiable wealth transfer from American families and businesses to utility shareholders – ongoing and growing, year after year.

The pain and frustration of rising bills is compounded by the absence of choice, control, and transparency. While you can comparison shop among stores for, say, toothpaste, or buy the private-label version, and you know what you’re paying in advance – utility customers can do none of these for the bulk of their bills.

Consumers and small businesses can *feel* the collapse of utility accountability, even if they don’t know the reasons. It’s why we’re seeing grassroots efforts nationwide to push back on ever-rising utility bills. Likewise, *you* are feeling the pressure to do something to stop these companies from continuing to abuse their monopolies. And that’s without full awareness of the government-sanctioned pocket-picking that’s driving it all; imagine the outrage if customers knew what’s *really* going on.

Ever-increasing rates are not inevitable or an immutable fact of the “market”; after all, there is no market, by design. They are a direct consequence of the policy choices, mindsets, and behaviors of lawmakers and regulators who exhibit all the signs of being captured by the very utilities they are supposed to oversee.

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That's why we're excited Congressman Riley and the other members of the newly-formed Lowering Utility Bills caucus are organizing federal lawmakers to end, once and for all, utility monopoly abuse. Federal lawmakers have traditionally considered utility regulation a state-level legislative issue; this caucus is pioneering a new approach, taking the lead in checking utility monopoly power.

Specifically, we encourage all congressional members to follow Rep. Riley's example by personally intervening in rate cases in your states to protect your constituents and bring transparency and accountability to an intentionally opaque process. As Rep. Riley demonstrated in the Central Hudson and NYSEG cases, this can be an effective way to upend the politics-as-usual of utility financial extraction.

Federal lawmakers can make structural changes, too. Reforms to ensure utility rates of return equal their true, market-based cost of capital would not only reduce rates immediately – on the order of 10% – they would also transform utilities' financial incentive structure, eliminating the perverse capex bias and “bending the curve” of future rate increases.

These efforts are not just about lowering utility bills, but also restoring trust and accountability to a system that hundreds of millions of Americans rely on. They're also about forcing an industry whose business model hasn't changed since Edison's day to revisit its most basic assumption: that it's entitled to grow fat and happy at the public's unwitting and unwilling expense. In short, these monopoly utilities are bullies – and we applaud this caucus for their courage in taking them on. Thank you again for the opportunity to speak today.