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Hard economic times have folks on edge, forcing many to make difficult choices on what bills to pay each month. To complicate things, Congress has begun debating national energy and climate change policies that, if poorly developed, could dramatically increase the cost of electricity.

In all of this, electric cooperative members across the country agree on one thing: there's not enough money to go around.

Why are electric rates rising?

Tony Ahern, president and CEO of Buckeye Power, a generation and transmission cooperative based in Columbus, Ohio, compares the factors behind rising electricity rates to buying a car.

"Co-op loads have grown to the point that any excess generation capacity built decades ago has been used up," he said. "It's like a car that's paid for. To replace it with a new one will be more expensive."

Buying a car burdens a household budget, but generally only for a short time. While major repairs may be needed occasionally and gas remains a regular expense, the vehicle continues to provide reliable transportation for many years after the last payment is made.

Costs for electricity are similar. It's expensive to build a power plant. But once it's paid for consumers can rely

on a facility that will continue to churn out reliable, affordable electricity for decades to come.

The United States last went through a power plant building surge — and corresponding spike in electric rates — in the late 1970s-early '80s as the nation struggled to make itself energy independent when it came to electricity.

"Back then everyone built power plants, and a couple of things happened," noted John Holt, senior principal of generation and fuel with the National Rural Electric Cooperative Association (NRECA). "The growth in demand for electricity didn't quite materialize as expected, resulting in the industry overbuilding baseload generation. As a result, most utilities didn't need additional power plants for 20 or so years, and the cost of electricity leveled out."

When more electricity was needed in the mid- to late 1990s, "peaking" units were installed to produce power only when large numbers of consumers needed it. The majority of these units were fueled by natural gas, a fast and cheap way of "putting iron in the ground."

"Electric co-ops alone constructed more gas-fired turbines in five years than they had during the first 50 years of the rural electrification program," Holt said.

Today, electric co-ops nationwide meet roughly 62 percent of their power requirements from coal-based generation, 15 percent from nuclear plants, and 10 percent from natural gas. Hydropower and other renewable sources (like wind and landfill gas) make up 11 percent; the remaining 2 percent primarily comes from diesel fuel.

Changing energy policy

With demand for electricity rising once more and capacity maxed out, utilities will need to build power plants once again. Over the next decade, co-ops must build 21,000 megawatts of new generating capacity just to keep the lights on. But Holt cautions that what worked in the 1970s, '80s, and '90s may not get the job done in 2009 and beyond.

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Energy and climate change policies under consideration in Washington, D.C., may limit the diversity of fuels available. This could present electric cooperatives with their greatest challenge in history

“When you look at the Obama administration and the makeup of Congress, there’s not much question they’re going to take up a climate change bill, and they likely will pass one,” said NRECA CEO Glenn English. “It’s clear that on the federal level as well as in many states lawmakers simply do not want to see anymore coal-fired power plants built until we can cost-effectively remove and store the carbon emitted. This opposition will likely spill over to any generation using carbon-based fuels, such as natural gas.