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Ready for rebates: Stimulus program provides reason to buy appliances

By TONY REID - H&R Staff Writer | Posted: Sunday, April 11, 2010 12:01 am

DECATUR - Ronald Hendricks went shopping for a refrigerator but froze in his tracks after Uncle Sam and the Land of Lincoln stepped in with an offer he couldn't refuse.

Instead of buying his shiny new appliance right now from Doc's Home Appliance Center on the Square in Taylorville, where he lives, Hendricks is going to chill until Friday and then go back. Friday marks the kickoff for the Illinois Energy Star Appliance Rebate Sale, when refrigerators bearing the Energy Star efficiency rating will be 15 percent off the sticker price at 600 participating retailers statewide.

And its not just fridges. Super-efficient freezers, clothes washers, dishwashers and room air conditioners emblazoned with the Energy Star approval sticker all will qualify for instant point-of-sale 15 percent discounts.

The savings program is supported by the Illinois Department of Commerce and Economic Opportunity using \$6 million provided by the federal American Recovery and Reinvestment Act. The aim is to fund cash savings that persuade families to invest in more energy-smart machines.

Appliance retailers say they're anticipating a sales rush like nothing they've ever seen, and they expect the kind of consumer demand that turned the Cash for Clunkers car program into a national scramble for federal dollars.

For Hendricks, a 15 percent discount was more than enough reason to cool his desire for a more spacious and efficient fridge just a little bit longer. He also discovered the rebate sale has an additional benefit, available by mail-in coupon, that will pay him \$75 for having his old machine hauled away.

"If you need a new refrigerator, it's worth waiting to get it," said Hendricks, 71. "This rebate sale made up my mind."

The Illinois Energy Star Appliance Rebate Sale is set to run through April 25, but retailers have serious doubts the money will last anywhere near that long.

David Ozier, store manager of Lowe's in Forsyth, has been crunching the numbers. He said that given 600 retailers have signed up to take part and assuming, for argument's sake, a typical appliance such as a refrigerator sells for \$800, the average customer will save \$120. Dividing \$120 into \$6 million gives a potential number of 50,000 appliance unit sales, and that works out at maybe 83 sales per participating business.

Ozier says this is only an average, and prices and sales volumes will vary with the size of store and range of product, but you soon begin to see how quickly the rebate cash might drain away. "And the demand is going to be up there because this is a tremendous value," he added.

Lowe's is determined, however, that the flash e-mail from the state telling them the promotion has run out of money will arrive long before its stores run out of appliances to sell. Ozier said Lowe's inventory ramp-up in anticipation of the 15 percent rebate is in a class by itself.

"We're stocking up beyond belief," he said. "I've been with the company for 15 years, and I've never seen this volume of freight before, ever. There is absolutely no doubt in my mind that that state will run out of money before we run out of appliances."

Bryan Horath, sales division manager at Dick Van Dyke Appliance World in Decatur and a vice president of the company, said his stores are super-stocked, too, but customers will have to move fast to catch the federal rebate. "When do I think the money will be gone? I'd say 48 hours or so; that first weekend for sure," he said.

He advises shoppers to come in now to check out features and find the appliance they want so they can come back and buy without wasting crucial minutes once the sale starts.

"We're expecting this to be hectic - very hectic," he added.

Energy experts say anything that helps lower America's thirst for fossil fuels is welcome, and achieving it demands a broad brush approach: everybody driving more fuel-efficient cars, for example, and turning on more power-efficient appliances that need less fossil-fueled electricity to operate.

The Midwest Energy Efficiency Alliance, which is managing the appliance rebate sale in Illinois, said 94 percent of the coal burned in this state is used for electricity generation. Paying the bill for imported, cleaner-burning coal costs the state \$1.36 billion a year. Coupled with the state's natural gas bill, the Land of Lincoln spends some \$8.96 billion annually on imported energy fuels.

The Citizens Utility Board consumer watchdog group spends a lot of its time fighting utilities' attempts to hike power bills but said consumers shouldn't miss an opportunity to do their part, too. Its representatives visited Decatur recently to give away energy-efficient compact fluorescent bulbs and promote the appliance rebate sale.

Utility board spokesman Patrick Deignan said the organization also has come up with an interactive tool on its Web site that will allow users to plug in their ZIP code and find out how much a particular new appliance might save them. People living in the 62525 ZIP code in Decatur, for example, will shave \$18 a year off their power bill if they replace a 15-year-old refrigerator with an efficient modern one.

"The CUB Energy Saver is like having your own personal home energy auditor on call for free 24 hours a day," Deignan said. Visit www.cubenergysaver.com.

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