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Office of Consumer Advocate Warns Consumers to Prepare for Sustained Higher Natural Gas Prices

CHEYENNE, WYOMING –

“Natural gas prices have risen dramatically in the last year, and customers should expect to see these higher prices for the foreseeable future,” Bryce Freeman, Administrator of the Office of Consumer Advocate said today. “While there is little that state utility regulators can do to affect the unregulated, wholesale prices that are paid by the regulated natural gas utilities who serve Wyoming customers, we encourage customers to use a variety of methods to prepare for what we expect to be sustained higher natural gas prices,” he continued.

During the past year, wholesale natural gas prices in Wyoming have nearly doubled. According to statistics kept by the Energy Information Administration, the average wholesale price in the Wyoming natural gas market in May 2002 was \$2.62 per thousand cubic feet, whereas the current wholesale market price is approaching \$5.00 per thousand cubic feet. These are the prices charged by the producers to the natural gas utilities that are outside the jurisdiction of state regulators. While there is some modest volatility expected in these prices over the foreseeable future, most industry analysts are predicting that there will not be a substantial drop in natural gas prices through the Autumn and Winter of 2003-4.

The increased costs of natural gas are also expected to have some impact on the cost of electricity. As more energy is generated using natural gas as its primary fuel source, there is a direct relationship between increases in the cost of natural gas and increases in the cost of electricity.

The Office of Consumer Advocate does intend to review the purchasing practices of the utilities, as well as the reasonableness of their price forecasts in light of national price information, especially as utilities begin to request rate increases to reflect these higher wholesale prices. However, when the price increases are simply reflective of changes in wholesale prices, and not changes in purchasing practices or other operating practices or costs, there is no legitimate reason to oppose the requested increase when it comes before the Wyoming Public Service Commission for approval. An example of the type of increase that is purely reflective of wholesale natural gas prices are the recently filed proposed changes to the Kinder Morgan Pass-on Rate [Regulated Rate].

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Low-income customers and financially troubled customers are encouraged to find out early what assistance may be available for help in paying their utility bills. “As energy bills rise, so does the need for adequate funding to assist the low-income ratepayers,” Freeman stated. “We will be working with federal and state policy makers, other advocacy groups, customers, and utilities, as we explore ways to assure that energy remains affordable for all customers, including those who are financially disadvantaged,” he continued.

In light of these predicted increases, the Office of Consumer Advocate encourages customers to consider taking measures to limit their energy usage. We suggest that customers examine their insulation levels, check for open fireplace dampers, look for holes or cracks around the doors or plumbing fixtures, and look for other places where air may leak into or out of their homes or offices. Other energy saving tips include: insulating your hot water heater; increasing lighting efficiency by using compact fluorescent lamps; installing double pane windows; sealing and insulating ducts; and using your window coverings to help block heat or cold. These are just a few ideas and the Office of Consumer Advocate encourages customers to contact their utilities for other energy conservation suggestions and ideas on how to use energy wisely.

Additionally, the Office of Consumer Advocate encourages customers who have difficulty paying high winter heating bills to consider contacting their utility about the use of Budget Billing. Most Wyoming utilities have programs available to allow customers to pay for their estimated annual costs on a monthly basis, spreading out the estimated costs throughout the year. Budget Billing plans particularly allow fixed income customers to compute increased utility costs into their monthly budgets.

The Office of Consumer Advocate continues to look for ways to mitigate the impact of natural gas and electricity cost increases on customers.