

WHAT'S UP WITH RISING NATURAL GAS PRICES?

1. Your gas bills may go up during the winter heating season as a result of price increases. Why is this happening? Like other commodities, such as wheat and orange juice, natural gas prices rise and fall as supply and demand change. **The price of natural gas can be contributed, in part, to the rising crude oil prices, cold temperatures and increased consumer demand.** The part of your gas bill, covering the company's costs of doing business -- meters, pipes, trucks, salaries, computers and the like -- are not affected by increases in the wholesale gas price.

2. Are gas prices only going up in my area? No. They are going up all around Wyoming and throughout the United States. The good news is that, despite the tight market, supplies are expected to be adequate to meet heating needs in Wyoming this winter, and compared to other western states Wyoming's gas prices are among the lowest.

3. Wyoming produces a lot of natural gas. Why isn't the price lower here? Natural gas prices are set in the national wholesale market, which has been deregulated by the federal government. No state, including Wyoming, can regulate this wholesale market; and your local utility cannot control the market either. Almost all of the wholesale prices paid by utilities for their gas is set by this market, including the prices paid by Wyoming's local utilities. Prices are set -- or indexed -- regionally and nationally in this market. A Wyoming producer with gas to sell does not have to accept less than the prevailing index price.

4. I thought that the Wyoming Public Service Commission regulates the prices gas companies can charge. Why isn't the PSC doing anything? The PSC cannot legally regulate the wholesale market price of natural gas and cannot set ceiling prices for gas. The PSC can -- and does -- make sure that wholesale gas costs show up accurately in your rates. Utilities are not allowed to collect more than the actual dollar-for-dollar cost they pay for the gas they deliver to you, and they cannot mark up the wholesale price of gas to earn a profit on it.

When gas companies need to increase rates due to wholesale gas prices, they apply to change the rates with the PSC. The PSC examines the company's numbers to make sure that the gas company is not collecting more than the true dollar-for-dollar cost of gas. Decreases, when they come as they have in the past, are also required to be tracked dollar-for-dollar to make sure that customers get the full amount of the decrease.

5. I don't get a raise every time my cost of living goes up. Why should the gas company profit every time gas costs go up? Society expects gas

companies to provide service whenever it is needed – even on the coldest night of the year. Gas companies have to provide this reliable service every hour of the year. This means that gas companies must often purchase higher-priced gas supplies in order to guarantee uninterrupted supply to you. The gas companies do not get a profit increase when they buy this higher priced-gas. The price reflects a direct pass-through for the actual cost of gas.

6. Sometimes I see cheap gas for sale. Why doesn't the gas company buy this gas? This most often is spot market gas offered for sale and immediate delivery by a supplier with extra gas to sell – usually in summer when the demand is low. Utilities buy some of this gas when they can and this helps keep the overall cost of gas down. Unfortunately, spot market gas isn't typically available when the winter is cold and gas service is most critical. Then demand is high, spot prices are very high and spot gas often isn't available -- at any price. When utilities buy gas, they have to make sure their supply provides reliable, long-term delivery of enough gas for the cold months when the need is the greatest and the market is the tightest. To be sure that the gas is delivered when it is needed most, utilities also have to pay pipelines for high priority transportation.

7. How long will these prices last? Nobody can predict for certain how the competitive wholesale gas market will behave. Some of the factors that influence prices are the time it takes to develop new supplies, the increasing demand for gas (partly because more is now being used to generate electricity), and how hard it is to know how much will be needed for winter heating. If you want to see the market in action, you can see Henry Hub prices on the Web at www.quotewatch.com/charts/futures/NYMEX/NGV0-weekly.html. You can get more information from the Energy Information Administration at www.eia.doe.gov Click "Natural Gas" and then "Natural Gas Update".

8. What can I do?

Get information about what help is available. Call the State of Wyoming's single contact person, Heather Babbitt, at the Wyoming Department of Family Services toll-free at 1-800-457-3659 for information on all types of help available.

Conserve Energy –

- Turn down your thermostat and install a programmable thermostat*
- Close off rooms that are not in use
- Use solar heat by opening curtains and drapes when the sun is shining
- Lower the temperature on the water heater to 120 degrees and install a water heater blanket.

- Refrain from using hot water to wash clothes when possible
- Close the damper on the fireplace when not in use
- Replace/clean your furnace filter
- Replace old appliances like water heaters and furnaces with new energy efficient ones.
- Insulate your home by adding more insulation, weatherstripping and caulk especially around doors and windows.
- Get an energy audit or conduct a do-it-yourself energy audit that points out ways to make your home/business more efficient

Budget Billing can levelize your gas bills so they don't get so high in the winter. Contact your local gas company to learn more about their Budget Billing program.

The **Low-Income Energy Assistance Program (LIEAP)** can help with winter heating bills if you qualify. Get a LIEAP application and more information by calling toll free at 1-800-246-4221. LIEAP can also help qualified persons with weatherization during the summer months. The weatherization program has an office in each county.

Energy Share of Wyoming can also provide help with utility bills for some persons who don't qualify for LIEAP. Contact your local Salvation Army office for further details.

Wyoming's **Senior Tax Rebate Program** can provide a tax rebate to a qualifying customer in the form of a check in the amount of \$500 or \$600, depending on program guidelines. Eligible persons must be 65 or older or over age 18 and 100% disabled. Each must be a Wyoming resident for a full year at date of application. Married couples cannot make more than \$14,000 a year; and a single person cannot make more than \$10,000. For more information, contact Diana Martin at the Wyoming Department of Health at (307)777-6794.

Don't overlook **other local sources of help** such as churches and civic groups. The University of Wyoming has an excellent catalogue on line at <http://wind.uwyo.edu/IRIS/key80.htm>. You may also contact them at Pathways Plus/Connect Wyoming at 1-800-889-8309.

Don't wait until cold weather arrives! Conserve energy now!

9. I am in a Choice Gas Service Program. How will these market changes affect me? Customers in a Choice Gas Program may be affected in the spring of each year during the natural gas supplier selection period when gas prices are set.