



NEWS & INFORMATION

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Lower Heating Bill Predictions Mask High Prices; Energy Efficiency Is Essential

Despite reports that another mild winter could bring natural gas customers some relief on their heating bills, projections call for very high natural gas prices to continue this winter. Customers again need to prepare for one of the highest-cost winter heating seasons on record. Even if winter weather is mild as last year, natural gas prices are expected to continue at the second-highest level on record. Colder weather will increase costs and is likely to drive natural gas prices even higher.

Natural gas prices have been at all-time highs in the past five years. The January natural gas costs, reported to the Iowa Utilities Board (IUB), for a large natural gas utility in Iowa were about 57 cents per therm in 2003, 68 cents in 2004, 79 cents in 2005, and \$1.08 in 2006. They are projected to be about 91 cents per therm this January.

If 2006-2007 winter weather matches the 30-year average normal temperature, a customer spending \$704 on natural gas last winter would consume more gas and pay about \$706 in this coming heating season (November through March). Weather that is four percent colder than the normal average would push that cost to about \$730. Any extreme cold spells could cause price spikes and drive costs even higher. This forecast is based on calculations derived from information provided to the IUB by the rate-regulated natural gas utilities that serve about 95 percent of Iowa natural gas customers. It represents a blending of gas purchased at different times and prices. Actual natural gas prices vary by utility depending upon the utility's practices for purchasing and storing its natural gas.

Bills For A Typical Residential Customer		
Last Year	This Year	This Year
Actual Billing	Normal 30-Year Average Weather	4% Colder Weather Than Normal
\$704	\$706*	\$730*
(\$141/Mo. Ave)	(\$141/Mo. Ave.)	(\$146/Mo. Ave.)
	+0%	+4%
* NOTE: Estimates based on data available as of 9/12/06		

Energy Efficiency Steps

So, now is the time to make changes to save energy and lessen your price impact. There are many options to better manage natural gas use and lower bills. These include quick and inexpensive fixes like adjusting thermostats down a few degrees, changing furnace filters often, and weather sealing exterior walls, particularly around doors and windows.

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Adding insulation to the attic, walls and floors, and basements or crawl spaces can lead to significant savings on future energy bills as can investment in energy efficient heating systems, programmable thermostats, high efficiency water heaters, replacement windows, and ENERGY STAR labeled household appliances. Customers should have heating systems serviced annually by a qualified professional to help them run most efficiently. Utility customers not on a level payment or budget-billing plan should consider participating because it can even out their monthly payments. Many utilities offer free energy assessments of homes and businesses and/or cash rebates to customers for various energy efficiency investments. Customers may contact their gas or electric utility for details.

One of the easiest and least expensive things customers can do themselves to reduce energy use and improve comfort is to seal air leaks on the exterior walls of their homes using caulk and weatherstripping materials, which are relatively inexpensive and available at hardware and department stores. Doing this will save energy for many years. Common spots to seal, using primarily weatherstripping and caulk, are around windows, doors, and edges of exterior siding. Weatherstripping can be applied to movable surfaces like doors and windows while more permanent seals like caulk or flashing can fill gaps in other areas. Do-it-yourselfers should remove dirt and grit or any loose paint from areas to be caulked. It is better not to caulk in rainy weather. Caulk tends to set much faster on hot days, so don't do too much at once before doing final trimming on warm days. Remember to caulk around new holes or disturbances to outside walls when additional pipes or cables are installed.

A very effective short-term step for conserving energy is turning down your thermostat for sleeping or periods when your home will be unoccupied. Set a goal of lowering your thermostat enough to effectively manage the internal temperature without reducing your comfort level to a point where it might adversely impact anyone's health. Most people can safely lower the temperature a few degrees, but anyone with health concerns should consult their physician first. If constantly changing your thermostat is difficult, consider a programmable thermostat. This will help you maximize your comfort while better managing your home's temperature and energy use.

Make health and safety primary considerations when taking wise steps to improve the energy efficiency of your home this winter. If supplementing the warmth of a room with an electric space heater, always place it away from any combustible objects or materials and shut it off if you leave the room or are at risk of falling asleep. Try to avoid using extension cords for portable heaters. If you do use them, properly grounded and insulated heavy-duty electrical cords are safest. Many people also find they can heat their water for less money. Water heater blankets and insulation for hot water pipes must meet certain safety specifications, so check with a professional before installing these. Simply lowering the water heater temperature setting can help some people, but is not right for everyone.

Efficiency can be considered an energy supply source produced by Iowa customers investing in their own homes and businesses. It reduces the need for new power plants and extra coal to generate electricity and additional natural gas production. It is estimated that United States consumers could save hundreds of billions of dollars on their utility bills over the next 10 to 15 years through greater use of cost-effective energy efficiency. Continued reductions in consumer use of energy supplies like natural gas are also expected to result in lower market prices over time. One estimate maintains that if eight Midwest states, including Iowa, decrease natural gas consumption by one percent annually for five years, the national wholesale price could fall by as much as 13 percent.

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