



CONSUMER ALERT

Prepare For Higher Natural Gas Costs!

The Michigan Public Service Commission (MPSC) urges Michigan's natural gas customers to prepare now for higher natural gas bills this coming winter.

Why Prices Have Increased

Wholesale natural gas prices are set in a competitive North American market and are subject to the market forces of supply and demand. When demand increases at a greater pace than production, prices increase. Demand for natural gas has been increasing, in part from the result of an abnormally cold winter and spring that depleted stored supplies and the increased use of natural gas for the generation of electricity. This increase in demand has left Michigan utilities – and utilities nationwide – with low natural gas inventories. Low-cost natural gas supplies have been depleted rapidly and replaced with supplies that cost more to produce. Therefore, utilities are paying more for supplies to meet their customers' needs.

What To Expect This Winter

A comparison of the prices charged by Michigan's four largest natural gas utilities shows that price increases from July 2002 to July 2003 have ranged from 14 percent to 58 percent. When other distribution charges are factored in, it is estimated that residential customers could see an average increase over the winter months (November – April) ranging from \$9.00 to \$29.00 monthly – assuming normal weather. Warmer or colder weather would increase or decrease heating bills accordingly. The situation is being monitored and updated information is available on the MPSC Web site at: <http://www.michigan.gov/mpsc> under "Natural Gas."

Customers Have A Choice

Four Michigan natural gas utilities now offer customers the opportunity to purchase natural gas themselves from an Alternate Gas Supplier (AGS). While the rates charged by an AGS are not regulated, customers may find they can get lower-priced gas in the market place. If a customer chooses to purchase natural gas from an AGS, it will still be distributed, metered, and billed by the utility at regulated prices. More information on Natural Gas Choice, including the terms and current prices of AGSs, is available on the Commission's Web site at: <http://www.michigan.gov/mpsc> under "Natural Gas."



How Rates Are Set

A natural gas bill consists of several components, including the cost of the natural gas, the distribution cost based on the amount used by the customer, and other customer related charges, including, meter reading, billing, and equipment and maintenance. These components are clearly identified on the bill. **Under law, Michigan's natural gas utilities are able to recover the cost of the natural gas they purchase, however without a mark-up for profit.** The MPSC is required to annually review each utility's natural gas purchase plan. The utility is allowed to charge customers for approved costs.

What To Do To Prepare

While a variety of long-term initiatives to deal with price increases are under consideration at the federal and state levels, consumers can take immediate steps now to soften the impact this coming winter. The most effective immediate step is to increase the efficiency of homes and appliances and to reduce unnecessary use of natural gas and electricity. The U.S. Department of Energy's (DOE) Energy Efficiency and Renewable Energy Clearinghouse offers helpful conservation information at their Web site <http://www.eere.energy.gov/consumerinfo>. A free copy of their brochure, "Energy Savers – Tips on Saving Energy & Money at Home," can be ordered by calling DOE at 800.363.3732.

Where To Go For Assistance

There are some options for getting help with home heating bills:

- Most utilities have a **budget payment plan** that allows customers to make equal monthly payments throughout the year and catch up or get a credit at the end of the year. Call your utility company if you are interested.
- The **Winter Protection Plan** protects senior citizens and many low-income citizens from shut-off of electric and natural gas services between December 1 and March 31. Participants must make a monthly payment of 7 percent of their estimated annual bill along with a portion of any past-due amount. At the end of the protection period, participants must pay off any money owed in installments between April and November.
- An MPSC Consumer Alert, [Home Heating Help](#) provides additional information on available programs that can help customers avoid winter utility service shutoff. This brochure and others on important utility topics are available at the MPSC Web site <http://www.michigan.gov/mpsc> under "Consumer Information" or by calling 1.800.292.9555.

Customers facing heating bills that they are unable to pay should contact their utility company to explain their situation before receiving a shut-off notice.

Ways to Save Natural Gas

- Lower heat at night and when no one is home, and increase the air conditioning temperature during the day. A programmable thermostat can be set to do this automatically.
- Set the hot water heater to 120 degrees F and insulate the water heater and hot water pipes following the manufacturer's instructions.
- Wash clothes in warm or cold water and try to do loads in the evening.
- Clean or replace the furnace air filter regularly following the manufacturer's recommendations.
- Have an annual inspection and maintenance done on the furnace.
- Check heating ducts for air leaks and insulate those in unheated areas.
- Caulk and weather-strip around doors and windows. Close curtains at night during the winter.
- Add insulation to the attic and walls – including the rim joist area above the basement walls.
- When purchasing new appliances, furnaces, windows, or a new home, look for those with the ENERGY STAR® logo, signifying they meet energy efficiency standards.
- Other Web sites of interest include the Energy Star® Program at <http://www.energystar.gov/>, the Home Energy Saver at <http://hes.lbl.gov>, the Energy Information Administration at <http://www.eia.doe.gov/> and the Michigan Energy Office at <http://www.michigan.gov/energyoffice>.