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Natural gas prices likely to increase

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Three Oregon gas utilities will seek rate increases this summer, with Northwest Natural Gas Co. predicting prices could rise 40 percent.

NW Natural (NYSE: NWN), Avista Utilities and Cascade Natural Gas briefed the Oregon Public Utility Commission on Tuesday, indicating all three would file requests in August. The companies each pass the cost of purchasing natural gas onto customers.

Portland-based NW Natural, the state's largest utility with about 657,000 customers in Oregon and southwest Washington, is expecting prices to jump between 35 percent and 40 percent.

Avista Utilities, part of Spokane, Wash.-based Avista Corp., which serves portions of southwest and northeastern Oregon, is expecting prices to creep up 10 percent to 15 percent.

And Cascade Natural Gas, with customers in central Oregon, expects prices to be 15 percent to 20 percent higher than a year ago.

Any change in customer rates would take effect Nov. 1 if approved.

Growing demand, tighter supplies and international market pressures this year are driving the cost increases, according to the PUC.

"This is very much the opposite of what we saw last year," Ken Zimmerman, the PUC's gas analyst, said in a news release. "Demand is robust while supplies remain tight. As a result, wholesale prices are significantly higher than a year ago."

In 2007 the commission reduced NW Natural's rates for residential customers by 8 percent and 1.3 percent for Avista. Cascade's rates increased less than one percent.

"This is sobering news given the other economic pressures consumers are already facing on other fronts," Commission Chairman Lee Beyer said in the news release. "I can't urge strongly enough that customers should start thinking now about how they can use less natural gas this coming winter."

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