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Heating bills will rise 15% to 25% for natural gas customers

Natural gas utilities passing along jump in wholesale prices; you'll pay \$100 to \$170 more

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It'll cost \$100 to \$170 more to heat a home with natural gas in the Indianapolis area this winter.

The higher heating bills are due to sharply higher wholesale prices for natural gas, which have risen since last year in concert with oil prices.

The predicted jump amounts to a 15 percent to 25 percent increase from last winter's home heating bills in Central Indiana.

In making their annual winter heating predictions Wednesday, Vectren Corp. and Citizens Gas -- the two gas companies that service the Indianapolis area -- said they are merely passing along the price jumps they face from their gas suppliers. Pass-along price hikes do not have to be approved by the Indiana Utility Regulatory Commission.

Citizens predicts its average residential customer in Marion County will pay \$939 for home heating for the five winter months of November through March. That's a \$158 jump from the \$781 paid by its average customer last winter.

For a typical customer of Vectren, whose 48-county service area includes large parts of metro Indianapolis, winter heating costs will rise from \$680 last season to \$780 to \$850 this winter, the Evansville-based company said.

Unusually cold weather could send bills even higher.

The good news is that natural gas prices have moderated in the past two months. If prices had stayed as high as they were in early summer, homeowners would be looking at 50 percent hikes in home heating bills this winter, Vectren President Carl Chapman said.

He warned that additional hurricanes in the Gulf of Mexico could disrupt production from natural gas wells and cause another price spurt.

Citizens, which is a public utility, said it will fund \$3 million in energy assistance to help its more than 24,000 low-income customers afford service.

Both utilities urged customers to make sure their homes are well-insulated to reduce heat loss and keep gas bills down.

High home heating bills are another sign that "Hoosiers continue to struggle" with rising expenses from fuel, food and heat, said Kerwin Olson, program director of Citizens Action Coalition of Indiana, which often fights utility rate increase requests before state regulators. "People have to make some hard choices" in household budgets, he said.

Olson said he thinks gas companies and the state should put more money into home weatherization and other energy efficiency programs.

"We'd like to see them fund that to a greater degree. There is a lot of room for improvement."

AVERAGE BILLS

Here are the costs of an average winter heating bill based on a five-month season, using 600 therms of natural gas. The numbers are based on rates in effect Jan. 1 of each year.

[chart]

Utility	1999	2000	2001	2002	2003	2004	2005	2006	2007
Citizens Gas	\$330.90	\$325.74	\$472.32	\$377.76	\$439.98	\$503.55	\$571.47	\$728.97	\$676.44
Indiana Gas Co. (Vectren North)	\$322.86	\$343.38	\$526.20	\$399.66	\$483.96	\$538.20	\$629.10	\$868.74	\$667.92

[end chart]

Source: Indiana Utility Regulatory Commission
