



## Natural gas is costlier, and Nicor rates may rise, too

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"It's looking bad," says Pat Clark, of potential natural gas bills this winter.

The reason for this trepidation by the associate director of the Citizens Utility Board is that customers everywhere could find themselves looking at whopping natural gas price increases this winter, and Nicor customers in particular may get hit with a service rate hike next spring, too.

Because gas prices are so volatile, there's no way to know for sure, but they are currently on an upward trend. Normally, natural gas prices decrease during the summer and increase during the winter. This summer, however, natural gas prices are at record highs with winter still months away.

Nicor spokeswoman Annette Martinez declined to speculate on how much higher a customer's gas bill could be this winter.

But for comparison purposes, Nicor was charging \$0.87 per therm in February of this year and is now charging \$1.45 - a 66 percent increase. Natural gas prices account for 75 percent to 80 percent of a typical customer's bill.

"And these just may be the lower prices," said Martinez, who noted that cost for the actual gas is not specific to Nicor - natural gas prices are up nationwide.

Both Martinez and Clark said market volatility does not assure a price increase between now and winter. There have been years where high summer prices faded back to reasonable levels by winter. But so far, futures markets for natural gas are betting that prices go even higher.

In addition, Nicor has asked the Illinois Commerce Commission for a service rate hike of \$140 million annually. If granted, however, that increase would not take effect until the spring of 2009.

Nicor estimates that the service rate hike would raise a typical homeowner's bill by \$55 a year. CUB said it hasn't yet done its own analysis of that estimate to endorse or dispute it.

But CUB said it disagrees with Nicor's position that the rate hike is needed to compensate the company for increased pipeline and infrastructure costs.

"We're going to be fighting it," said Clark.

In the meantime, both agencies recommend homeowners take the time now to make their homes more energy-efficient by making sure houses are adequately insulated and caulked.

Nicor also offers a budget plan that charges customers more in the summer so they build a credit that can be applied during the winter months. The plan doesn't make the natural gas any cheaper, but it does even out the payments somewhat from month to month.