

Print Page

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Projections for lower natural gas prices should be good news for consumers concerned about potentially high heating bills this winter.

"All signs point to prices being pretty reasonable," said David Kolata, executive director of the Citizens Utility Board, a nonprofit, consumer advocacy organization. "There is no guarantee, but it looks better for consumers now than in recent years."

The Energy Information Administration projects that U.S. natural gas consumption will drop by 2.6 percent by the end of 2009. The Energy Information Administration also projects that there will be healthy reserves of natural gas this fall and winter.

"The [Energy Information Administration] projects that storage of natural gas is about 19 percent above the five-year average," said Richard Caragol, a Nicor Gas spokesman. "That's a good thing for consumers."

In July 2008, the price of natural gas set a record in Illinois. Nicor Gas customers saw prices spike to about \$1.45 a therm. Comparatively, the cost of a therm of gas in September 2009 for Nicor customers was about 33 cents a therm.

Overall, prices for Nicor customers have been more than 40 percent lower in 2009 than in 2008. CUB estimates that the average Nicor customer through September this year would have paid about \$464 for gas. Last year, the same customer would have paid about \$800.

The economy and the relatively high natural gas prices in 2008 resulted in more people turning to the Low Income Home Energy Assistance Program, which is run through the McHenry County Housing Authority.

The federally and state-funded program will make utility bill payments on behalf of households with incomes of up to 150 percent of the federal poverty level. For example, the income limit for a single person is \$1,354 a month; for a family of four, it's \$2,756. Last year, more than 2,000 people participated in the program in McHenry County.

Linda Elliot, who administers the program, said they spent about \$1.58 million last year, up from about \$1.01 million the year before. One of the goals is to prevent situations where people have their heat turned off, and to expedite the resumption of service in instances where heat was shut off.

Eligibility for the program is prioritized. From Sept. 1 through Oct. 31, the elderly, disabled and anyone who has been disconnected from utility service is able to participate. Eligible families can apply from Nov. 1 through the end of May 2010, or until funds are depleted.

Although the economy has been mired in a recession, lower gas prices this year should help alleviate some pressure on the program.

The fear last year was that prices actually would increase from \$1.45 a therm as temperatures dropped. That did not happen. Instead prices began declining and have continued to decline. Just what caused last year's price spike in the middle of the summer is open to debate.

"We saw a bursting of the bubble last year," Kolata said. "The collapse of the economy burst the bubble."

Although utilities will point to supply-and-demand as the culprit of last year's price spike, Kolata said, that was not a reasonable explanation. Rather, that speculation in the market created a false high price that eventually collapsed.

"There was a lot of money moving into the natural gas market," Kolata said.

Caragol said that there were a variety of factors that contributed to last year's record high price, including increased demand from power generating companies. He said this year's mild summer meant less demand.

"Natural gas is traded on the open market, and the prices are pretty volatile," Caragol said.

Need help?

The McHenry County Housing Authority has launched its Low Income Home Energy Assistance program. For information, visit www.mchenrycountyhousing.org or call 815-338-7752.

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