



# 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 paid by Michigan utilities are set in a highly competitive national market and are not regulated. Since 2001, wholesale prices in this market have almost tripled. Most of the price increases are related to soaring world crude-oil prices, which heavily influence natural gas prices. Additional factors driving up natural gas prices include falling U.S. production levels, despite increased drilling, and an increase in demand nationwide. The hurricanes this year have also substantially reduced natural gas production in the Gulf of Mexico. Full production is not expected to be restored until the first half of 2006. This reduction in supply has also contributed to the increase of prices. Thus, the prices Michigan utilities charge reflect these increases.

### What To Expect This Winter

Natural gas prices – nationally and in Michigan this year – have increased significantly. Customers will see these increases reflected in much higher monthly bills this winter. 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 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 and Customer Choice, including the AGSs that serve in each utility's service territory, 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 Information Center 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 877.337.3463.

## 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 November 1 and March 31. Participants must make a monthly payment of 6 percent of their estimated annual bill. At the end of the protection period, participants must pay off any money owed in installments between April and November. Contact your utility company for more information.
- 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. A programmable thermostat can be set to do this automatically.
- Set the hot water heater to 120°F and insulate the water heater and hot water pipes following the manufacturer's instructions.
- Wash clothes in cold water – using cold water detergents whenever possible.
- 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>.

