

**Paul Suskie**  
Chairman  
(501) 682-1451

**Colette D. Honorable**  
Commissioner  
(501) 682-1455

**Olan W. Reeves**  
Commissioner  
(501) 682-1453

**ARKANSAS  
PUBLIC SERVICE COMMISSION**  
1000 Center  
P.O. Box 400  
Little Rock, Arkansas 72203-0400  
<http://www.Arkansas.gov/psc>



**John P. Bethel**  
Director  
(501) 682-1794

## **News Release**

### **Dated: November 13, 2009**

#### **Arkansas Public Service Commission Advises Customers Regarding Winter Gas Bills**

The Arkansas Public Service Commission advises natural gas utility customers to anticipate natural gas bills for the 2009 - 2010 winter heating season to be lower than last winter. The federal Energy Information Administration, in its Short-Term Energy Outlook released in October 2009, indicated that it expected natural gas prices to be between \$3.85 per Mcf<sup>1</sup> to \$5.02 per Mcf for the 2009 – 2010 heating season. The market price of natural gas is affected by many factors including availability of supplies, economic activity and weather. Because of the lower market price for natural gas and as described in detail below, natural gas utility customers should experience lower natural gas bills than last winter.

The Commission does not have the authority to regulate or establish the market price for natural gas. The price of natural gas is determined in unregulated commodity markets. However, natural gas commodity costs comprise 70% to 80% of gas bills during the heating season. Natural gas utilities in Arkansas recover gas costs from customers through a Purchased Gas Adjustment Clause (PGA)

---

<sup>1</sup> Thousand cubic feet.

mechanism which appears as a line item on customer bills. There is no mark-up or profit added to the cost of gas. The utilities only recover from customers the actual cost of the natural gas commodity and the cost of transporting that gas from gas producing regions over interstate pipelines to the natural gas utilities. The costs recovered through the PGA mechanism are subject to Commission review and approval to ensure that the utilities purchase the gas in a prudent manner consistent with the requirements of Arkansas law and the Commission's Rules.

Customers should expect to experience lower natural gas bills than last winter. Based upon the anticipated prices of natural gas for the 2009 – 2010 heating season, a residential customer of CenterPoint Energy using 100 Ccf<sup>2</sup> of gas per month during the winter heating season can expect a monthly gas bill of approximately \$112.78 versus approximately \$141.10 for the same usage during the winter heating season last year. A residential customer of Arkansas Western Gas Company using 100 Ccf of gas per month during the winter heating season can expect a monthly gas bill of approximately \$86.67 versus approximately \$101.86 for the same usage during the winter heating season last year. A residential customer of Arkansas Oklahoma Gas Corporation using 100 Ccf of gas per month during the winter heating season can expect a monthly gas bill of approximately \$93.01, based upon anticipated gas prices versus approximately \$119.47 for the same usage during the winter heating season last year.

The estimated bills are based upon the best information currently available from each of the natural gas utilities and reflect the anticipated natural gas

---

<sup>2</sup> Hundred cubic feet.

commodity costs that will be reflected on gas bills during the winter heating season. However, natural gas prices are volatile and subject to change. The estimates reflect the effects of the gas utilities' efforts to stabilize and reduce the cost of gas pursuant to the Commission's *Natural Gas Procurement Plan Rules* through purchasing activities including physical and financial hedging, fixed price purchases, and the use of available gas storage capacity, which should help to stabilize and reduce prices on customer bills. Changes in gas prices during the coming weeks may alter the cost of gas for the winter heating season. The winter heating season purchased gas adjustment filings are made near the end of the month of October and will be effective for the months of November 2009 through March 2010. The Commission plans to issue updated information each month to inform ratepayers of the current cost estimates, as information becomes available.

To prepare for the anticipated level of gas costs customers will likely experience during the 2009 - 2010 heating season, the Commission recommends that customers consider the following actions:

- (1) Sign up for the average (levelized) billing option as a means to avoid unexpectedly large natural gas bills this winter. Under the average billing option, your natural gas bill will not fluctuate significantly month to month. Call your local natural gas company to determine if average billing suits your needs. Your particular natural gas company can be contacted at the following telephone numbers: Arkansas Oklahoma Gas Corporation - 800-842-5690; Arkansas Western Gas Company - 800-773-2113; CenterPoint Energy - 800-992-7552.

(2) Identify opportunities to conserve natural gas, such as turning down the thermostat at night and when a home will be empty for two or more hours. It takes less energy to warm up a cool house than it does to maintain a warm temperature all day or all night.

(3) Tune-up heating systems every two years to make sure they are running efficiently, and clean or replace filters every month during the heating season.

(4) Insulate attics, walls, ceilings and floors to improve efficiency and comfort. This will help to save energy and money by slowing the loss of heat to the outdoors.

(5) Seal air leaks to slow the rate at which cold air enters the home. Caulk windows, weather-strip around door frames, close fireplace dampers when not in use and shut off heat to unused rooms.

For any questions concerning this release, please contact Mr. Paul Suskie, Chairman, at 501-682-1451 or Mr. John P. Bethel, Executive Director, at 501-682-1794.

# # #