



Media Contacts:
 Daphne Magnuson
 202-824-7205
 Greg Pruett
 202-824-7206

For Release
 October 10, 2006

Natural Gas Projected as the Best Energy Value This Winter

Washington, D.C. – According to today’s U.S. Energy Information Administration’s (EIA) projection for the cost of home-heating this winter, natural gas will be the least expensive fuel to heat the average American home this winter. EIA’s **Short Term Energy Outlook and Winter Heating Fuels Outlook** further predicted that this winter households will spend about 13 percent less on their natural gas heating bills compared to last winter.

EIA Forecast Projects Natural Gas Heat the Best Value This Winter

| | Northeast | Midwest | South | West | U.S. Average |
|-------------|-----------|---------|--------|--------|--------------|
| Natural gas | \$1117 | \$945 | \$765 | \$543 | \$826 (-13%) |
| Heating oil | \$1559 | \$1178 | \$971 | \$815 | \$1522 (+6%) |
| Electricity | \$1398 | \$925 | \$806 | \$763 | \$839 (+1%) |
| Propane | \$1799 | \$1308 | \$1079 | \$1159 | \$1265 (-1%) |

Source: EIA Winter Heating Fuels Outlook, Oct. 10, 2006

Although natural gas will be an excellent value this winter, utilities understand that the price of all home energies has risen more than living wages during the past six years. Natural gas utilities will work with their customers this winter to help them manage their energy use wisely and as economically as possible.

By law, natural gas utilities cannot mark-up the price of natural gas. In fact, utilities re-sell the natural gas to customers at the same price they’ve paid to acquire it and utility earnings are linked to the amount of natural gas each company delivers. Natural gas utilities want to see lower natural gas prices, because lower prices benefit utility customers and the utility.

Natural gas utilities are using all the tools available to them to manage natural gas prices. A large number of utilities purchase natural gas in the spring and summer months when it is historically the lowest-priced and store it for later use during the colder weather. Today many utilities also use the futures market to hedge some of their winter gas supplies, using financial instruments that allow them to help hedge against price volatility. These actions help to protect customers from price swings.

Utilities help their customers to manage energy bills by making available levelized payment programs, which can make monthly bills more predictable and spread the cost of higher winter bills throughout the year, and also by conducting outreach programs to low-income customers to help them determine their eligibility for energy assistance programs. Low-income customers should contact their utilities now to find out about the availability of energy assistance programs.

AGA is seeking increased funds for the federal Low Income Home Energy Assistance Program and has written Congress to request \$5.1 billion for the program in fiscal year 2007.

All of these measures together can help utilities and their customers with winter heating bills, however they remain temporary fixes. Until policies are adopted that bring more natural gas supplies to market, consumers will be vulnerable to price increases.

The American Gas Association, founded in 1918, represents 197 local energy utility companies that deliver natural gas to more than 56 million homes, businesses and industries throughout the United States. Natural gas meets nearly one-fourth of the United States' energy needs. For more information, please visit www.aga.org.