

Discussion Points: Getting Ready for Energy Cost Increases ...



- **Will my natural gas bills be going up?**

Yes, as everyone in our country is aware now, energy bills and everything associated with the cost of oil and natural gas will be climbing significantly higher this winter. This started in the summer with increasing oil costs due to issues all over the world. Then Hurricane Katrina hit interrupting drilling for oil and natural gas in the Gulf of Mexico where the majority of natural gas and oil is taken and refined in this country. This means energy supplies are tighter and the market is already driving the prices to the highest levels ever seen. These are the kinds of increases we can't absorb and must pass along to customers. However, our bills will remain competitive with other natural gas providers.

- **How much more can I expect to pay?**

Right now, we are planning to increase the Purchase Gas Adjustment (PGA) or fuel charge by 50 cents. This would raise the average gas residential heating customer bill by about \$440 per year. You are an average heating customer if you use 880 CCF (hundred cubic feet) per year. We may be able to drop this charge back a bit if prices recover well after Katrina.

- **When will this start to affect my bills?**

The higher fuel adjustment charges should be in effect in October bills. These bills may include some heating use later in the month so you may see an increase in your energy use and the added increase of the higher fuel adjustment which will make the bills higher than you might have expected.

- **Does this mean oil heating is cheaper than natural gas now?**

All energy costs are rising now, including oil and electricity. We believe that oil will be just as affected as natural gas. Oil drilling and refining operations reside in the Gulf of Mexico with natural gas and their operations have been interrupted as well. Both fuels tend to be competitive in price. Last year our natural gas customers paid less per therm than average oil prices. The year prior, their prices were about the same.

- **Will my electric bills be going up too?**

Yes because electric costs are tied to oil prices and natural gas prices because both fuels are used to run generating stations that produce electricity. We are expecting to increase the Purchase Power Adjustment (PPA) or fuel charge for electricity by one and a half cents per kilowatt-hour also in October bills. This will mean an increase of \$90 per year or \$7.50 per month for the average residential customer using 500 kilowatt-hours per month. This will raise the average residential bill to \$61, still lower than surrounding privately owned utilities and their charges will most certainly be going up as well. We will have to consider an additional increase in January due to lower cost contracts from the past expiring and being replaced at current costs.

- **How can I save energy in my home this winter?**

Start by focusing on your largest energy users in the home – anything that heats or cools including your heating system, hot water heater, refrigerator – these are the largest energy users and having them cleaned and operating at their best can save the most. Next, eliminate the extra users for the winter season, especially anything that heats or cools such as the spare refrigerator in the garage, the dehumidifier in the basement, and the filled hot tub and tropical fish tank. All add significant costs to your bill – especially this year.

We encourage any residential customer to call our toll-free Energy Hotline **(888-772-4242)** for more advice and assistance.

- **Where can I go for help paying my energy bills?**

We refer customers to the following agencies:

(Middleboro Residents) The South Shore Community Action Council in Plymouth – 508-746-6707

(Lakeville Residents) Citizens for Citizens in Taunton – 508-823-6346

Salvation Army Good Neighbor Energy Fund in Boston – 617-542-5420

Citizens Energy Corporation – 1-866-427-9918

- **Will we see any relief from these higher costs?**

Right now, we are continuing to work daily with consultants and vendors to seize any opportunities for lower cost supplies. Market prices are still rising but may start to turn down soon after the peak of the heating season. If we can, we will lower the PGA and PPA again as soon as prices stabilize.