

Heating bills to increase

By Boris Ladwig
The Republic

Indiana residents who thought they could get their budgets back in order with the drastic drop in gas prices are facing another dent in their pockets: higher heating bills.

The Indiana Utility Regulatory Commission, which oversees public utilities, predicts bills for natural gas-heated homes will jump 10 to 40 percent this year.

Bartholomew County residents, most of whom are customers of Indiana Gas Co., face a heating bill increase of 19 to 25 percent for September through November compared to the same period last year.

For the average consumer, that translates into an increase of \$3.50 in September, \$7.22 in October and \$14.41 in November, said Kerry Heid, director of rates and regulation for Vectren Corp., parent company of Indiana Gas Co.

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● Increase means low-income families will have trouble paying the bills, but help is available.

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Industry insiders said the increase is a result of higher natural gas prices, caused by higher demand, which is at least partially a result of natural gas-fired power plants like the one proposed for Columbus by LS Power LLC.

The bill increase reflects higher wholesale prices of natural gas and does not mean higher profits for utilities, gas company spokesmen said.

The natural gas price fluctuates constantly, and if the price goes up from the previous quarter, utilities ask the regulatory commission to be allowed to recoup that higher price through what is called gas cost adjustment.

GCA allows utilities to pass the higher natural gas price to the consumer, without increasing the rate for the services the utilities render.

Utilities have the ability to lower prices on a month-to-month basis if the price of natural gas drops.

The GCA usually accounts for about 40 percent of consumers' gas bill, according to figures provided by Indiana Gas.

In May, the commission approved a GCA increase that raised bills of Indiana Gas customers by 16 percent compared to the previous year. Indiana Gas serves most of Bartholomew County and parts of Decatur and Jackson counties.

Pending before the commission is another GCA increase that would raise Indiana Gas bills 4½ to 6 percent for September through November.

If approved, that increase, cou-

pled with the May hike, would result in prices 14 to 21 percent higher than the same time last year.

What will happen after November is unclear, because the GCA is calculated from the wholesale price of natural gas, which could be up or down come December.

Supply and demand

"It's not a rate increase," emphasized Mike Roeder, communications business partner of Vectren.

"Right now the supply (of natural gas) is a little bit low and the demand a little high," he said.

The price of natural gas usually dips in the summer, because of lower demand. That allows utilities to buy the commodity cheaply and keeps GCAs low.

This summer, however, the price didn't drop.

Part of the problem is the pro-

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