## High home winter heating bills making some Hoosiers hot

After gas prices for cars rose to such high levels this sum-mer, the last thing Hoosiers need is an increase in their natural gas, heating oil and propane bills. As I travel around southern Indiana these days, many people are telling me about heating bills that are me about nearing outs that are more than 70 percent higher than at this time last year. This situation is particularly diffi-cult for seniors on fixed incomes, and it is having a big impact on small businesses and farmers. I read one news story about

BY CONGRESSMAN BARON HILL

a man whose wood burning stove-one he

stove-one he bought in anticipation of a Y2K disaster-is helping him avoid the high heating fuel prices. You know something needs to be done when these heating bills are the real Y2K crisis!

Heating your home in the winter is not a luxury. It is a winter is not a luxury. It is a necessary service that states, local governments and utilities should help provide to citizens at affordable prices. This sys-tem does not seem to be work-ing very well this year. Even middle class people are strug-gling to keep their utilities from being turned off. Many of the high costs we are seeing the high costs we are seeing this year could have been avoided if some of the heating fuel companies planned more carefully for this winter. A good example of this year's problems in the heating fuel business is the natural gas industry. Representatives from the natural gas industry claim that higher demand for a small supply of gas is one of the facsupply of gas is one of the fac-tors driving up the price we are paying for natural gas. Demand for natural gas is usu-ally lower in the summer. But many suppliers and utilities say that a heat wave in parts of

the United States unexpected-ly increased demand and drained their supplies. The big gas companies also claim that in the last few years, gas prices have been so low that it was not profitable to drill new wells and produce additional supplies of gas. Even though companies are now exploring and producing natural gas more quickly these days, it will take them months

for that natural gas to reach the market and make a differ-ence in our heating bills. These are some of the expla-nations you will hear from gas

company executives and econ-omists, but these "experts" omists, but these "experts" may not be telling the whole story. It is time to take a serious

look at how gas companies produce natural gas and are

buying the gas they sell to con-sumers. Last summer, testimo-ny before Congress predicted that this crisis was coming, but gas companies and utilities did not take some necessary pre-cautions. I don't believe con-sumers should have to suffer because gas companies and

utilities made questionable business decisions last year. We depend on utilities to acquire natural gas at low rates because states have only limit ed controls on natural gas have to charge state-approved rates for the gas they sell to consumers, but states generally allow them to pass on added costs to the consumers. I am afraid that some gas utilities have rot done a good job of buying gas at the lowest prices.

buying gas at the lowest prices. For example, earlier this year, Indiana Gas Company had the option of buying gas at a fixed price of just over three dollars per dekatherm (Dth)— a unit used to measure quanti-ties of natural gas. Buying at fixed rates is supposed to pro-tect the company and con-sumers from price volatility, rapidly increasing and decreas. rapidly increasing and decreas-ing prices. Now the price of natural gas is about nine doi-lars per Dth. Instead of con-tracting with its supply compa-

ny earlier this year to buy gas at the lower rate, Indiana Gas

took a risk. The company bet that the price would go down and it didn't. The company thought that it could wait and thought that it could wait and pay a lower market price later in the year. In fact, prices went up to record highs. And who may get stuck with the higher prices? Us, the consumers. Recently, the Indiana Utility Regulatory Commission (IURC), the state agency that regulates natural gas prices, sent a strong message to utilit.

regulates natural gas prices, sent a strong message to utili-ties like Indiana Gas. The Indiana Office of the Utility Consumer Counselor (OUCC), another state agency which provides information and rep-resents consumers before state comenies like the UIEC struct agencies like the IURC, argued that Indiana Gas paid too much for the gas it is currently

selling consumers. The IURC penalized Indiana Gas for not doing enough to ensure it was purchasing nat-ural gas at the lowest possible prices.

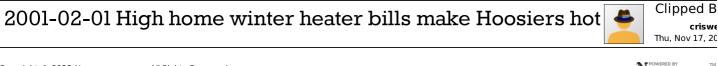
This IURC decision may This IURC decision may only yield some small price reductions for consumers. But it is important for utilities to know that they must do all they can to deliver affordable heating fuels to their cus-tomers. Unfortunately, there are some shaky links in the chain between when natural gas is

between when natural gas is first produced and when it

reaches consumers. Some pro-ducers, suppliers and utilities make bad business decisions make bad business decisions and raise their prices. These corporations should act more responsibly and ensure that Hoosier consumers have affordable energy options. Record high prices may be good for industry profits, but they are not good for working families. Why should we assume that the cost of bad planning should come out of consumers' pockets? During his campaign, President George W. Bush talked often about the need for a national energy policy. He's

a national energy policy. He's right. Congress needs to look at how we can better protect consumers from awful price increases like the ones we have horeases had the ones we have been seeing for the past few months. We should investigate not only how our current crisis occurred, but also how to avoid future problems. A better energy plan should

include more dependable sup-plies of time-tested products like natural gas, as well as new sources of energy. It should sources of energy. It should also include testing new tech-nologies and improving the efficiency of our old engines and heating systems. I hope Hoosier families and business-es never have to spend another winter never so much for their winter paying so much for their heating fuels.



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