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News Release

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COLD WEATHER, HIGH WHOLESALE COSTS CAN MEAN HIGHER HEATING BILLS

ATHENS, Tenn. – Last October, as wholesale prices for natural gas continued a steady rise, officials at Athens Utilities Board (AUB) cautioned that retail rates likely would be forced upwards. According to AUB spokesman Wayne Scarbrough, that prediction is proving accurate.

The higher wholesale costs coupled with cold winter temperatures can result in heating costs that are higher than expected.

AUB monitors weather and temperature conditions continuously as part of its operations. Scarbrough said that data from December hint that higher upcoming bills may be a reality for most households.

“In December, we registered 22 days with low temperatures at or below freezing and six days in the teens with single-digit wind chill factors. With weather like that, every home likely used more energy to maintain a comfortable indoor temperature,” Scarbrough said.

Of course, keeping a home warm during icy-cold outdoor conditions will drive heating bills higher regardless of the primary heating source. “Cold weather will show up in your bill whether you heat with natural gas or electricity. Your heating system simply has to work harder to keep your home warm at the level you have set your thermostat,” he said.

Scarbrough said that AUB wants to communicate to the public early, often, and openly about the realities of today’s market. “We don’t want customers to be shocked and not have an understanding of the basis for their bill,” he said.

“AUB is paying much, much more for natural gas on the wholesale market than we were in recent years. Unfortunately, that translates into higher bills for every user of natural gas,” Scarbrough said. “I have no doubt that our customers, and utility customers all over our region, will feel the impact of the cold December weather coupled with higher commodity prices.”

Scarbrough said that during cold weather, some customers question whether AUB is “price gouging” or “making excess profits” from its customers. “I can understand a frustrated comment like that, but its just way off base,” he said. “We are a not-for-profit enterprise. We work to pay the bills and put some funds in reserve to maintain the system and pay for ongoing operations. In fact, AUB is much like anyone else in that we have to carefully plan every month to ensure that we can pay the wholesale bill for the gas we purchase. Last month alone, our bill was more than \$650,000.00 to purchase new gas. On top of that, we withdrew another \$600,000.00 worth of gas

that we had in storage. So, you're looking at more than \$1.2 million that AUB spent on the gas we served our customers last month."

Another issue that AUB faces this time of the year, Scarbrough said, is the fluctuating weather conditions and their relative timeframe to billing.

"2005 has begun with mild temperatures. When customers get their bill in January, some may forget that the bill reflects what they used during the previous month, which was quite cold," he said. "They come to us saying, 'It's warm outside, but my bill is higher than last year.' Once we work through the billing dates with them most customers understand."

AUB General Manager Eric Newberry said that it is no surprise when customers are upset by the amount of wintertime utilities bills.

"Most of us who work at AUB are also customers of AUB. We see the increase in our own bills and feel the same way," Newberry said. "Initial shock turns to frustration and then questions about the bill. We understand that, and we answer all questions openly and honestly."

One thing that everyone agrees on, Scarbrough said, is that the weather plays perhaps the biggest role in customer bills in both hot and cold weather.

AUB wintertime energy-saving tips include:

- Keep the cold out. Reduce air leaks to cut as much as 10 percent from an average household's monthly bill. Seal doors and windows—and anywhere else pipes or wires enter your home—with caulk or weather-stripping.
- Clean or replace system filters monthly. Use your utility bill as a reminder.
- Keep heating units in top condition. A properly maintained unit can lower your bill. Have a technician check equipment and make necessary adjustments.
- Check ductwork and vents. Seal and insulate ducts. Keep vents clear of obstructions.
- Control household temperature. Keep thermostats on the lowest setting comfortable to you. Each degree you lower the thermostat can cut 2 to 3 percent off your energy bill.
- Add insulation to your attic -- it can pay big dividends. Most homes in the Southeast should have at least an R-30 insulation level. Going from an R-19 level to an R-30 level can save 15 percent in heating costs.
- Install storm windows, or tape plastic sheeting over each window to reduce heat loss.
- Conserve hot water. Water heating typically accounts for 14 percent of your utility bill. Repairing leaky faucets, insulating the water heater tank and hot water pipes, and installing low-flow faucets and shower heads can net significant additional savings. Keep water heater thermostats at 120 degrees.