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News Release

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AUB PAYING RECORD-HIGH PRICES FOR NATURAL GAS; CUSTOMERS SHOULD EXPECT HIGH HEATING BILLS

ATHENS, Tenn. – Athens Utilities Board (AUB) is paying more for natural gas today than at any time in the utility's history. Consequently, utility officials warn that the high prices will mean higher than normal bills for customers this fall and winter.

AUB spokesman Wayne Scarbrough said that he feels like a "broken record" in having to continually warn about high utility bills.

"We absolutely understand customers getting annoyed when they read yet another AUB-related story warning of high utility bills. But our choice is this: don't communicate the realities and have our customers be blind-sided with a high bill, or try to get factual information out early and often in hopes of helping some people plan for what's to come," he said.

AUB General Manager Eric Newberry agrees that this is no time to tiptoe on the real issues.

"There is no use beating around the bush on this issue. Energy costs are high right now and will be throughout the winter, particularly for natural gas. If you use natural gas to heat, you are going to see higher-than-normal bills simply because the price of the commodity—as with gasoline—is much higher than last winter," Newberry said.

A report issued on September 12 by DOE's Energy Information Administration reads, "The current outlook for the upcoming winter (October 2005 through March 2006) yields expectations for energy expenditures as follows: petroleum: +34 percent; natural gas: +52 percent; coal: +16 percent. Electricity expenditures for the winter are expected to be up 11 percent."

AUB buys gas in units called decatherms, which represents 1 million BTUs of energy.

"About four years ago, AUB was paying around \$3 per decatherm for wholesale natural gas. Right now, purchases for October gas are just under \$11 per decatherm. Unfortunately, we do not see our costs getting any better throughout the winter," Scarbrough said.

Newberry stressed the importance of customers knowing that AUB is not increasing its margin just because rates are higher.

"When customers get a high bill, it's natural for some to think that AUB is lining its bank account. We are not. Our rates are set up using what is called a Purchased Gas Adjustment. We can't spend \$10 on gas and sell it for \$8. We adjust our retail rate based on what we have to pay

to purchase wholesale gas. If our cost goes up, we have to cover that. If our cost goes down, our PGA will also come down,” he said.

“We’re just hoping that it is not an unusually cold winter,” Scarbrough added. “That really would be a one-two punch, especially for our customers who are on a very tight budget.”

“We realize that rising bills put a greater financial burden on all customers,” Newberry said. “Our goal is to run the utility as a business with the best customer service possible, minimize bad debt that hurts all ratepayers, and work with customers to see that their services are never interrupted due to bills not being paid.”

One way that the utility does that is by encouraging customers to use pay agreements when necessary. AUB can split the amount owed if the agreement is made early in the process.

“We’ll work with any customer in good standing to arrange a payment schedule so that service is not interrupted in the future while the customer meets his obligation of paying for services already used,” Newberry said.

Cold-weather tips for keeping heating costs in line include:

- Keep the cold out. Reducing air leaks can cut as much as 10 percent from an average household’s monthly energy bill. Seal leaks around doors and windows—and anywhere else pipes or wires enter your home—with caulk or weather-stripping.
- Clean or replace the heating/cooling system filter every month. Use your utility bill as a reminder.
- Set your thermostat back by 10 degrees for eight hours a day; it can cut your annual heating bill by as much as 12 percent.
- Keep your furnace tuned and in top condition. Have a certified technician check your furnace and make necessary adjustments.
- Check ductwork and vents. Properly seal and insulate ducts. Keep vents clear of obstructions.
- Control house temperature. Keep the thermostat on the lowest setting at which you are comfortable. Each degree you lower the thermostat can save you 2 to 3 percent of 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.
- Install storm windows: If this isn't possible, then tape plastic sheeting over each window to reduce heat loss.
- Conserve your hot water. Water heating accounts for 14 percent of your utility bill on average. Repairing leaky faucets, insulating the water heater tank and hot water pipes, and installing low-flow faucets and shower heads can result in significant additional savings.