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## **News Release**

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### **UTILITY RATES CREATE INTEREST ACROSS THE BOARD**

ATHENS, Tenn. – While wholesale natural gas prices set record highs nationwide in the past year, managers at Athens Utilities Board (AUB) say that the utility is staying very competitive in the region.

A recent survey of regional natural gas showed that AUB was the second lowest for residential customers.

AUB's Wayne Scarbrough said that only Etowah Utilities Board's rate beat AUB's in December, the month the latest rate survey was conducted.

"Our residential rate was \$1.57 per therm. EUB's was \$1.55 per therm," Scarbrough said.

Utilities in Loudon and Sweetwater topped the survey, both at \$2.20 per therm for December.

Scarbrough said that the monthly rates of various utilities will almost always differ because of the timing of purchases on the natural gas wholesale market. Furthermore, he said, the rankings will change from low to high as well.

"The monthly rate is going to be based, in large part, on what type of purchases each utility has made on the wholesale market and the timing of those purchases," Scarbrough said. "For instance, EUB was a little lower than us in December. Next month, they may still be lower or we may be a bit below them. It greatly depends on the timing of wholesale purchases," he said.

Buying natural gas on the "spot market," as it is known, is challenging, said AUB Natural Gas Superintendent Bob Ingram.

"There are people who make their entire living buying and selling commodities such as natural gas. Even they know how difficult it is to be in the best position all of the time," he said.

Ingram said that the utility must consider both long-term and short-term needs when purchasing gas.

"Some of our purchases are long-term, in large blocks that cover several months. At other times, we are able to buy a smaller amount of gas for the immediate period, such as for next month. The blended cost then determines the month-over-month rate," he said.

This, he points out, can contribute to misunderstandings among consumers regarding when retail prices should rise or fall and by how much.

“Customers read in the paper or see on the evening news that natural gas prices are falling when compared to a couple of months ago and they expect their retail rate to fall by the same percentage right away. In fact, AUB’s rate has decreased three

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