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Natural gas rates up over last summer

By ETHAN FORMAN

Staff wri

Federal Reserve Chairman Alan Greenspan may be warning of future job losses because of high natural gas prices, but the effects are being felt right now - and closer to home.

Ratepayers are already shelling out more than they did last summer.

"People who heat with gas are not using gas right now, so they are not paying as much as they did three months ago," said Carmen Fields, director of media relations for KeySpan Energy Delivery.

Still, area gas users are paying a rate that is 44 to 77 percent higher than last summer. As utilities struggle to meet customer demands for power during a cool, wet spring and the recent heat wave, they are restocking reserves they tapped last winter.

That means a typical customer burning 50 therms of gas is paying \$22 a month more in Swampscott, \$11 a month more in Haverhill and \$18 more in Methuen.

Gas companies say the price they pay for gas is conveyed directly onto the customers with no markup.

Most gas companies bill customers by the number of "therms" they use. A therm equals 100,000 British thermal units, with a btu being the amount of heat needed to raise a pound of water 1 degree Fahrenheit. Most

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households require about 30 therms a month in the summer.

The prices utilities pay for natural gas to be delivered in the future or on the spot fluctuate throughout the day. Those prices don't necessarily carry over to consumers, said Charles E. Moran, manager of communications and community relations for Bay State Gas. Company and Northern Utilities.

Utilities set the price customers pay twice a year - in the winter and in summer - based on a number of factors. The price the customer pays for the gas itself doesn't change from month to month, though utilities can ask for a rate adjustment if the rate they're expected to pay goes up too steeply.

The weather, the economy and production from now until September will determine how much the rate will go up in the winter.

Last week, Greenspan took a long-term view of natural gas prices when he told a Senate hearing companies that use gas as fuel could lose business to competitors in countries where energy is cheaper.

There would also be some economic problems from higher heating prices next winter, he said, but overall, high gas prices have not hurt the economy.

"Today's tight natural gas markets have been a long time in coming and distant and future prices suggest that we are not apt to return to earlier periods of relative abundance and low prices anytime soon," he told the hearing.

Keyspan's Fields agreed with Greenspan that there needs to be a more coherent energy policy.

"It's very true that on the one hand government is encouraging the use of natural gas because it is so environmentally friendly," Fields said. "And on the other hand making it so difficult to explore."

Yesterday, it released a survey through Luntz Research Companies that showed that 87 percent of 800 Americans surveyed are concerned about the hikes in natural gas prices.

For Christopher Obert, 41, of Bradford, the warm summer weather does not have him worried about the gas bill much.

"I did notice during the wintertime, they charge you a peak use surcharge," said Obert, who is unemployed after being laid off from Lucent Technologies in North Andover two years ago.

"It's one of my utilities, so I'm always worried about my utilities. You have to worry about the money going out as well as the money coming in."

A store that sells gas fireplaces has not felt the heat of high gas prices.

"It hasn't affected our numbers because we sell very efficient fireplaces and people are using them for heat," said Ken Lemire, store manager at Yankee Fireplace and Grill City in Middleton.

Because of low interest rates, many homeowners are adding rooms, and instead of running heat pipes from a furnace into the space, they are installing the fireplaces. They are efficient, use less gas than a furnace and allow homeowners to zone heat in a room.

Material from the Associated Press was used in this report.

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