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KATRINA MAY CAUSE PRICE HIKES FOR COLUMBIA NATURAL GAS CUSTOMERS

COLUMBIA, Mo. – Although initial price surges from Hurricane Katrina have passed, government sources predict energy prices for Columbia businesses and residences will rise significantly this winter.

In studying the industry's ability to recover from Katrina, the Energy Information Administration's most probable mid-range scenario predicts that residential and commercial customers in the Midwest will pay 70 percent higher prices for natural gas than last winter, 40 percent higher for propane and 17 percent for electricity, said Anita Randolph, director of the Missouri Department of Natural Resources' Energy Center.

"This is all forecasting; it depends on whether the winter is cold or mild," Randolph said. "If it's mild, then we skate by with less increase. If it's cold, it may be worse than EIA thinks. If industry recovers from Katrina faster than the mid-range forecast, then that will ease prices also."

Roughly 75 percent of residences and 85 percent of small businesses in Columbia are heated with natural gas, while roughly 25 percent and 15 percent respectively are heated with electricity. Natural gas has traditionally been less expensive, according to Linda Rootes, utility rate analyst with the City's Water and Light Department. Some homes and businesses in rural areas of Boone County may also use propane heat, although newer homes tend to rely on electricity, she said.

Hurricane Katrina slammed the heart of the Gulf Coast's energy production facilities during the height of peak summer demand, disabling many of the nation's refineries, off-shore oil platforms and fuel pipelines and driving prices toward new heights. Facilities are slowly returning to production, but the increased winter demand for heating fuels is coming soon.

Luckily, the summer driving season is over, and gasoline prices appear to be dropping. In the quarter that ends this month, the average Midwest pump price was \$2.57 a gallon, but the Energy Information Administration estimates that by the end of the year, gasoline prices will average \$2.32 for the year, Randolph said. Because people don't drive as much in the winter, gasoline demand usually drops during those months, she said.

Assuming approval by the City Council, Columbia electric rates are set to increase by 8.5 percent next year. Rootes said Columbia is fortunate in that it generates very little of its electricity through natural gas, while natural gas plants produce a large portion of the electricity in states such as Texas.

"Energy efficiency is the best defense against rising energy prices," Randolph said. She suggested that homes and commercial buildings should be insulated and sealed from leaking heat through doors and windows. Energy-efficient lighting is also especially important for institutions with long hours of operation, as are the efficiency of heating and air conditioning systems and mechanical equipment.

Efficiency is one factor that has built increased usage of the COLT railroad in the past year, said Tina Worley, utility services manager for the city. Rail transport is more fuel-efficient than truck transport, although she said both industries are currently adding fuel surcharges to their bills of as much as 16 percent.

