

Examining Your Natural Gas Bill: The Purchased Gas Adjustment Charge



The cost of natural gas from wholesale suppliers generally makes up 50% to 55% of a customer's total monthly natural gas bill. That cost is generally reflected in the Purchased Gas Adjustment (PGA) charge which appears on your monthly natural gas bill. The remaining 45% to 50% of a customer's monthly natural gas bill reflects the local natural gas company's cost of delivering that natural gas (through natural gas mains and service lines for example) to your home or business in a safe and usable form.

The wholesale cost of natural gas (the cost your local natural gas company must pay to its suppliers of natural gas) is not regulated by the Missouri Public Service Commission. The wellhead cost of natural gas is unregulated and is primarily driven by supply, demand and the weather.

The Missouri Public Service Commission regulates investor-owned natural gas companies in Missouri such as Spire Missouri, Ameren Missouri, Liberty Utilities, The Empire District Gas Company and Summit Natural Gas. The Public Service Commission does not regulate the natural gas rates of municipally-owned natural gas systems and it does not regulate the price of propane. The Commission does regulate municipally-owned natural gas systems regarding pipeline safety.

When an investor-owned utility seeks to change its natural gas rates to reflect a change from the wholesale supplier, it must make a filing with the Public Service Commission. That filing is reviewed by the Public Service Commission Staff to ensure the information is correct and the proper change has been made to consumer rates. The Missouri Public Service Commission also conducts an annual regulatory review to ensure that investor-owned utilities under PSC jurisdiction make prudent decisions in securing natural gas supplies for their customers.

All investor-owned natural gas utilities must make at least one filing a year with the Commission regarding the Actual Cost Adjustment (ACA) factor. This is a mechanism which tracks any over-collection or under-collection of actual natural gas costs over a 12 month period. The net over-or-under collected balances are then either refunded or collected the next year. This ensures that what the natural gas company paid to its wholesale suppliers for natural gas is what is collected from its natural gas customers.

If a customer thinks there is an error in their bill, they should contact the utility company to discuss their bill. If they are faced with a utility bill that they can't pay in full, it is very important that they contact the utility company, express an inability to pay the bill in full and see about entering into a payment agreement to avoid possible disconnection of service due to nonpayment.

The Missouri Public Service Commission's Consumer Services Department is also here to help with any questions that you might have regarding your utility service. The Consumer Services Department has a toll-free hotline number 1-800-392-4211.

Natural gas prices from wholesale suppliers tend to fluctuate up and down during the course of a year depending on many factors; most notably natural gas supplies, the weather and customer demand for natural gas.

Consumer natural gas bills will also vary according to the weather. If a winter is unusually cold, consumer bills tend to be higher, reflecting the additional use of natural gas.

If a customer is comparing their natural gas bills, they should also look at the billing cycle (the number of days in that particular bill) for each of the bills they are comparing as well as how much natural gas they used in that particular month. A prolonged cold spell or a brief episode of severe winter weather will likely increase the amount of natural gas that they use to heat their homes.