



Some Facts About Natural Gas Rates

A Publication Of The Missouri Public Service Commission

- Your local natural gas company must purchase the natural gas that heats your home from wholesale suppliers. Missouri companies do not own natural gas fields.
- What the wholesale supplier charges your local natural gas company is determined in an unregulated market. Congress deregulated prices several years ago. Today, prices are determined in an open, competition-based market.
- Wholesale prices are subject to wide variations depending on a number of factors including supply, demand and weather. A prolonged cold spell or brief episode of severe winter weather would increase demand in the high-consumption winter months.
- The role of the Missouri Public Service Commission is limited when it comes to rate changes associated with the actual cost of natural gas. The commission does not regulate wholesale supplier rates.
- Your local natural gas company must make a filing with the Public Service Commission in order to increase or decrease natural gas rates to reflect wholesale supplier price changes.
- When a filing is made by a local natural gas company, the PSC staff does the following:
 - ✓ Ensures it is in compliance with tariffs the company has on file with the PSC.
 - ✓ Ensures it generally reflects current market conditions.
 - ✓ Ensures that the proposed change in rates considers any moderating factors like storage or fixed price contracts.
 - ✓ Recommends approval or suspension to the commission.
- A Purchased Gas Adjustment filing is approved by the Commission on an interim, subject to refund, basis.

- At the end of every 12-month period, the Commission staff conducts a thorough review of the purchasing practices of your local natural gas company. Many factors are examined including:
 - ✓ Did the company purchase gas supplies for its customers prudently?
 - ✓ Did the company make reasonable decisions given the facts and circumstances that existed at the time purchase decisions were made.
- The Commission staff also conducts an annual audit of the company's wholesale supplier natural gas costs. This is performed to ensure that what the company paid to wholesale suppliers is, in fact, what it received from its customers. Customer rates are adjusted to reflect any over or under collection of gas costs.
- In addition, the Commission continues to encourage local natural gas companies to consider purchasing strategies that provide reliable gas supplies that are priced as low as reasonably achievable and are not overly volatile. Purchasing strategies typically consider:
 - ✓ Long and Short Term Contracts
 - ✓ Fixed Price Contracts
 - ✓ Storage of Natural Gas
 - ✓ Several Other Types of Hedging Mechanisms
- The Commission actively participates in Federal Energy Regulatory Commission cases that affect the part of the gas bill associated with the cost of transporting gas supplies through interstate pipelines.

In order to help limit the impact of high natural gas prices, customers should consider inquiring about energy saving tips and programs. REMEMBER -- Use caution with gas-fired appliances. Get professional help for any projects that are beyond your personal capabilities.

- Consider contacting the local natural gas company to ask about budget billing, which spreads total energy costs over a 12-month period. Budget billing amounts may be adjusted at various times during the 12-month period.
- Have the furnace checked and tuned-up if needed and replace furnace filters each month when dirty.
- Add attic insulation if necessary. Heat rises and without adequate insulation that heat will quickly leak outdoors into the atmosphere. Some consumers may be eligible for weatherization assistance.
- Place weather stripping around doors, use plastic film covering and caulk windows to keep heat from escaping from your home. Close fireplace dampers when the fireplace is not being used.
- Have the chimney checked for blockage.
- Place an approved insulated cover-jacket around your water heater. Set your water heater temperature to 120 degrees.