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Utahns to pay more for natural gas this winter

By Steven Oberbeck
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— Rocky Mountain natural gas Prices for home heating fuel so far this year are up 48 percent from the beginning of September 2009. And that means Utahns will be paying more to keep warm this coming winter.

Utah consumers who heat their homes with natural gas will be paying a little more this winter to keep out the cold compared with last year, but the cost of staying warm in the months ahead still will be less than it was two years ago.

After nearly two years of price cuts because of declining natural gas prices, Questar Gas Co. got permission from state utility regulators to raise the amount its charges its customers for the fuel by 3.9 percent beginning in August, or about \$2.15 a month for the typical user.

Despite that increase, though, the average Utah homeowner who in late 2008 was paying \$63 a month for the natural gas burned in their furnace will be paying approximately \$59 a month this winter.

“We are not anticipating any major changes in natural gas prices going into winter,” said Chad Jones, a spokesman for Questar Gas. “We may have to ask to adjust our prices in December but it won’t be anything dramatic — a slight decrease or maybe a slight increase.”

Last fall, a decatherm of natural gas produced in the Rocky Mountain states sold for an average price of \$2.96 during the month of September. A decatherm is roughly the heat content in 1,000 cubic feet of natural gas. Today, that same gas on the spot market costs \$3.59, or about 22 percent more.

“Natural gas prices are relatively low right now but we’re still seeing plenty of production,” said Jeff Little, an economist specializing in natural gas at the Energy Information Administration, which is part of the U.S. Department of Energy.

With plenty of supply, many producers now are busy putting vast amounts of natural gas into storage in the hope that prices will improve later this year because of seasonal demand.

Nationwide, natural gas storage is approximately 6 percent above the five year average although this fall it is down about 5 percent compared with last year at this time, said Jose Villar, an economist who tracks natural gas storage at the EIA.

Villar suggested the reason for the decline in storage so far this year is largely due to past this summer's warm weather, which increased demand for natural gas used for the production of electricity.

The natural gas storage scenario that is playing out on the national stage also is occurring in Utah.

Questar Pipeline's Clay Basin storage facility, a depleted natural-gas field near the Utah/Wyoming state line that is capable of holding up to 57 billion cubic feet, is now 82 percent full compared with 87 percent last September.

Utahns typically pay some of the lowest natural gas prices in the country with about half of the fuel consumed by the state's residents coming from wells owned by Questar Gas, which provides the fuel at its cost of production.