

# Government Warns Of Rising Heating Bills This Winter

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The government has forecast that most households will pay more for heat this winter. Heating oil users will catch a slight break, but still pay near-record prices to keep warm. Prices for natural gas, electricity and propane should be higher, the primary reason that more than 90 percent of U.S. homes will incur higher heating expenses. Natural gas users will see the biggest percentage increase after two years of historically low prices. Their heating bills should rise to an average of \$679, the Energy Department said in its outlook for heating costs for the season running from October through March. That is about 13 percent higher than a year ago, but still four percent below the average for the previous five winters.

Homes relying on electricity for heat, about 38 percent of the U.S., will likely pay about two percent more compared with last year. For heating oil customers, there is good news and bad. Their average bill should drop two percent, but they'll still pay an average of \$2,046 for the season, the second highest on record behind last year's \$2,092. Just over half of U.S. households use natural gas for heating. Many of the 38 percent of U.S. households that use electric heat live in warm regions where heating demand is not high. Only six percent use heating oil, but those homes tend to be in New England and New York, where winter heating needs are high.

Some analysts are concerned about a spike in heating oil prices. That's because the fuels that refiners make alongside heating oil, including diesel and jet fuel, are in high demand around the world and inventories are low. "If there's one type of product that could catch fire and go higher, it's heating oil," says Tom Kloza, Chief Oil Analyst at the Oil Price Information Service and GasBuddy.com. Natural gas should average \$11 per thousand cubic feet, the government said. That's \$1.33 more than last year, but still below the nearly \$13 per thousand cubic feet that homeowners paid in the winter of 2008-2009.

The Energy Department expects temperatures in the Northeast to be about three percent colder than a year ago, resulting in a three percent increase in consumption of heating oil. Bills will be lower, however, because the average price for heating oil will drop to \$3.68 a gallon from \$3.87. About 25 percent of homeowners in the Northeast use oil for heat. However, the government cautions that if temperatures are about 10 percent below expectations nationally, heating oil costs could rise around nine percent from a year ago. That would mean an average bill of \$2.280, a record.

Dave Streit, a meteorologist at the Commodity Weather Group, which forecasts weather patterns to predict energy demand, expects slightly cooler than normal temperatures. "It will look like a colder winter than what we've seen over the last couple of years," he says. "But nothing compared to the harsh winters we had in the

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two years before that." Mark Wolfe, Executive Director of the National Energy Assistance Directors Association, which advocates for heating assistance for low income families, worries that high heating oil prices, colder weather, and cuts in federal heating assistance will leave more families vulnerable.

In 2010, Congress set aside \$5.1 billion for heating assistance. This year, Wolfe is expecting \$3 billion. "Two years ago we could help close to two million more families than we can now," Wolfe says. The Energy Department predicts that heating demand will fall 0.3 percent nationwide. The Northeast is expected to experience the biggest increase, up 3.4 percent, while the West is expected to see demand drop by 3.1 percent.

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