

# Understanding the Natural Gas Decrease

Learn more about the factors that affect the

price of natural gas and

the steps Huntsville

Utilities is taking

to keep prices

below the national

average ... Inside

DID YOU KNOW.....



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# Understanding Your Natural Gas Decrease



**W**ITH DEREGULATION of the natural gas industry in the early 1990s, the rates consumers pay for gas to heat their homes has fluctuated like a roller coaster ride for the past two decades. The cost of the commodity, the actual gas product, has gone up and down several times. The costs of transporting and storing natural gas have continued to increase. It is highly unlikely that these costs will ever decline to the levels seen in the 1990s.

The nation's need for energy has increased resulting in the natural gas marketplace experiencing growing pains driving up the overall costs. The question of the overall availability of natural gas supply became a cause of concern for producers and suppliers. As a result, the natural gas market has been highly volatile. Weather events, such as hurricanes, wreaked havoc on the industry and caused price spikes as the Gulf Coast supply was curtailed and infrastructure damaged.

However, the uncertainty of supply availability has improved thanks to the process of hydraulic fracturing or "fracking". Fracking has had an enormous impact upon the price of natural gas in the United States by shifting some supply from offshore sources (the Gulf of Mexico) to shale formations found throughout much of the United States. Natural gas commodity prices have declined as a result of this increased availability.

Huntsville Utilities' Natural Gas Supply Department will continue to work toward getting the best possible prices for natural gas so that customers can continue to depend on this clean, efficient energy source for years to come.

Average cost of 1000 cubic feet (mcf), residential use only.

**National average \$15.94**

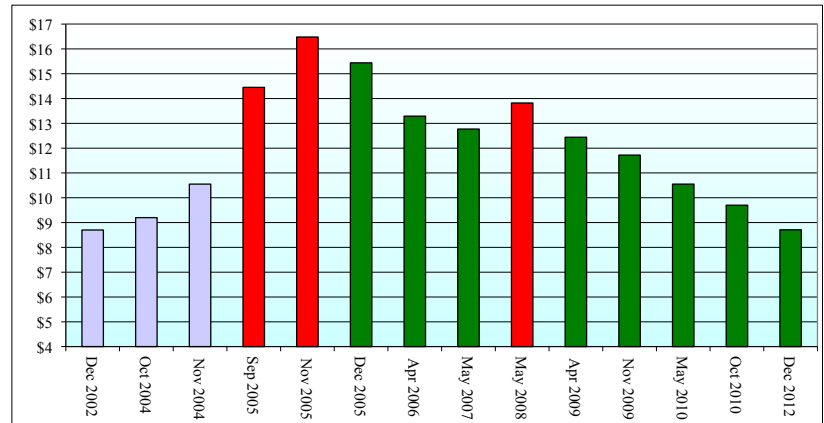
**Alabama average \$22.18**

**Huntsville Utilities \$8.71**

Fuel charge only. Availability/other charges not included.

State & national average prices from the U.S. Energy Information Administration, updated 11/02/2012.  
[www.eia.gov/dnav/ng/ng\\_pri\\_sum\\_dcu\\_nus\\_m.htm](http://www.eia.gov/dnav/ng/ng_pri_sum_dcu_nus_m.htm)

## Huntsville Utilities Gas Prices 2002-2012



Sept. 2005 & Nov. 2005: Increases due to supply shortages following Hurricanes Rita & Katrina  
May 2008: Commodity Bubble w/ Crude at \$150/Barrel, perception of supply shortage  
2009 Forward: Rates Decline due to increase in supply via hydraulic fracturing and poor economy



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