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WHAT'S THE DEAL WITH MY GAS BILL??!

1) WHY IS MY GAS BILL SO HIGH?

By far the largest portion of your gas bill is the cost of the gas itself, and natural gas is at historic highs.

The sharp rise in natural gas prices has been prompted by a number of factors, most notably the fact that natural gas is no longer simply a "heating fuel." The fuel is now used for electric generation, chemical manufacturing and a number of other uses, in addition to its "traditional" use as a heating fuel.

At the same time, Hurricanes Katrina and Rita damaged facilities responsible for much of the vital natural gas production from the Gulf of Mexico (see Question 6).

Remember that weather plays a major role in the size of your gas bill as well. Obviously, the colder it is, the more gas you are likely to use.

2) WHY DOES THE CORPORATION COMMISSION ALLOW THESE HIGH NATURAL GAS PRICES?

It doesn't. The Commission does not and may not regulate the price of natural gas or any other commodity. Such things are part of a free market.

3) BUT THE COMMISSION REGULATES GAS COMPANIES. ISN'T THAT THE SAME THING?

No. Under Oklahoma law, the Commission can only regulate the rate charged for the delivery service and customer fees charged by your gas company. The total price you pay for delivery goes up as your gas usage increases. You will often hear that "gas rates are going up," when in reality the report may only be referring to the price of the natural gas itself, not its delivery rate. Again, even if the rate stays the same, your total bill can go up because of the cost of the gas itself has increased and/or you used a greater amount of gas.

4) IS THE GAS COMPANY ALLOWED TO OVERCHARGE ME ON THE PRICE OF GAS?

No. The gas company is forbidden from making a profit on the price of the gas itself. State law does allow the company to “pass through” to you the price it pays for the gas.

5) IF THE GAS COMPANY ISN'T MAKING ANY MONEY ON THE PRICE OF GAS, THEN HOW DOES IT MAKE A PROFIT?

The gas company makes its profit through its delivery charge. The company had to go to the market and purchase the gas itself for delivery to its customers. Again, it can “pass through” to you, at no profit, the price it paid for the natural gas it delivers to you.

6) I'VE ALWAYS BEEN TOLD OKLAHOMA HAS A HUGE SUPPLY OF NATURAL GAS. WHAT HAPPENED?

Energy prices plummeted to record lows in the late 1990's, forcing many domestic producers out of business. Others survived, but had to stop drilling for both oil and gas because of a lack of money. Unlike the case involving oil, Americans are almost wholly dependent on domestic producers for natural gas (for example, there's no pipeline from Saudi Arabia). Meanwhile, demand for natural gas has steadily increased. Drilling for natural gas is a complex, time-consuming and very expensive undertaking. Contrary to what many seem to think, getting production back up to meet demand is not as simple as turning on a faucet.

It should be noted that Oklahoma's oil and gas activity has risen in the past year, and the Commission has taken steps to make the regulatory process for producers as time and cost-efficient as possible in order to speed up the onset of new production and save on costs that are ultimately paid by all of us. This has helped Oklahoma become the second largest gas producing state in the country (Texas is number 1).

Also, it is important to understand that natural gas, regardless of where it is produced, is sold on the national market, with prices that are determined by far more factors than just what may be happening in the state of its origin. If, for example, there is a harsh winter in the heavily populated northeastern U.S., the increased demand for natural gas will drive the price up, even if Oklahoma has a mild winter.

7) DOES THE COMMISSION REGULATE MUNICIPAL GAS SYSTEMS OR PROPANE?

No. Any concerns regarding a municipal gas system should be directed to your city manager or other city officials. Propane is the responsibility of the Oklahoma Liquefied Petroleum Gas Board. The Board's number is (405) 521-2458.

8) I CAN'T PAY MY BILL. WHAT DO I DO?

First, call your gas company immediately and tell them you need to work out a payment arrangement. There are a number of programs available to help, including programs offered by the Department of Human Services and the Salvation Army. If you are unable to work an arrangement with your utility, or have any other matter you can't get resolved, don't hesitate to call the Corporation Commission. The toll-free Utility Complaints number is 1-800-522-8154. Within the OKC metro area, the number is 521-2331. Or you can send your complaint or inquiry via the Internet. Simply go to the Commission's home page (www.occeweb.com) and click on "Link to Public Complaints".

9) CAN NATURAL GAS PRICES IMPACT MY ELECTRIC BILL?

Yes. Because many of the electric generating plants run on natural gas, your electric bill is also directly impacted by natural gas prices through the fuel charge on your electric bill. Again, a utility is allowed to "pass through" its fuel costs at no profit. Just how big an impact you will see depends on how much natural gas your electric utility uses for electrical generation.

10) WHAT CAN I DO TO REDUCE MY BILL?

There are ways to make sure your heating bill is as low as possible. Remember, the total of your bill is dependent on the delivery rate, the price of the natural gas itself, and how much gas or electricity you use. You can take steps to minimize your use. The Department of Energy offers a host of conservation tips on its web site at <http://www.eere.energy.gov/consumer/tips/> .