

The Recent Extreme Weather & Your Natural Gas Bill



January's nationwide cold spell was notable for its severity, longevity, and geographic scope.

We experienced record-breaking temperatures and dangerous wind chills that triggered a series of issues and variables impacting natural gas supply, demand, and costs.



The natural gas industry faced massive "freeze-offs" - when water and liquids in the gas stream freeze and shut down production.

At the peak of the storm in late January, roughly 15% of the total U.S. natural gas production was shut down due to freeze-offs.



The extreme cold caused residential and commercial gas consumption to surge, averaging 29% higher than the five-year average during the peak of the storm.

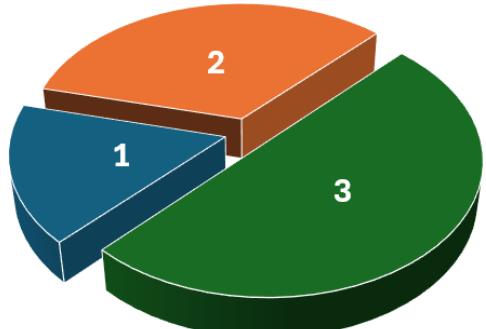
The combination of low supply and high demand resulted in record-breaking price spikes.

Your natural gas bill is comprised of three components:

1) the transportation of natural gas along the interstate pipelines – a federally-regulated and fixed price;

2) the local distribution of the gas to your home via your provider – a set administrative price to deliver the gas to your home, also a fixed price, and

3) the cost of the natural gas molecules you use in your home – this cost is variable and fluctuates based on market conditions or supply and demand.



The combination of extreme cold, decreased production, increased demand for home heating, water heating, and commercial activity has resulted in historic high prices and anticipated higher bills.