

Heating bill bump to hit 5-year high

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The Energy Department is warning consumers to get ready for the steepest rise in home heating bills in five years this winter. Homeowners on average will see a 25.7% increase in their heating costs from a year ago, the government said Tuesday. That's down a bit from a 28.1% increase forecast last month, but if realized, the gain would be the biggest since the 2000-01 season. Average heating bills rose 12% last season.

The sharp jump in costs will hit low-income and fixed-income households the hardest.

Mark Wolfe, executive director of the National Energy Assistance Directors Association, said a few percentage points would make little difference to those struggling to make ends meet. "It's going to be a very expensive winter," said Wolfe, noting that government heating assistance for low-income households has not adjusted for the rise in costs. "We are still looking at a potential public health crisis."

Natural gas users are expected to have the biggest increases in their heating bills this winter. Homeowners who use natural gas are expected to pay \$1,024 to heat their homes from October through March, up 37.8% from last season. Last year, homeowners who use natural gas saw a 13.4% increase in their heating bills. Approximately 55% of U.S. homes are heated with natural gas.

Louise Pleasanton, 74, said her last natural gas bill for her home in Brentwood, Mo., was \$124 for a period when she usually pays between \$80 to \$90. She's worried she'll be unable to pay the next bill when it comes.

"It's pretty tough," said the retired administrative assistant, who lives primarily on Social Security. "I'm pretty much down to the bare bones now."

Like last year, heating oil customers are expected to have the biggest tab this winter, the Energy Department said. Those who heat their homes with heating oil are expected to pay \$1,454 on average, up 21.3% from last year. Although down from a 27.2% increase forecast last month, it would come on top of a 32.7% gain last year. Homeowners who use electricity will pay \$763 in heating costs this winter, up 6.5% from last year, the Energy Department said.

High heating costs can also hurt some businesses and the overall economy if consumers have to cut spending to pay their heating bills. But so far, prices aren't high enough to cause major problems in an otherwise healthy economy, said Richard Yamarone of Argus Research.

Still, heating costs likely will "take a pretty large chunk out of consumer spending, which, of course, is the heart of the economy," he said.

Energy officials said in a monthly report that they lowered their cost forecast after relatively milder fall temperatures led to lower-than-expected heating demand. But with energy costs still high, the officials warned their estimates could change with the weather.

"Should colder weather prevail, expenditures could be significantly higher," the report said.