



Environmental Services Division
Energy and Waste Management Bureau

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DNR Contact: Jennifer Moehlmann (515) 281-8518

HIGHER WINTER HEATING BILLS FORECASTED, EFFICIENCY MEASURES ADVISED

DES MOINES — With temperatures already chilly, the heating season is upon us and consumers can expect higher prices again this year. With an uncertain weather forecast, colder than normal temperatures could mean energy costs take an even bigger bite out of consumers wallets. “It’s a familiar theme, “ said Jennifer Moehlmann, energy data analyst for the Iowa Department of Natural Resources. “Iowans have seen higher prices three out of the last four heating seasons. Those who have already invested in energy efficiency measures have seen their savings multiply, but it’s never too late to make your home more energy-efficient.”

On October 15, natural gas was trading at \$5.79/MMBtu, \$0.58 higher than last month and 27 percent above the price of natural gas at this time last year (\$4.55/MMBtu). Natural gas prices climbed due to production loss from Hurricane Ivan, rising oil prices and forecasted winter demand. Natural gas prices are expected to be up to 29 percent higher this winter. Approximately 69 percent of Iowans heat their homes with natural gas.

According to the DNR’s October 18 fuel price survey, the average retail price of propane was \$1.24 per gallon, \$0.09 higher than the previous month and 20 percent above the retail price of propane at this time last year (\$1.03 per gallon). Propane prices are forecasted to average 17 percent higher this winter than last. Roughly 12 percent of Iowans use propane for heating their homes.

The survey reported the average retail price of No. 2 heating oil was \$1.79 per gallon, \$0.29 higher than last month and 49 percent above the price of heating oil at this time last year (\$1.20 per gallon). Heating oil prices are expected to rise the most of all heating fuels, averaging 29 percent higher than last winter. Heating oil is used to heat about 5 percent of Iowa homes.

With fuel price volatility here to stay, investing in energy efficiency measures for your home is a smart choice. Consumers can decrease their heating bills by following a few easy steps provided by the U.S. Department of Energy:

- 1) Check for leaks. On a windy day, hold a lit candle near windows, doors, plumbing, ducting and wiring. If the smoke starts blowing sideways, you've got a leak. Cut off the air-flow by taping clear plastic sheeting to the insides of windows, weather stripping doors, and caulking around plumbing, ducting, and wiring leaks. Many power companies provide free home heat-loss inspections to try to identify problem areas.
- 2) Insulate, insulate, insulate. Put an insulating blanket around your hot-water heater and pipes. They'll lose heat slower and require less input from the furnace. Check the attic to see if your insulation is up to standards.
- 3) Regulate the temperature. Install a programmable thermostat so you can keep the house cool when nobody's home. You can set these devices so they start to heat things up again an hour or so before you're due back. Lower the setting when you go to bed.
- 4) Check for cold ducts. Look for sections of your heating ducts that have separated or have holes in them. Insulating ducts can make a big dent on energy bills.

Consumers are encouraged to implement energy efficient measures early on to result in long term savings. Widespread adoption also leads to less demand, which in turn lowers fuel prices.

Gasoline prices across Iowa rose as crude oil inventories declined after Hurricane Ivan hit the Gulf. According to the DNR’s October 15 fuel price survey, gasoline prices were \$0.18 higher than one month ago, averaging \$1.94 for a gallon of self-serve, regular unleaded gasoline. Prices across the state ranged from \$1.85 to \$2.05 per gallon and averaged \$0.39 higher than this time last year.

“Normally, gasoline prices drop during the fall,” said Moehlmann. “However, gasoline prices have been dragged upward by the rise in oil prices.”

The average price for regular unleaded gasoline blended with ethanol was \$1.92 per gallon. Ethanol-blended gasoline currently represents 65 percent of the market share. All auto manufacturers warrant the E-10 blend of 10 percent alcohol and 90 percent

gasoline for use. Many manufacturers, including General Motors and Daimler-Chrysler, recommend the use of oxygenated fuels, such as ethanol, in their vehicles.

Crude oil finished trading on October 15 at \$54.93 per barrel, \$11.34 more than last month and a record high. One year ago, crude was \$30.68 per barrel. The meteoric rise in prices is due to Gulf of Mexico oil production losses from the effects of Hurricane Ivan, strong demand growth globally, and continuing fears of geopolitical instability.

The average price of self-serve diesel fuel on October 15 was \$2.12, up \$0.24 from last month. Diesel fuel was \$1.57 per gallon one year ago.

“The record high diesel prices this year are tied to the increases in the crude oil market and the seasonal demand for heating oil,” said Moehlmann.

To help consumers improve fuel efficiency, the Iowa DNR has placed tips and information on fuel savings and alternative fuels on its website at www.iowadnr.com. Tips include driving more efficiently, keeping vehicles tuned up and planning and combining trips. Consumers can also choose ethanol at the pump, purchase E-85 for flexible fuel vehicles and choose biodiesel blends for diesel vehicles.

HEATING FUELS SURVEY

	September 15	October 15	Change
Natural Gas	5.21	5.79	+0.58
Propane	1.15	1.24	+0.09
#2 Heating Oil	1.50	1.79	+0.29

MOTOR FUELS SURVEY

Self-Serve	September 15	October 15	Change
Regular Unleaded	1.76	1.94	+0.18
Regular Unleaded with Ethanol	1.74	1.92	+0.18
Premium Unleaded	1.87	2.05	+0.18
Diesel	1.88	2.12	+0.24
Full-Serve	September 15	October 15	Change
Regular Unleaded	1.94	2.04	+0.10
Regular Unleaded with Ethanol	1.92	2.03	+0.11
Premium Unleaded	2.01	2.15	+0.14
Diesel	1.95	2.25	+0.30

AVERAGE SELF-SERVE UNLEADED PRICES IN MAJOR CITIES

	September 15	October 15	Change
Ames	1.71	1.94	+0.23
Cedar Rapids	1.80	1.94	+0.14
Council Bluffs	1.70	1.92	+0.22
Davenport	1.69	1.89	+0.20
Des Moines	1.69	1.92	+0.23
Dubuque	1.79	1.97	+0.18
Fort Dodge	1.82	1.94	+0.12
Iowa City	1.82	1.99	+0.17
Sioux City	1.73	1.90	+0.17
Waterloo	1.70	1.92	+0.22
Webster City	1.84	2.01	+0.17
Average Metro Price	1.75	1.94	+0.19

AVERAGE SELF-SERVE UNLEADED PRICES IN RURAL IOWA

	September 15	October 15	Change
Northeast	1.76	1.93	+0.17
Northwest	1.79	1.97	+0.18
Southeast	1.75	1.93	+0.18
Southwest	1.77	1.92	+0.15
Rural Area Average	1.77	1.94	+0.17

WHOLESALE PRICES IN METROPOLITAN AREAS AROUND IOWA

Unleaded (cents per gallon)	September 9	October 7	Change
Des Moines	124.19	140.27	+16.08
Dubuque	125.30	141.21	+15.91
Diesel Fuel (cents per gallon)	September 9	October 7	Change
Des Moines	129.86	149.91	+20.05
Dubuque	130.00	150.00	+20.00