



MEDIA ADVISORY
GEORGIA PUBLIC SERVICE COMMISSION

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Natural Gas Deregulation and Natural Gas Prices

The Georgia Public Service Commission continues to exercise caution in implementing deregulation of natural gas service in Georgia under the Natural Gas Competition and Deregulation Act approved by the General Assembly in 1997. This law requires that the Commission certify that gas marketers who provide service to residential and small business customers are capable of meeting the necessary requirements to provide firm gas service, both financially and technically.

Higher natural gas prices this winter are due to a lower inventory (supply) of natural gas coupled with higher demand. The price of natural gas has increased four fold in the past year while inventories have declined 17 percent, according to the American Gas Association. The increasing use of natural gas for electric power generation and the lack of production at the wellhead has caused supplies to fall while the below normal winter temperatures has drastically increased the demand.

The Universal Service Fund, under the Natural Gas Deregulation Act, is a fund intended to pay for pipeline extensions and to reimburse marketers for uncollectibles (money owed by customers who have not paid.) The law does not mention low income or elderly citizens. However, the law does allow the Commission to refund any excess money in the U.S.F. at the end of the fiscal year. The Commission last year did in fact direct some of that refund to elderly and low-income citizens. The refunds will appear as \$10 credits on consumers' bills in January, February and March 2001.

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