

THE NEW ENERGY CRISIS

A SURVIVAL GUIDE

12 ways to beat the high cost of home heating | MAX ALEXANDER

WINTER STORMS may be hard to predict, but here's a forecast you can bank on: Home heating bills will go through the roof this season.

According to the federal government's Energy Information Administration (EIA), the price you pay for natural gas (the most common heating fuel in America) is likely to jump 7.5 percent over last

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winter. The price of home heating oil, commonly used in the Northeast, will rise 17 percent this winter. And don't think you're off the hook if you heat your home with electricity, the choice in much of the South and Southwest. Wired heat is predicted to be up nearly 2 percent from last winter.

Now for the really chilling news.

Those projections are based on average winter temperatures. "A really cold winter could drive prices much higher," says Dave Costello, who monitors short-term energy rates at the EIA. Talk about a squeeze play: For instance, you will pay more for the natural gas itself and burn more of it to boot—perhaps 33 percent higher if the mercury plunges just 10 percent.

What's going on here? When did Jack Frost switch from nipping at your nose to picking your pocket? It sure sounds like price gouging to the average Joe, but Costello blames a more basic economic force: supply and demand. "Cold weather puts huge pressure on the natural gas market," he explains. "U.S. gas production is stagnant, and Canadian supplies have been in decline since 2002." Overseas gas has to arrive by ship, in liquefied form—and

