

EIA Short Term and Winter Fuels Outlook

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U.S. average winter fuel expenditures are expected to be lower for natural gas and propane than last year, slightly higher for heating oil and electricity.

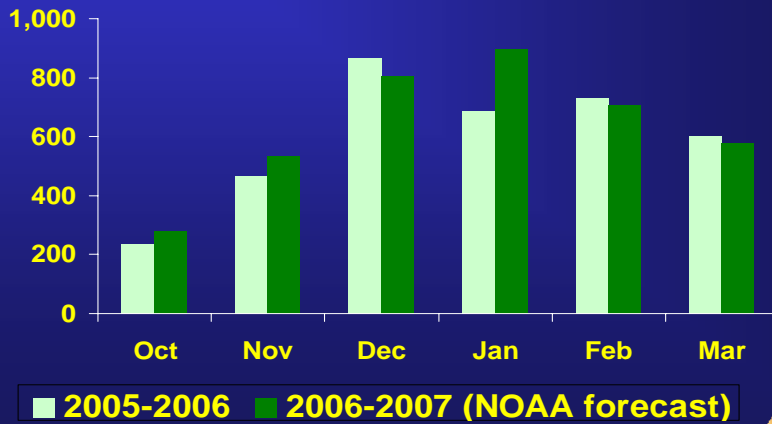
Fuel	% Change from last Winter		
	Base Case	If 10% Warmer than forecast	If 10% Colder than forecast
Natural Gas			
Price	-16.4	-21.7	-10.8
Expenditures	-12.5	-25.0	1.2
Heating Oil			
Price	0.4	-0.9	1.7
Expenditures	6.3	-4.4	17.3
Propane			
Price	-5.3	-8.6	-1.6
Expenditures	-1.1	-12.6	11.5
Electricity			
Price	4.6	4.3	4.9
Expenditures	7.4	1.8	12.9
Average Expenditures	-4.8	-15.3	6.5

Winter = October 1 through March 31. Expenditures are based on typical per household consumption adjusted for weather. Warmer and colder cases represent 10% decrease or 10% increase in heating degree-days, respectively.



Winter 2006/07 expected to be 6 percent colder than last winter, but slightly warmer than normal.

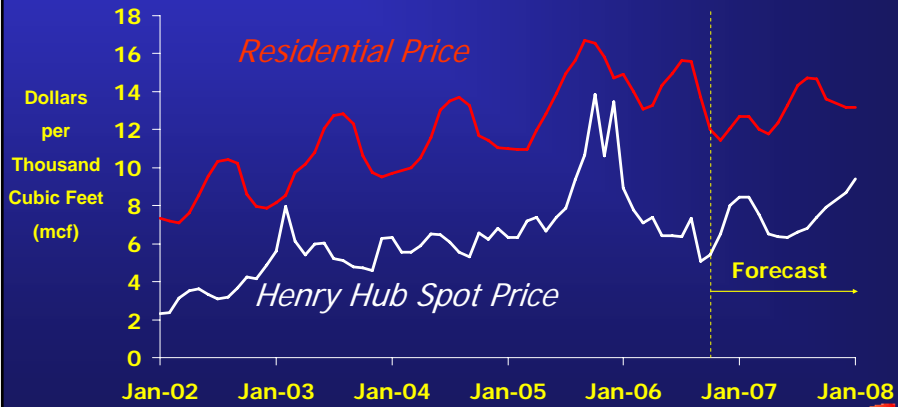
U.S. Heating Degree-Days Population-Weighted



Natural gas prices are expected to be significantly lower than last winter.

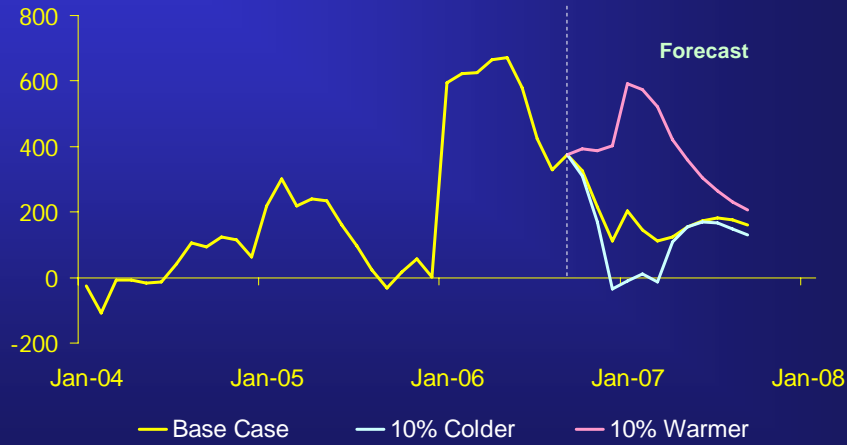
Henry Hub Spot Price
 10% Colder = \$8.97/mcf
 Base Case = \$7.39/mcf
 10% Warmer = \$5.89/mcf

Residential Price
 10% Colder = \$13.05/mcf
 Base Case = \$12.23/mcf
 10% Warmer = \$11.46/mcf



U.S. natural gas in storage is projected to remain above historical averages, even in cold weather case.

Deviation from 5-year (2001-2005) Average, billion cubic feet



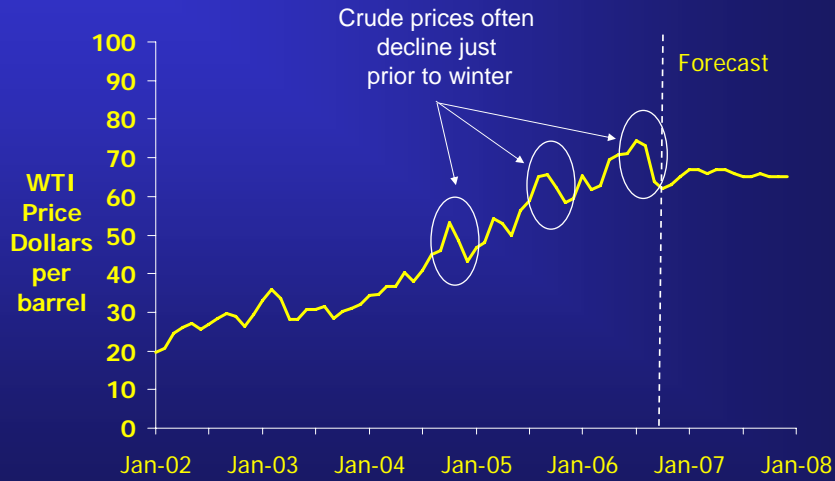
Natural gas heating bills are projected to be lower for all regions this winter.

Percent Change from Last Winter (Projected)

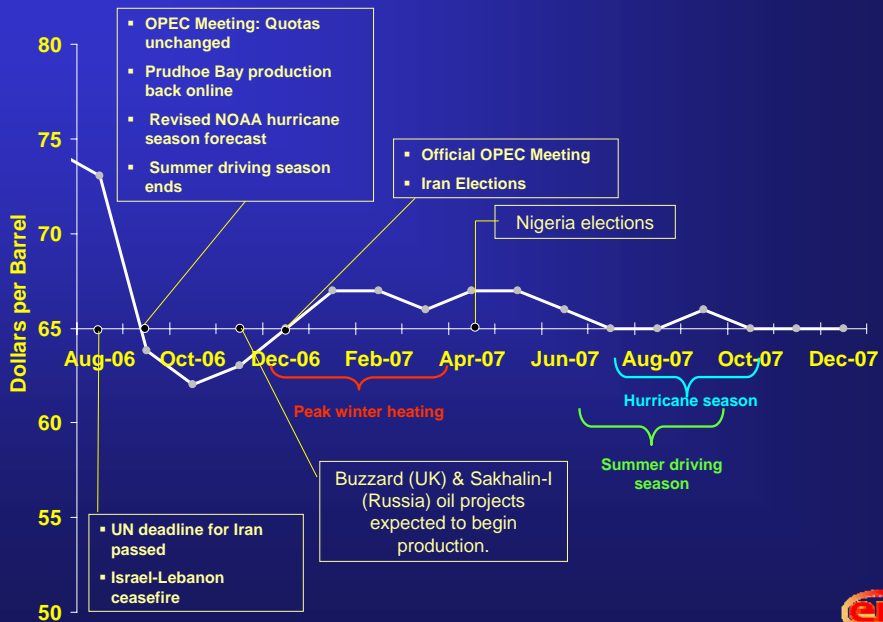
Households using natural gas as primary heating fuel		Consumption	Average Price	Total Expenditures
West	66%	+ 2 %	- 12 %	- 10 %
South	41%	+ 6 %	- 19 %	- 14 %
Midwest	79%	+ 4 %	- 18 %	- 14 %
Northeast	55%	+ 7 %	- 15 %	- 10 %
U.S.	58%	+ 5 %	- 16 %	- 13 %



Recently declining crude prices are projected to increase during winter, but not to last winter's highs.



Many factors may affect oil prices in upcoming months.



Retail gasoline prices are expected to average \$2.51 per gallon in 2007 vs. \$2.58 per gallon in 2006.



Retail heating oil prices are projected to show little change from last winter.



U.S. winter heating oil expenditures projected to increase for all regions.

Percent Change from Last Winter (Projected)

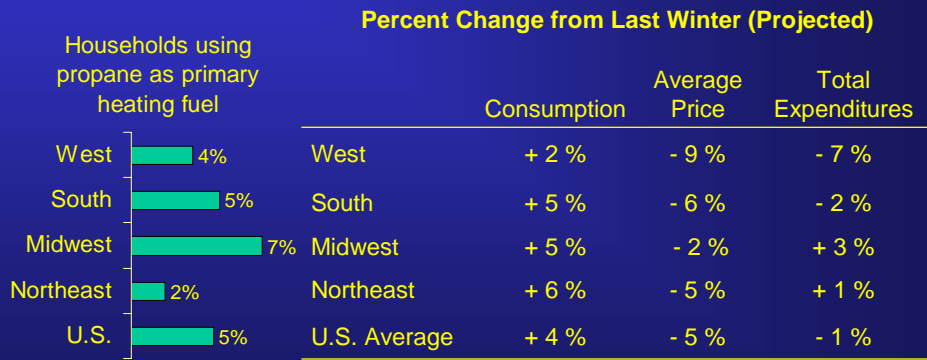
Households using heating oil as primary heating fuel		Consumption	Average Price	Total Expenditures	
West	1%	West	+ 2 %	- 2 %	+ 0 %
South	2%	South	+ 4 %	+ 0 %	+ 5 %
Midwest	3%	Midwest	+ 5 %	+ 0 %	+ 6 %
Northeast	32%	Northeast	+ 6 %	+ 1 %	+ 7 %
U.S.	7%	U.S. Average	+ 6 %	+ 0 %	+ 6 %



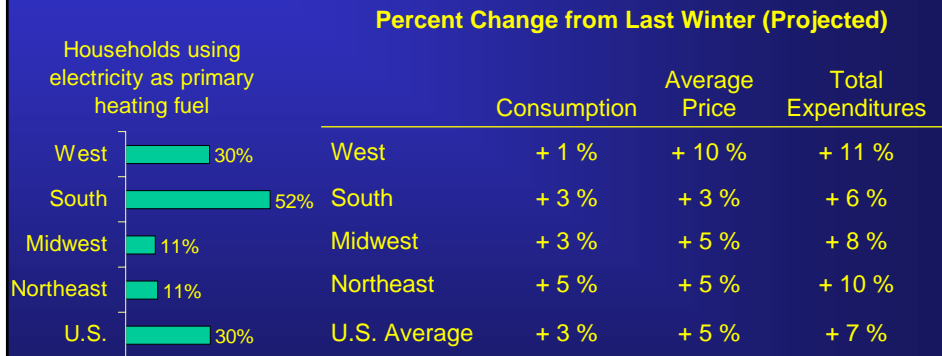
Residential propane prices are expected to be slightly lower than last winter.



Propane expenditures are projected to increase in the Northeast and Midwest this winter.



Winter electricity expenditures are projected to increase for all regions.



Wrap Up:

- The average U.S. household will pay about \$45 less for heating this winter.
- Lower expenditures are driven by lower prices for natural gas which offset the expected increase in consumption brought about by the projected colder weather.
- Under the baseline forecast, natural gas expenditures could be about \$119 (13%) lower for the average U.S. household this winter.
- Heating oil expenditures are projected to be about \$91 (6%) higher for the average U.S. household this winter. Electricity expenditures are forecasted to be \$58 (7%) higher the average U.S. household this winter.
- A colder winter could substantially raise estimated expenditure increases.

