

Delivery truck driver Donald Whitacre returns to his truck after pumping 200 gallons of home heating oil into a customer's tank during a heavy March snowfall in Winchester, Va. JEFF TAYLOR/AP

MOST HEATING BILLS TO RISE THIS WINTER

Fuel oil prices could spike beyond prediction

By Jonathan Fahey
Associated Press

The government forecast Tuesday that most households will pay more for heat this winter.

Prices for natural gas, electricity and propane should be higher, the primary reason that more than 90 percent of homes will incur higher heating expenses. Heating oil users will catch a slight break but still pay near-record prices to keep warm.

Homes using natural gas for heat will pay about $679. That is about 13 percent higher than a year ago but still 4 percent below the average for the previous five winters. Homes relying on electricity for heat, about 38 percent of the U.S., will likely pay about 2 percent more compared with last year.

For heating oil customers, there is good news and bad news in the Energy Department's annual outlook for heating costs. Their average bill should drop 2 percent, to $2,046. But that's still the second-highest average on record, behind last year's $2,092.

Some analysts are concerned about a possible spike in heating oil prices. That's because the fuels that refiners make alongside heating oil, including diesel and jet fuel, are in high demand around the world and inventories are low.

"If there's one type of product that could catch fire and go higher, it's heating oil," said Tom Kloza, chief oil analyst at the Oil Price Information Service and GasBuddy.com.

Natural gas should average $11 per thousand cubic feet, the government said. That's the highest price since the fuel averaged nearly $13 per thousand cubic feet in the winter of 2008-09, but 4 percent below the five-year average.

Mark Wolfe, executive director of the National Energy Assistance Directors Association, which advocates for heating assistance for low-income families, worries that high heating oil prices, colder weather and cuts in federal heating assistance will leave more families vulnerable.

"Two years ago we could help close to 2 million more families than we can now," he said.

In 2010, Congress set aside $5.1 billion for heating assistance. This year, Wolfe is expecting $3 billion.

"There's no ability to respond to spikes in prices," he said. "If this winter is really cold, it won't be adequate."

FIGURES TO KNOW

Just more than half of U.S. households use natural gas for heating. Only 6 percent use heating oil, but those homes tend to be in New England and New York, where winter heating needs are high. Many of the 38 percent of U.S. households that use electric heat live in warm regions where heating demand is low.