

KEEP YOUR HEATING BILLS DOWN

The entire nation is dealing with higher energy prices. Here are some ideas to help you save money.

Replace furnace filters often.

Make sure windows and doors have good weatherstripping.

Cover or remove window air conditioners.

Use storm windows or plastic window wrap kits.

Set your furnace one or two degrees lower.

Close heating vents in all unoccupied rooms.

Make sure your fireplace flue is closed when not in use.

Keep your garage door closed.

Have your furnace inspected every year.

Use a timer on your furnace to lower temperatures when you are away or sleeping.

IMGA Saving You Money

During these times of skyrocketing energy prices, several members of the IMGA received welcome news in the form of a refund check. The checks, ranging from \$600 to \$29,000, were presented as a result of IMGA staff's hard work on behalf of its members.

Village of Pleasant Hill was one member municipal to receive a check. (Left to Right) IMGA Board President & Pleasant Hill Board Member Craig Robinson, Pleasant Hill Mayor William Shotts, and IMGA Marketing Manager Mark Schmidt.



“When one of our business partners wanted to change its billing practices, we took the opportunity to negotiate a lower rate for a number of our member communities,” said Mark Schmidt, IMGA Marketing Manager. “In all, IMGA negotiated more than \$87,000 in rate reductions for twelve communities which purchase gas through the Agency. Because IMGA is non-profit, we don’t have to satisfy corporate shareholders – our only responsibility is to the communities we serve. When a business partner lowers their cost, we’re pleased to be able to pass the savings on to our members.”

“We are thrilled with the refund,” stated Leonard Logan from Findlay, Illinois. “With gas prices the way they are these days, the fact that IMGA is monitoring the situation and jumped on the opportunity to obtain refunds for members is extremely helpful. This is how it’s suppose to be, everybody working together.” ♦

Illinois Municipal Gas Agency
1310 West Jefferson
Auburn, IL 62615

Members of IMGA

Aledo, IL
Auburn, IL
Bethany, IL*
Bushnell, IL*
Cairo, IL
Casey, IL*
Chester, IL
Cobden, IL*
Divernon, IL
Edinburg, IL*
Enfield, IL
Findlay, IL*
Flora, IL
Franklin, IL*
Grayville, IL
Karnak, IL*
Louisville, IL
Marshall, IL*
Martinsville, IL*
McLeansboro, IL
Milford, IL
New Boston, IL*
Pleasant Hill, IL*
Pinckneyville, IL*
Pittsfield, IL*
Rantoul, IL
Red Bud, IL
Riverton, IL
Roodhouse, IL
Rossville, IL
Stonington, IL
Sullivan, IL*
Tamms, IL*
Waterloo, IL
Waverly, IL*
Westville, IL
White Hall, IL
Winchester, IL

Non-Member Purchasers

Corning, IA*
Perryville, MO*
Bloomington, IL - Cornbelt Energy*



IMGA has completed it's fourth week of the storage contest, when this newsletter went to print, and what a ride it has been! Several individuals have vied for the title 'Gas Guru', which has been held for the past two weeks by Michael Collins, Bethany, Illinois. This year's other winners include Michael Millikin, Pinckneyville, IL and Cindy Marston, New Boston, Illinois.

Are you a Gas Guru? If you would like to prove your predictive skills by participating in the Storage Contest and telling us your estimate of the net change in weekly storage you may do so by email at choward@imga.org, fax to 217/438-6100 or filling out the form on the IMGA.org web site by 5:00 p.m. Wednesday each week.

This contest is open to officials or employees of IGMA member communities, whether or not those communities purchase gas through IMGA. All entrants must be 18 years of age or older. ♦

Mark Your Calendars NOW!!!!

IMGA's Annual Membership Meeting is **April 20, 2006.**

What do we have in store
for you this year?

Watch upcoming newsletters to find out!



IMGA gas NEWS

Hurricane

Hurricanes Drive Prices Higher – IMGA Helps Protect Member Communities

This summer's uncharacteristically high natural gas prices were dealt a one-two punch in September as Hurricanes Katrina and Rita knocked out virtually all natural gas production facilities in the Gulf region.

As of Monday, October 3, 2005, 73% of the region's natural gas production resources remained shut in, according to Brad Leach, head of natural gas research for the New York Mercantile Exchange (NYMEX). That market declared a *force majeure* for natural gas deliveries from the region for the months of September and October.

Fortunately, the shutdown in physical supply posed no problem for IMGA purchasing members, as a result of the guaranteed-supply contracts which the agency has in place. IMGA General Manager Heather Viele reported that only nine one-hundredths of one percent of IMGA's total supply was disrupted, and was quickly replaced from another source.

While disruptions in physical supply posed no problems for

IMGA members, the subsequent spikes in natural gas prices sent communities across the nation scurrying for cover. Speaking at the APGA College Week program on September 27th, Lance Etcheverry of JPMorgan Chase reported that many municipal utilities across the country had delayed implementation of risk management while hoping for lower prices as weather cooled this fall. However, he said that the impact of the hurricanes, when combined with other market forces, promised tight markets through the short and intermediate term.

IMGA staff worked feverishly to lock in prices for purchasing members prior to the arrival of Hurricane Rita. By working closely with communities, the Agency was able to establish some form of risk management position for almost all purchasing members, according to Viele.

Those financial deals began to pay off for IMGA member communities within days, when market prices quickly exceeded the ceiling levels established in most IMGA risk management positions. "While prices are still too high, the ceiling we established paid dividends within the first week, when prices jumped significantly in the wake of Hurricane Rita," reported Pinckneyville City Commissioner John Hammack. "The risk management agreement which IMGA put in place, called a '50% participating swap', will continue to provide protection against further price increases throughout the winter months."

IMGA will continue to closely monitor hurricane recovery in the region, seeking to provide its members with the best possible information and pricing options. ♦



Hurricane Katrina

Rita Knocks Out 63 Platforms

According to the Interior Department Tuesday (October 4), Hurricane Rita inflicted substantially more damage to offshore oil and gas facilities in the Gulf of Mexico than Katrina. Making matters worse, damage to onshore support facilities could hobble Gulf production for months.

“We’ve never seen the kind of devastation to our Gulf oil and gas production that we’ve witnessed this year,” Interior Secretary Gale Norton said. Some 2,900 of the Gulf’s 4,000 oil and gas production platforms were in the paths of the two hurricanes. After Katrina took out 46 platforms and four drilling rigs, Rita came along to destroy 63 platforms. The two hurricanes also tore 19 drilling rigs from their moorings and set them adrift, in some cases causing serious damage. That was also a problem last year during Hurricane Ivan. Chevron’s deep-water Typhoon facility capsized during Hurricane Rita as well.

Aside from Typhoon, the destroyed platforms were mostly older, “end of life” facilities that produced only about 1.5 percent of the oil and a mere 0.7 percent of the natural gas in the Gulf. “We anticipate that most of these will never be rebuilt,” Norton said of the older platforms.

While offshore crews are busily trying to make repairs, production is recovering much more slowly after Rita than it had after Ivan and even Katrina. ♦

~ source Houston Chronicle Washington Bureau

Slow Recovery

As of October 4, nearly 90 percent of the typically daily oil output and 72 percent of the natural gas production remained shut in, the U.S. Minerals Management Service reported. In part, that’s because so many offshore workers were forced to evacuate and many were left homeless.

Shore bases that typically supply offshore facilities were ravaged by the storms. Pipelines must be carefully inspected to ensure they weren’t damaged by the dragging anchors of wandering rigs. And many of the onshore oil terminals and gas processing plants that otherwise would receive production from the Gulf were damaged. Indeed, 21 gas processing plants are still out of commission, the Energy Department reported Tuesday. While many lack electricity or gas supplies, 11 of those facilities sustained damage from the storms.

In fact, as much as 30 percent of the offshore production may be shut in because of damage to onshore facilities. And many will remain shuttered for “several months,” Interior Secretary Gail Norton said. ♦

HURRICANE HITS

Damages to oil and gas structures in the Gulf of Mexico from recent hurricanes:

Platforms destroyed:

Katrina: 46

Rita: 63

Platforms damaged:

Katrina: 20

Rita: 30

Rigs destroyed:

Katrina: 4

Rita: 1

Rigs adrift:

Katrina: 6

Rita: 13

Rigs damaged:

Katrina: 9

Rita: 10

Rigs unaccounted for:

Katrina: 0

Rita: 3

Total:

Katrina: 85

Rita: 120

Source: Minerals Management Service

Bicycle Built for Two, Please

A spike in gasoline prices is fueling what could be the biggest year for U.S. bicycle sales since the Arab oil embargoes more than three decades ago, a leading bike association said last week.

“For bicycles, high gasoline prices are a good thing,” said Tim Blumenthal, executive director of Bikes Belong, a national coalition of bicycle suppliers and retailers. “People’s eyeballs pop out when they see the gas pumps and they say they need to do something. One of the options is biking,” Blumenthal said.

“Independent dealers, specialty sporting stores and big-box stores have told us that since August 1, bicycle sales have jumped dramatically,” he said. “It should be close to 20 million units,” Blumenthal said. Last year’s U.S. bicycle sales were just under 19 million.

U.S. gasoline prices struck an all-time record above \$3 a gallon after Hurricane Katrina hit the Gulf Coast, shutting several oil refineries. Gasoline prices have been on the rise for months due to high crude prices and a crunch on global refining capacity, and higher summer demand have pushed them to new peaks.

“AAA is beginning to think that consumers may finally have tired of expensive gasoline,” said AAA spokesman Geoff Sundstrom. U.S. fuel demand over the past four weeks has fallen nearly 3 percent below last year’s levels, according to the U.S. government. ♦

~ By Richard Valdmanis



With 19 named storms, the Hurricane Season of 2005 has now tied 1995 as the second busiest ever. Only 1933, with 21 storms, has had more.

When the industry talks about gas being ‘shut in’ they are referring to physical gas ceasing to flow through pipelines.

A *force majeure* is when obligations to supply something (natural gas) are suspended due to an ‘act of God’ (Katrina and Rita).