

IOWA NATURAL GAS ASSOCIATION

BRIEF NEWS LETTER

OCTOBER 2014

THIS BRIEF NEWSLETTER INCLUDES THE FOLLOWING INFORMATION

- Check for leaks; finish the job, with the right equipment.
- Despite higher gas prices, winter heating bills expected to fall.
- Good News for Natural Gas Consumers This Winter, NGSA Says.
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Check for leaks; finish the job, with the right equipment.

This information was received from a customer of one of our local dealers.

We had contractor replace our gas pipe from the Gas meter, around the house to the back to the patio, where our natural gas grill is, and then a leg into the house for our furnace and hot water. This was done and when they were finished and started to leave, I asked the workers if they tested the line. They looked at me with a blank look and then grabbed a half bottle of fluid and a rag and went back to the basement. They squirted the pipe, and as fast as they did they wiped it dry, then they hurried out and left.

When my son came home from work I told him the gas line had been replaced and they were finished, he said he could smell gas now! I couldn't smell it because from being around natural gas for years, my nose doesn't work. Everyday when my son came home from work and the weekend he would complain he smelled gas. We keep our fan on the furnace running 24/7, so the air is always moving. I got tired of hearing my son complaining he smells gas.

I called Mid American, asked for them to send a gas serviceman out, it wasn't long he was here. After explaining to him that I couldn't smell anything, we went inside, as we went in the door his meter started sounding off. We went down stairs and he checked all the piping and then when he go to the furnace at the flex connection. He put his hand on it and found the coupling that went from it to the connecting pipe loose. It was only hand tight. He tightens it, and then continued checking the rest of the piping. This scared me, lucky for us the weekend was warm and we didn't turn on the furnace, but the hot water heater was still going. Lucky the fan was drawing the gas away from the water heater.

After the Gas service man left I tried calling the heating contractor, it took till late in the day for them to return the call, even then, they never came out. The next morning I went to their office and met the owner, found out they only have one electronic tester for all their crews. He insisted they would have someone come back out and test all the lines. Later in the day a person came out with an electronic tester and tested all the piping.

We want to suggest that the job is never done until the gas lines are completely checked with the proper equipment. This is much cheaper than buy a house that has blown up or injuring someone.

GOOD NEWS: Despite higher gas prices, winter heating bills expected to fall

The U.S. Energy Information Administration (EIA) said earlier this week that consumption of natural gas for space heating this winter will decrease nationwide compared with last winter, resulting in a 5% reduction in residential fuel bills, despite higher-per-unit fuel prices.

EIA added that household use of all heating fuels will decrease this winter, as closer-to-normal temperatures are expected. Last year's unusually cold winter resulted in considerably higher consumption of the space heating sources, including natural gas, electricity, heating oil, and propane.

Although regional markets vary in both consumption and price changes, all regions are forecasted to save on fuel bills this winter, despite higher prices expected for the season. During the 2013-14 winter, natural gas consumption for residential space heating averaged 68,000 cubic feet per household, and cost approximately \$9.99 per thousand cubic feet (Mcf). The forecast for winter 2014-15 anticipates a 10% reduction in average household consumption, to 61.4 Mcf, priced at \$10.57/Mcf, a 6% price increase over a year ago.

EIA's forecast is largely based on the heating degree day (HDD) forecast from the National Oceanic and Atmospheric Administration (NOAA). NOAA forecasts that HDDs in the United State this winter will be 12% lower, from 4,114 during the 2013-14 winter to 3,633 for the upcoming winter season. A heating degree day is based on a differential from the comfort level of 65 degrees F.

A forecast of 10% warmer weather results in a 12% (\$82) decrease compared with last winter, taking average household expenses down to \$598 for the season. Temperatures 10% colder than forecasted would generate a 6% increase in home heating expense for natural gas households over last winter, adding \$40 to total expenditures and raising the average heating expense to \$720. The number of heating degree days for a 10% colder season this winter (3,996) would still be less than experienced in 2013-14 (4,114).

Natural gas is the most widely used source for space heating in the United States, with 49% of the nation's 119 million households relying on natural gas during the past winter (October 2013-March 2014), while 39% heat with electricity, 5.5% with heating oil, 4.8% with propane, and 2.2% with wood or some other fuel.

Good News for Natural Gas Consumers This Winter, NGSA Says.

Highest industrial gas demand since '90s,

Record production and milder winter predicted

(Washington, D.C.) –Pressure on this winter's natural gas prices is likely to be downward compared to last winter, the Natural Gas Supply Association (NGSA) today said in its 14th annual *Winter Outlook* assessment of the natural gas market. Using published data and independent analyses, NGSA evaluated the combined impact of production activity, storage inventories, economic

growth, customer demand and weather on the direction of natural gas prices for the 2014-2015 winter compared to November through March of last winter, when Henry Hub prices averaged \$4.67 per MMBtu.

“When NGS&A weighed all the different pressure points, the picture that emerged for the upcoming winter is one of remarkable growth in supply and steady underlying growth in demand that will be moderated by the forecast for a warmer winter than last year’s,” said Greg Vesey, Chairman of NGS&A and Vice President of Gas Supply and Trading for Chevron. “The abundant supply of natural gas is great news for consumers,” said Vesey. “When all key supply and demand factors are combined, we anticipate downward pressure on prices compared to last winter.”

Demand

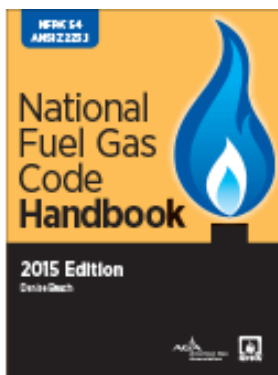
Combining demand from all the major customer sectors – industrial, electric, residential and commercial -- Energy Ventures Analysis (EVA) projects lower overall demand than last winter because of the forecast for a warmer winter than last year’s extremely cold weather.

The weather-sensitive residential and commercial sectors are expected to be the only sectors to decline; however they represent more than 40 percent of customer demand in the winter. Lower residential and commercial demand will mask growth in the other sectors this winter.

Notably, the industrial sector is forecasted to increase its winter demand by six percent compared to last winter.

“We anticipate industrial demand for natural gas to return to the highest levels since the 1990s,” said Vesey.

NFPA 54: National Fuel Gas Code Handbook, 2015 Edition



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- Updated Calculation Worksheets in the printed Handbook -- plus quick access online

National Manufacturing Day

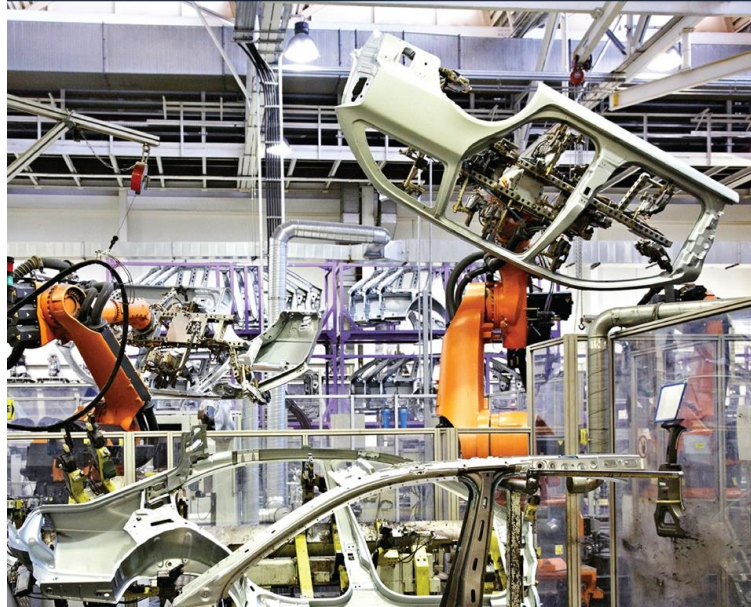
For millions of Americans this day is an important reminder of our strong manufacturing heritage, but it's also an opportunity to think about how we can preserve it for generations to come.

Abundant, affordable natural gas is driving a resurgence in domestic manufacturing, making America more competitive than ever before:

- More than \$125 billion worth of investments have been announced in the US chemical industry
- German companies, including BMW, have invested 800 billion euros in US plant expansions between 2008 and 2012
- One million new manufacturing jobs will be created by 2025

And natural gas will create jobs and grow the economy for years to come. If you agree, [please take a moment to share our Manufacturing Day graphic with your friends.](#)

NATURAL GAS: FUELING A MANUFACTURING RENAISSANCE



NATURAL GAS SCHOOL BUSES

Kansas City area schools are starting a new year, and their fleet of compressed natural gas buses are sure to earn them high marks from students and parents alike.

Lee's Summit, Missouri is just one of the school districts in both Kansas and Missouri taking advantage of this cleaner, more reliable technology to power 106 of its 149 bus fleet -- and the results couldn't be better:

"We were looking to reduce costs, and we wanted a technology that would last a long time," said Linda Thompson, the district's transportation director. "Investing in CNG buses was a smart long-term move. CNG made the most sense."

Thompson says the district expects to save \$11 million over 10 years in fuel and maintenance costs. [Read more about CNG fueled school buses, and see what the students had to say about their new ride to school.](#)

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