



Representing America's Natural Gas Utilities

Financial and Operational Information Series

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Issue: Components of Natural Gas Bill - 2016

- The cost of natural gas contributes to between 31 and 39 percent of all expenses incurred by utilities, paid through utilities bills to gas-only, combination, and municipal companies. With the addition of transportation and storage, the total average cost of purchasing and moving natural gas to the city gate is responsible for about 37.0 percent of the total bill.
- For comparison, the EIA reports that in 2016, the average price of natural gas delivered to residential customers was \$10.05/Mcf compared to \$3.71/Mcf for the city gate price or approximately 36.9 percent of the cost of gas.
- Combination utilities reported a higher share of costs for storage, transportation, and distribution than their gas-only counterparts in 2016.

Figure 1

Where Does Your Natural Gas Utility Payment Go?



| | Cost to Purchase Natural Gas | Storage and Transportation | Distribution | Accounts & Services | Administrative & General | Depreciation and Amortization | State, Local & Federal Taxes | Total Interest Charges | Net Income |
|----------------|------------------------------|----------------------------|--------------|---------------------|--------------------------|-------------------------------|------------------------------|------------------------|------------|
| Gas-Only | 30.8% | 4.0% | 8.9% | 6.2% | 11.9% | 11.1% | 11.1% | 4.5% | 11.3% |
| Combo | 32.5% | 7.5% | 9.5% | 7.5% | 8.9% | 10.8% | 7.3% | 4.6% | 11.4% |
| Municipalities | 38.6% | 2.0% | 9.1% | 5.0% | 12.3% | 9.7% | 8.4% | 5.9% | 9.1% |

SOURCE: AGA Gas Facts 2016, EIA 2017 Natural Gas Annual

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