

George E. Pataki
Governor



Judith A Calogero
Commissioner

New York State Division of Housing and Community Renewal

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MANAGEMENT BUREAU MEMORANDUM # 2005-C-02

To: Housing Authority Chairpersons and Executive Directors
Housing Company Owners, Managing Agents and Site Managers

From: Jane I. Berrie, Director
Housing Management Bureau

Date: September 9, 2005

Subject: 2005-2006 Winter Season

Rising energy costs during the upcoming heating season will probably bring about a significant increase in housing company and housing authority operating expenses. With the volatility in the energy markets, there is no longer a reasonable assumption of cost savings in a switch to an alternate fuel.

The Energy Information Administration, which is an agency of the US Department of Energy, has projected continuing increases for energy costs for the 2005-2006 winter season. Natural gas prices are expected to exhibit double-digit percentage increases for the second year in a row. Heating oil prices averaged \$1.83 per gallon during the 2004-2005 heating season, which was a 34 percent increase from the previous winter. EIA currently projects that average heating oil prices will be about 16 percent higher this winter compared to the 2004-2005 winter. Electricity prices are also projected to increase, although not at the same rates.

Caution should be taken with any long-term pricing contracts for gas or, in particular, oil. While the overall price trend is up, fluctuations remain the rule of the day. In prior years, some fixed-price contracts have ended up being more costly than purchasing on an as-needed basis.

The most important thing that can be done at this point in the season is to make sure the heating plant, distribution system, and all heating controls are in the best possible working order for the type of system installed.

A handwritten signature in cursive script that reads "Jane I. Berrie".

Jane I. Berrie