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## Gordon: Should natural gas hikes result in regulation?

By **PAUL GORDON**  
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Posted Aug 16, 2008 @ 06:19 PM

The amount AmerenCILCO is paying wholesalers for the natural gas it then provides its customers is the most it has ever paid.

The cost per therm has increased steadily since January, when it was 71.17 cents per therm. It now is almost \$1.30 per therm, the third consecutive month it has topped \$1. Prior to this year, the cost had topped \$1 only one other time, November 2005 through January 2006.

It's going to probably be a pretty ugly winter once again, regardless of how cold or wet it is outside. Ameren Corp. says we can expect our cost of natural gas to go up 20 percent to 30 percent this winter.

Still, is it time for some type of government oversight of the natural gas industry, which has been deregulated since 1986?

The Citizens Utility Board believes so and Jim Chilsen, its spokesman, said the "chorus of voices calling for some type of oversight is growing bigger and bigger."

It's the natural gas production and marketing end of the industry that needs it, not the utilities, he said.

"We're not talking about re-regulating the utilities. They are paying what they are charged, which is what they have to do. We're talking about oversight of the industry before it gets to the utilities," Chilsen said.

"We have no proof that there is any manipulating of the prices going on, but there is evidence that the price increases go beyond just the normal supply-and-demand factor. There was evidence the last time prices got this high a couple years ago that supply was plentiful," he said, adding "Consumers have a right to be skeptical."

Chilsen cited a study done a couple years ago by attorneys general of Midwestern states, including Illinois, that called for government oversight.

Prices came down soon after, but they have steadily climbed again. "We're constantly riding this roller coaster. It's time to consider some kind of oversight to protect consumers," Chilsen said.

Neal Johnson, spokesman for Ameren Corp. and AmerenCILCO, said his company does not have an opinion on any type of natural gas industry regulation at this time.

"We're not producers, of course. We can only follow the law as it is, which is to pay what we are charged on the market," he said.

Johnson said Ameren believes the price is climbing because of worldwide demand for natural gas and petroleum is strong.

"It does continue to escalate and there is nothing we can do. This year has been different because historically, the price of natural gas drops in the spring because there is usually a glut from the winter months. This year, that didn't happen. That's why the market is so volatile," he said.

A look at the price-per-therm AmerenCILCO and the former Central Illinois Light Co. has paid for natural gas each month for the last dozen years or so bears that out.

A chart found on the CUB Web site - [www.citizensutilityboard.org](http://www.citizensutilityboard.org) - breaks it down monthly. There is another graphic that shows the annual average and that indeed resembles a roller coaster - to a point. You see, it shows the price would go up two or three years in a row, then drop just a little - and never back to where it started.

In 1995, the average monthly cost per therm was 22.64 cents. It reached 50 cents the first time in 2001.

In 2005 it reached a then-record 79.89 cents per therm, then decreased slightly the next two years, to 79.15 cents in 2006 and 77.6 cents in 2007.

This year, however, the change is much more dramatic. Through August, AmerenCILCO will pay an average of 95.77 cents per therm.

While there is a chance the price could go down each month between now and the end of the year, Ameren officials believe consumers will still pay historically high prices for natural gas this winter.

Again, is it time for some type of government oversight of the natural gas industry?

Well, let's just say discussion on that topic will likely get more serious in the coming months.

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