

[Back to regular view](#) • [Print this page](#)

The scary natural gas market

(<http://www.southtownstar.com/business/1246763,102908cubcolumn.article>)

October 29, 2008

david kolata

Remember the Halloween horror movies of our childhood - the really scary nailbiters that made you feel as if you were trapped on a never-ending roller-coaster ride? That's today's natural gas market.

It makes a sad commentary when the "good news" is that Chicago-area heating costs are projected to be only about 10 percent to 15 percent higher than last winter. However, the truth is it could have been a lot worse. It appears we've dodged a bullet.

Back in balmy July, CUB prepared for a catastrophic cold season for Chicago families, fueled by the bad economy, utility rate hikes, and record-high heating prices. At the time, Nicor Gas and Peoples Gas were charging about \$1.50 per therm, which shattered the previous record of about \$1.20 a therm.

Now it appears the bubble has burst. Nicor predicts its November price will be 77 cents per therm. Peoples Gas expects to charge about \$1 a therm.

Still, the plummeting prices aren't cause for celebration, considering that November rates in the late 1990s averaged only about 30 cents a therm. In a year in which we struggle to pay our bills, energy titan Exxon Mobil made a six-month profit of \$22.6 billion. Something smells rotten in our all-too-lightly regulated energy markets.

How is it that less essential commodities, such as, for example, pork bellies, are better monitored than natural gas? "Most people can live without pork bellies, soybeans or orange juice; but they cannot live without natural gas for heating," said a 2006 report released by Midwestern attorneys general, who called for better gas-market regulation.

It all began about the time the Coach Ditka-led Chicago Bears were riding to Super Bowl glory. The energy industry was on its own joyride, as natural gas was deregulated at the wellhead. For about a decade, wholesale prices - what Peoples and Nicor pay to buy the gas that heats our homes - did drop. But since then, they have risen more than 300 percent, federal statistics show.

Enron made a bad situation worse in 2000 when the infamous energy company, just before it went down in flames, pushed through Congress a law that exempted certain energy markets from regulation. The result of this "Enron loophole" was an increasingly complicated and murky world of unregulated energy markets in which unscrupulous traders could peddle gas-buying contracts called "futures," "options," and "bilateral energy swaps" to make a great deal of money, while giving consumers the shaft.

So what's a consumer to do? First, boost your home's energy efficiency. CUB's Web site, www.CitizensUtilityBoard.org, shows how a few simple investments can make deep cuts in your energy bills. The Web site also offers a petition to federal regulators, who need to get off the dime and start taking regulation of the energy markets more seriously.

On that front, there's some hope. Congress finally took steps to close the "Enron loophole" earlier this year - and it may be no coincidence that gas prices began to drop. But as weary consumers will tell you, the battle for better energy markets is far from over. There are plenty of other loopholes and plenty of energy companies waiting to take advantage of them.

So we may have dodged a bullet, but who knows how high gas prices will be six months from now? Getting scared can be a lot of fun when you're watching those Halloween horror movies, but opening your gas bills every month shouldn't be so frightening.

Citizens Utility Board executive director David Kolata writes a column each month. To reach CUB, call (800) 669-5556 or e-mail info@citizensutilityboard.org.

Affiliates: [YourSeason.com](#) | [RogerEbert.com](#) | [SearchChicago - Autos](#) | [SearchChicago - Homes](#) |
[SearchChicago - Jobs](#) | [NeighborhoodCircle.com](#) | [Centerstage](#)

Express Links: [TV Listings](#) | [Video](#) | [Yellow Pages](#) | [Submissions](#) | [Obituaries](#) | [Eating In](#) | [Restaurant Reviews](#)
| [Advertising](#) | [Media Kit](#)

© Copyright 2008 Digital Chicago, Inc. | [Terms of Use](#) • [Privacy Policy](#) • [Submission Guidelines](#)