In need of a new sheriff

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A not-so-funny thing happened to Goldman Sachs on the way to record profits and record bonuses. A former employee was recently charged with stealing the bank's stock- and commodities-trading software that Goldman reportedly said could be misused to "manipulate markets," the same kind of markets that determine what we pay on our natural gas and electric bills.

To address the 800-pound gorilla in the room, if it's really true that Goldman's software could be used to unfairly manipulate markets, what would stop Goldman itself from ever misusing the software?

Regular readers of this column will know that this is just another astonishing red flag in the past 12 months related to the loosely regulated energy markets, which at times resemble the Wild West, with its share of scheming scoundrels.

Current regulations are so feeble that the historically timid U.S. Commodity Futures Trading Commission (CFTC) is holding hearings this week on whether we need better protection against market manipulation in the oil and energy industries. (Go to www.CitizensUtilityBoard.org to send an e-mail to federal officials.)

Illinois consumers probably wonder: What took them so long? Volatile gas prices aren't a new thing. Average yearly prices in the Chicago area jumped by more than 200 percent from 1998 to 2008. Things got really interesting recently when federal officials said supply and demand—the usual gas-industry excuse— couldn't explain never-before-seen rates of up to $1.50 per therm last July.

Utilities say they're not the culprits, merely passing the cost of the gas they buy onto their customers, with no profits. They can't however, completely wash their hands of this mess. Peoples Gas in 2006 gave its customers a $100 million refund after CUB helped uncover a deal between the utility and an Enron affiliate that it said jacked up gas bills. And CUB is currently fighting Nicor Gas for $190 million in refunds for alleged accounting maneuvers that overcharged customers.

But the problem is much bigger than Illinois' utilities. There's an Enron-like hubris that has grown in the wholesale gas market ever since gas was deregulated at the wellhead in 1985. It's been fertile ground for mammoth profits, rogue gas traders, and Wall Street speculators—and that has contributed to skyrocketing bills. "We have a commodity that is vulnerable to abuse, in a new market that has been under-regulated from its birth," said a 2006 report by Mark Cooper, of the Consumer Federation of America.

The gas industry has mounds of clout and cash to throw obstacles on the road to recovery. But something tells me Washington senses that consumers are fed up—*really* fed up—with corporate excess while they burn their hard-earned cash on energy bills. Don't miss this opportunity. Go to CUB's website, www.CitizensUtilityBoard.org, and tell the feds: The unruly gas market needs a better sheriff in town.