

Natural gas prices exploding

Industry suffers, but consumers will suffer more

By **DONNA GOODISON**

Natural gas bills that choked hungry-for-heat consumers this past winter could rise another 19 percent in the coming cold season, the nation's top energy official said yesterday.

Prices could get so high that manufacturers will find it more profitable to shut down production and sell their natural gas reserves, according to U.S. Energy Secretary Spencer Abraham.

"It is a national concern that will touch virtually every American," Abraham said at a special natural

gas summit with the National Petroleum Council in Washington. "As such, it demands a coordinated national public-private effort."

National storage supplies that are 32 percent below last year's levels are expected to remain a problem, boosting commodity prices that jumped an average 129 percent over the 10-year average in the first quarter.

The storage levels had a record injection last week, but continued above-average supplies are needed through the first week of November to meet needed pre-winter levels, according to Aaron Kildow, a Pru-

dential Securities Inc. energy broker.

"If we continue to get hot weather, then that will limit our ability to put gas in storage," he said.

The high natural gas prices are squeezing industries across the country.

The impact on chemical, steel and manufacturing companies prompted the Industrial Energy Consumers of America to request federal emergency intervention for what it called a crisis that's "dismantling the nation's manufacturing base."

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Meanwhile, the American Chemistry Council — the nation's largest industrial user of natural gas — said continued high prices will lead to more plant closings and another 100,000 lost jobs.

One of Massachusetts' largest natural gas distributors agrees further price increases are expected this winter. But a spokeswoman said those hikes are unpredictable, because they're largely tied to the weather.

Electricity prices also are tied to natural gas prices, but the region's electric power grid manager is similarly loath to make price predictions.

But, spokeswoman Ellen Foley said, "There is a direct cor-

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**SPENCER ABRAHAM,
U.S. ENERGY SECRETARY**

relation between wholesale electricity costs and the cost of natural gas."

More than 40 percent of the region's power plants are powered by natural gas, according to Independent System Operator New England.