

LOCAL

Fueling the economy

Addiction to oil hard to break

Part 3 of a 4 part series

EMILY WEAVER

eweaver@kingsmountainherald.com

Is the world running out of oil? According to the "End of Cheap Oil," by Tim Appenzeller in the July 2004 edition of National Geographic, "we're in the twilight of plentiful oil."

"There's no global shortage yet; far from it. The world can still produce so much crude that the current price of about \$30 for a 42-gallon barrel would plummet if the Organization of the Petroleum Exporting Countries (OPEC) did not limit production."

Of course, that was written a little less than four years ago. The cost of a barrel of crude is now hovering around \$120,

with threats of it reaching about \$200 this summer. Whether the world's supply of oil is dwindling or not, the skyrocketing prices have spurred motorists to cut back and politicians to suggest America begin weaning itself from this bountiful/bountiless source. But breaking this addiction will not occur without several uncomfortable withdrawals.

Oil does not just fuel our cars and heat our homes, its petrochemicals are embedded in every facet of our lives. One 42-U.S. gallon barrel of crude oil makes: 19.6 gallons of gasoline, 10 gallons of diesel fuel and heating oil, four gallons of jet fuel, 1.7 gallons of heavy fuel oil, 1.7 gallons of liquefied petroleum gas and 7.6 gallons are reserved for other products, according to the Department of Energy's Energy Information Administration (EIA).

Those "other products" are used by Americans every day. Among the lengthy list of products made from oil are: heart valves, medicines, plastics, artificial limbs, hearing aids, ink, crayons, tires, dishwashing liquids, transparent tape, toothbrushes, toothpaste, antiseptics, lipstick, paint, upholstery, shoes, fertilizers, dentures, synthetic rubber, ammonia, eyeglasses, car battery cases, insecticides, glycerin, anesthetics, glue, trash bags, shampoo and food preservatives. Can you live without all of these?

The world consumes over 80 million barrels of oil every day and yet this feasting still will not slake humanity's thirst. Some experts argue that a day of reckoning for this addiction is on the horizon.

At some point in time, this "Texas tea" we've all enjoyed will "tap out," accord-

ing to Appenzeller. "Geologists and economists are embroiled in debate about just when the 'oil peak' will be upon us."

But they agree it will come. In the "End of Cheap Oil," Appenzeller states, "Some experts foresee dire consequences: shortages, price spikes, economic disruption and a desperate push to wrest oil from 'unconventional' sources such as tar sands, oil shale or coal."

Sound familiar? Does oil come to us for a limited time only or is the world just shirking its duty not producing enough to meet our demands? In this case, time unfortunately will tell.

In next week's Herald, find out how this issue is affecting the people, businesses and livelihood of Kings Mountain.

Natural Gas bills going up for city customers

EMILY WEAVER

eweaver@kingsmountainherald.com

As the price of gas continues to soar, the City of Kings Mountain, in a 4-3 split, reluctantly voted to pass a rate increase for natural gas onto customers Monday night at the city council meeting.

City Manager Marilyn Sellers said that this will be the first rate increase the city has had in the past 10 years. After many hours pouring over the facts and figures with an outside consultant, she said that they found there was no way around a rate increase. She said that the city has four basic categories of Natural Gas customers: residential, small commercial, large general and interruptible.

Sellers recommended the following base rate increases: 12% for small commercial, 21% for large general, and 7% for interruptible. She said that the only recommended increase for residential customers is a \$3/month facility charge, which, she added, averages out to approximately 10 cents/day (\$36/year).

Rate increases will go into effect May 1, 2008, "so that we can gain two months of additional revenue in this current fiscal year in order to balance the gas fund as of June 30, 2008," she said, adding that the recommendation comes as a

"last resort."

But the base rate increases may not necessarily raise the bills of commercial customers by the same percentages of the increases she suggested. Sellers said that there are three components to a customer's gas utility bill, which determines the price: the availability rate, the variable rate and the base rate.

Mayor Rick Murphrey explained after the meeting, that the availability rate deals with the price of gas during a given month, including transportation costs. The variable rate, which fluctuates, he said, deals with how much gas the customer used and how much the city is paying for the gas consumed. Those figures, he added, won't change.

"We took a small business here in town and we looked at their bill for the past 12 months," Sellers said. "We took the largest consumption month and we applied that 12% and you apply that 12% to one component (the base rate), not to all three components. Once you apply that, it only averages out to about 3.2% (increase in price), so when you look at it, it's not a true 12%."

She reminded the council that the city received a 34% (cost) increase last year from the pipeline, "which we only passed along a portion of that, as you recall. We've also seen

the consumption of gas rates decrease by 50% (in the city) over the past five years and we lost our largest gas customer back in 2003."

Sellers said that the city still maintains and operates 122 miles of gas mains. "Over the years we've tried to absorb increases passed onto the city," she added.

Murphrey said that the Gas Department, which was staffed by eight employees 10 years ago, is still only manned by

eight employees, even though their coverage and responsibilities have increased. "We have 22 more miles of gas lines to monitor and more regulations from the state and federal governments," he said, after the meeting. "There's no where to cut, but we have a responsibility to have that gas available."

He added that buying natural gas from another company would be a lot more expensive. With more regulations, an increase in territory and a

reduction in gas consumption in the business sector, the mayor said that the city needs more customers to soften the blow. "It's mission impossible to try to find gas customers like the textile businesses," he said.

Councilman Rick Moore did not approve of the rate increase. He motioned for the council to hold a special work session to weigh all of the options before voting on an increase. "We've got some (people) in town that's

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