

# Gas supplies and higher prices assured

By Tim Richard  
staff writer

Natural gas users in southeastern Michigan can be confident their supplies won't be curtailed — but just as confident prices will increase 5 percent a year faster than inflation!

Consumers Power Co. President John Selby said he's warning suppliers that if prices rise too far, "competition from electricity could become real."

Meanwhile, the north African nation of Algeria remains CP's most reliable supplier, Selby told a luncheon meeting of the Livonia Chamber of Commerce last month.

IN 1975 the utility — which serves 250,000 customers in the metro region of Oakland, Wayne and Washtenaw counties — curtailed gas service to new business and industry and found itself sued by Livonia Mayor Edward McNamara. (The suit was later dropped when President Jimmy Carter adopted a strong energy conservation policy.)

Still smarting from that criticism, Selby said his Jackson-based utility will "try assiduously" to avoid a repeat of that incident.

"I would instead encourage our suppliers to put under contract, for the long haul, supplies of gas which can reasonably be compared in price to the current mix of regulated, unregulated and imported fuels," he said.

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HERE IS Selby's assessment of current supply sources:

- New wells — "The incentive (of price decontrols) appears to be working, (but) much of the new gas is located far underground — 15,000 feet or more in some cases — and it is very expensive to find." Gulf of Mexico gas which used to sell for \$2.40 per thousand cubic feet (mcf) has been bid up to \$6.94, and other supplies are going for \$9/mcf.

- Mexico — "has large gas reserves but refuses to sell significant amounts to this country because it is using gas to replace oil in its industry, and selling oil instead."

- Canada — "also possess large gas

pipeline difficulties have delayed shipment of Algerian gas.

"We probably will not be using that supply in our lines much before the first of March," he said. "Right now, those cost estimates are down to the 30-percent level."

CP ranks near the bottom in gas prices in a 30-market survey conducted by Michigan Consolidated Gas Co., Selby said. "When the Algerian gas is figured into prices, CP will still be in the middle of the range."

CP's NATURAL gas production plant at Marysville, on the St. Clair River, will remain shut down, he said, because its costs of production are so high.

"By 1985, we will need Marysville, give or take a year. It depends on the growth and usage," he said.

Selby, 59, is chairman of the board and chief executive officer as well as president of CP, which he joined in 1976 after 29 years with General Electric Co. He is a professional engineer who studied business management at Harvard University.

The Michigan gas and electric firm last year had operating revenue of \$2.3 billion, net income of \$224 million and earnings of \$3.03 a share, down from 1979's \$3.24 a share.

reserves but has decided to maintain a 25-30 year reserve for domestic use, a policy which leaves little additional gas for export." In contrast, the United States has a 10-year reserve.

- Michigan — "Some new gas discoveries have been made, but their potential is unknown at present." Michigan wells supply 16 percent of Consumers' needs.

- Algeria — "possesses one of the world's largest gas reserves and is willing to sell large amounts of its gas over the long term (20 years). Current price is \$4.12/mcf on boat, \$7.38 by the time it is processed and shipped 5,000 miles to CP's supplier in Louisiana."

THE 50-PERCENT hike in home-heating bills predicted for this winter hasn't occurred yet, Selby said, because

## TV business course offered by college

Schoolcraft College this winter will offer its first television course, "It's Everybody's Business," in conjunction with WTVS-Channel 56.

Business 101, taught by SC faculty member Gregory Wozos, provides three hours of credit and is an introductory course.

Students will view the TV program at home 4:30-5 p.m. Mondays and Wednesdays. They will travel to the college at 18600 Haggerty, Livonia, to attend a Jan. 16 orientation session, two summary sessions and a final examination. They also may see videotapes in the college library. Channel 56 will repeat the program at other times to be announced.

THE 38 telecasts will begin Jan. 18 and run for 15 weeks.

Cost for Schoolcraft district residents is \$86, which includes \$66 tuition and \$20 fees. Non-residents pay \$110.

Persons already admitted to Schoolcraft may enroll in Telecourse BUS 101 by calling the registrar's office at 591-6400. Deadline for receipt of tuition and fees is Jan. 13.

Persons not yet admitted to the college should call or visit the admissions office or attend the course orientation in Room 103 of the Applied Sciences Building at 10 a.m. Jan. 16. Admission and registration may be completed at that time. College admission costs \$10.

"IT'S EVERYBODY'S BUSINESS" provides an overview of the business world and helps students analyze specialized fields in business organizations.

Persons with questions may contact Gregory Wozos at 591-6400, Ext. 573, or assistant dean Richard Saunders at ext. 510.

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\*There may have been intermediate price reductions on some items prior to this sale. All sales final. Not all items available in all sizes and colors.

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