

2000

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Recommended Citation

Payne, Michael A. (2000) "Ethical Concerns Faced by Various Stakeholders of the Natural Gas Industry in the Deregulation Environment," *The Corinthian*: Vol. 2 , Article 2.

Available at: <http://kb.gcsu.edu/thecorinthian/vol2/iss1/2>

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Ethical Concerns Faced by Various Stakeholders of the Natural Gas Industry in the Deregulation Environment

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Thesis

Deregulating the natural gas industry in Georgia and elsewhere has resulted in a “mixed bag” of beneficial and non-beneficial outcomes for industry stakeholders. The approach to deregulation has been varied and multifaceted; however, achieving the best overall outcome for the greatest number of stakeholders should not be the sole major objective. The American philosopher and psychologist William James argued best against the concept that the means in accomplishing an objective are more important than the end: “millions kept permanently happy” even though one single soul is left to “lead a life of lonely torture” is neither justified nor desirable (qtd. in Marcus 163).

Introduction

Prior to 1996, the source of natural gas was of no consequence for many consumers, largely because gas was supplied by a monopoly. These consumers simply had no choice about where they could purchase gas. Prior to deregulation in Georgia, for example, the dominant suppliers of natural gas were United Cities Gas (serving primarily North Georgia) and Atlanta Gas Light Company (servicing the rest of the state). Natural gas was and still is delivered to industrial and domestic consumers through a series of pipelines owned by carriers such as Atlanta Gas Light (AGL).

The carriers purchase gas from suppliers such as Southern Natural Gas and receive the gas via pipelines at points called "city-gate."

Deregulation has changed the industry, and most Georgia consumers can now choose from among a variety of suppliers of gas. However, because the pipelines are still owned by the same carriers, consumers continue to be dependent upon the same carrier system. Further, United Cities Gas did not choose to participate in the deregulatory process, and its customers will not have a choice of suppliers. Nonetheless, since 1996, the residential consumption market for natural gas has been experiencing evolutionary changes.

This paper will focus on the deregulation of natural gas in the state of Georgia, where the changes have been similar to those in other deregulated states across the nation. It will examine the effects of deregulation on the average consumer, make contrasts between the intentions of lawmakers and the realities of the deregulatory process, and point out the similarities between the effects of deregulation on the gas industry and other previously deregulated industries. The paper will also analyze issues concerning service and the cost of gas within the deregulation process and look closely at shareholder and stakeholder interests in the industry.

The intent of deregulation is to give the average consumer a choice among suppliers of gas. As more competitors enter the natural gas market, lower prices are expected to follow and justify a utilitarian argument that the market as a whole will benefit from lower prices. These arguments will be questioned in this paper.

Background

In 1996, U.S. residential and commercial natural gas users spent \$45 billion on the fuel to heat and cool homes and offices, cook food, and provide power to a host of other household and business appliances. Prior to 1978, gas producers sold gas to interstate pipeline companies like Southern Natural Gas, which sold it in turn to local gas utilities, which then sold it to end users such as residential customers and small businesses. The prices at which

producers could sell their gas to interstate pipelines and at which interstate pipelines could sell their gas to local gas utilities were regulated by the federal government (GAO Report). With the Natural Gas Policy Act of 1978, Congress ended federal control over the price of gas at the well-head. This legislation also set in motion a series of public policy changes resulting in programs allowing residential and small commercial natural gas users to choose their suppliers. Under these programs, homes and small businesses can choose a supplier of natural gas, much as they can choose their long-distance telephone provider. Under a customer choice program, non-utility gas suppliers, called marketers, purchase gas and arrange for its transportation to the local gas utility. Local gas utilities (now known as carriers), while no longer purchasing gas directly for their customers, continue to deliver it to homes and businesses (GAO Report). According to the rules of deregulation in Georgia, customers of Atlanta Gas Light Company had to choose a marketer by August 11, 1999, or be assigned a marketer by the regulatory authority. Among these marketers in Georgia are Duke Energy, Georgia Natural Gas Services, and Peachtree Natural Gas. The assignments made by the regulatory authority were to be based upon each marketer's market share—the number of customers each marketer served during a particular operating period (Higgins).

Proponents of these customer choice programs believe that customer choice will lead to more competition, lower gas prices, and greater service options for consumers. Others observers, however, are concerned about the reliability of service and the possible market power of gas suppliers if gas utilities are no longer responsible for purchasing gas on behalf of their customers. Thus, ethical concerns associated with the deregulatory process inevitably have appeared as changes have taken place in this vital industry.

Intent of Lawmakers and Reality

In 1997 the Georgia Senate, through Senate Bill 215 (S.B. 215), set forth the guidelines by which the natural gas industry

would be deregulated in Georgia. Some of the provisions of this bill indicate that 1) deregulation is designed to and is likely to produce lower prices for consumers of natural gas in Georgia, 2) deregulation will provide incentives for the gas company to lower its costs and rates, 3) deregulation will provide incentives to improve the efficiency and productivity of the gas company, and 4) deregulation will foster the long-term provision of natural gas service in a manner that will improve the quality and choices of service (Senate Bill 215). In addition, the bill allows for the recovery of certain "stranded costs" by the utility (carrier), which force a disjunction between the legislative intent and the reality of deregulation. In general, stranded costs are any investment that will be less valuable under competition than under regulation. They are of concern in this case because the gas utility—the carrier—has a fair amount of stranded costs in the investment in pipelines delivering gas to the end users. Because the carriers will be compensated for the transportation of the gas and not receive any compensation for marketing the gas, they believe that some form of cost recovery for sunk or stranded costs must be passed along to the end user. Consequently, the hope for "lower prices for gas" has not come to fruition.

In Georgia, AGL has been expressing a need to recover its investment, so these costs are being passed along to the end user in the form of monthly minimums for gas service. Many consumers are paying in the range of \$24 to \$40 each month, just to have gas service. The monthly minimum does not include any charges for the gas actually used each month. Although S.B. 215 did "provide for a straight fixed variable rate design, the recovery of certain stranded costs, and the use of alternative forms of rate regulation," mean that many consumers of natural gas (especially the elderly and those with limited income) are paying a premium to stay warm and have energy service because of the burden of stranded-cost recovery.

The intent of deregulation was to allow competitive market forces to work, which would in turn lower energy costs. These forces are working within the marketers' framework; however,

because consumers are dependent upon carriers such as AGL, the competitive forces are not alleviating what has become a fixed cost. Therefore, for the average consumer in Georgia no reduction in overall prices has resulted.

The Effects of Deregulation upon the Average Consumer

The intent of natural gas deregulation is admirable and just and has resulted in lower prices for the gas itself; however, deregulation has been associated with greater price uncertainty. Prior to deregulation, the long-term contracts for most utilities prevented much variability in price. Utilities purchased gas at set prices that stabilized consumer prices and shielded end-users from spot market increases. With deregulation, gas utilities began purchasing gas on the spot market because of cash flow problems and fragmented market environments, and the result was price volatility. In today's deregulated environment, there are no long-term contracts, and customers may actually be paying substantially more for gas on a monthly basis. In the past, gas utilities contracted with interstate or intrastate pipeline companies for gas and transportation services for delivery of the gas to the city gate.

"Firm capacity" gas (gas used for non-industrial essentials such as home heating) was contracted long-term by local utilities to insure gas availability for peak periods of use. Utilities wanted to insure that consumers had gas "on the coldest days of the year, regardless of additional demands placed on the gas delivery system" (GAO Report). Because marketers must now contract for gas externally and have the gas placed in their carriers' distribution system, some observers question the reliability of this procedure.

However, since these programs are less than three years old, they have yet to be tested. Nonetheless, consumers are dependent upon a system in which the short-term purchase of gas in low volumes by individual marketers results in problems with reliability.

Nevertheless, the largest ethical issue for the industry at the present time concerns the recovery of stranded costs. Because this recovery seems to be the impetus for charging consumers substan-

tial monthly minimums, a further analysis of the issue seems warranted. Many have argued that there is no economic necessity for recovering stranded costs. The financial failure of some utilities (carriers) as the result of deregulation without stranded cost recovery will have no impact on production. Production is a cash flow question, not an equity/debt ownership issue. However, the cash flow problems of some carriers could impact delivery in the short term. While competition will reduce the price differences resulting from demand considerations, it is likely to contribute to cost-based differentials.

The negative effects of stranded cost recovery on the average consumer are largely unwarranted. Distribution systems owned by the carriers have been fully depreciated, and though they are worth essentially nothing to stockholders in a regulated environment, one wonders why they are in turn worth *substantial* amounts in competition. Also, the operating costs of the carriers are below the price of output. Nevertheless, carriers feel that the value of their infrastructure (pipelines) should be realized. In Georgia, S.B. 215 has allowed for some recovery of stranded costs, but ethical issues arise as to the amount customers are being charged for stranded costs. In short, carriers of natural gas are being compensated for the use of their pipelines by marketers who in turn pass the cost along to the end user of the product. A more equitable recovery of costs could be found in usage charges. Specifically, charging a certain amount per thermal unit of gas to defray the cost of the pipeline would be less burdensome than the present process. Charging a large minimum per month, whether or not the consumer uses any gas, is both burdensome to the consumer and largely unwarranted.

Service and Product Cost Parameters

In the race to deregulate the natural gas industry, product cost seems to be the dominant issue; however, service and other considerations need to be addressed on behalf of the end user. Consumers are not buying gas, per se, but are buying warmth, hot

water, and a method by which to prepare food. In Georgia, the carrier AGL has accepted the responsibility of providing service (appliance repair, etc.) for the customers who purchase gas from marketers using AGL pipelines. However, in many instances, consumers are not receiving service on a timely or affordable basis, and some repairs, excluding parts, can cost as much as 30% of the average price of a new appliance. This finding brings into question the future reliability and affordability of natural gas service. Without a properly functioning gas appliance, the gas itself is of no practical use, so marketers may have to provide things like affordable repair service: "In the market of the near future, there will be more competition but fewer competitors. More and more, customers are going to demand that energy marketers do more than deliver energy. They are going to demand that marketers create some kind of value that the customer could not get otherwise" (Toal 2). Value for the consumer essentially means having both a reliable source of energy at a competitive price and appliances that can be repaired when needed.

Many have argued that deregulation has saved or will save natural gas customers tens of billions of dollars. However, the savings enjoyed by customers is dependent upon how one measures those savings. Notwithstanding that average wholesale gas prices have declined substantially over the course of deregulation, that decline has come largely in the cost of the gas itself, not in the margins. Thus, the margins paid to marketers have remained the same, and average cost savings are the result of lower well-head prices, not competitive forces in the industry (Leitzinger 4).

Because savings on the cost of gas are likely to be small and the national market for natural gas is competitive, savings for the consumer among various marketers will be minimal because marketers will be purchasing gas at roughly the same prices. The viability of gas marketers has come into question, especially after one of the marketers in Georgia, Peachtree Natural Gas, sought bankruptcy protection in mid October 1999 (Quinn). Although S.B. 215 allows the assignment of customers to other marketers when a marketer cannot supply gas to its customers, this provision of the bill

creates uncertainty for consumers and adds to the problems of reliability. Also, some gas utility representatives and state regulators question whether gas marketers have contracted for sufficient capacity to insure the reliable supply of gas during peak periods.

Deregulation has prompted some very important questions: Whose obligation is it to serve the consumer? The marketer's or the carrier's? Also, who is the supplier of last resort? If carriers exit merchant sales, how should the assignment of unused pipeline capacity be handled (Radford 2)? More specifically, will marketers be given space on the pipeline themselves or will carriers allow the space to be unused? The question of accountability also comes into play. Consumers of gas expect marketers and carriers to be held accountable for the product they sell (in whatever role they assume as sellers or transporters) by providing a dependable product to the end user.

Similarities Between Gas and Other Industries

The deregulation of the telecommunications industry can provide a useful comparison for the deregulation of the natural gas industry. The deregulation of AT&T in the 1980's produced a "brave new world" of consumer choice. The choice, however, resulted in much confusion. Many consumers of natural gas have been confused by the choices. The deregulation of the telecommunications industry was supposed to result in lower telephone rates. It did so for high-volume long-distance customers, but the average telephone user did not realize any substantial long-term savings. This situation mirrors what is occurring in the natural gas industry. Industrial users are able to purchase natural gas directly from the wholesaler (at city gate) in large enough quantities to gain economies of scale and realize substantial savings. The average low-volume residential user of natural gas does not have the opportunity to realize such savings. The minimum charges assessed for residential and commercial natural gas use mirror the access charges required of customers of telephone companies. The telephone industry charges each user a network access fee, and then the

consumer pays a per-minute charge for the long-distance calls. The access fee bears no relation to the number or duration of long-distance (tariff) calls and is thus similar to the minimums being charged to natural gas end-users. However, these access fees, as a percentage of total charges, do not nearly mirror the amount being charged natural gas consumers to recover stranded costs, even though the telecommunications companies could have invoked similar claims for their need: In the early and middle 1970's, MCI and AT&T invested substantial sums in the installation of microwave towers, which were rendered nearly valueless by the technological advance of fiber optic cable as the FCC deregulated the long-distance telephone market. Yet there was no concern for the recovery of these stranded costs when the FCC deregulated the long-distance market. There are similarities between the deregulation of the natural gas industry and the deregulation of the telephone industry that are centered around the recovery of stranded costs; however, the telephone industry has been less aggressive in recovering stranded costs of service. Carriers of natural gas, on the other hand, are using an accelerated approach in the recovery of stranded or sunk costs.

The Implications of the Deregulation of the Electric Industry on the Natural Gas Industry

The Energy Policy Act of 1992 outlined the eventual deregulation of the nation's electric industry. Because the production of electric energy involves the use of substantial quantities of natural gas, an in-depth look at what is occurring and about to occur will reveal the impact deregulation of the electric industry will have on natural gas.

As deregulation takes place in the electric industry, some downward pressure on the price of electricity will inevitably occur, thus increasing the use of electricity. As more electricity is demanded, the increased use of fuels such as natural gas to produce electricity may cause the price of gas to go up:

. . . there are going to be even greater incentives for the electricity, natural gas, and liquid markets to move closer together. This joining of energy markets will occur due to the interdependency of each fuel. An integrated market is one where sellers offer all kinds of energy services and where different forms of energy can be exchanged physically or financially. (Toal 14)

As the natural gas and electricity markets become further entwined, consumers will have a challenge in deciding what energy product to choose for their individual needs. Energy superstores are being planned for many consumption markets. These superstores will provide "one-stop" shopping for the energy consumer, who will thus be able to purchase electricity, natural gas, propane, and fuel oil from one retailer. The benefit of such a system for the average consumer is not certain. Trying to be all things to all people sometimes has dire consequences for service and reliability.

The structures of the electric industry and the gas industry are very different. For one thing, there is more vertical integration within the electricity industry. Facilities of transmission and distribution are owned by the company also supplying the power. In the gas industry, gas distributors have always been separate from the gas producers (Gas IRP Review). This structural differential will require further "unbundling" of services in the electric industry. According to Fay, however, "whatever innovations occur on the electric side, in the full competition case they have an echo on the gas side. In that sense, the fate of the two industries may be more linked than commonly anticipated" (5).

Electric deregulation will also affect the cost of electricity for oil and gas producers. The cost of electricity for oil producers, for example, can be as much as two-thirds of production costs or about \$10 per barrel of oil. Gas and oil producers are thus concerned over how electricity rates will rise or fall in a deregulated marketplace (Whitcomb 2). The two industries often vie for the same energy consumer, but they share some non-competitive interdependency.

The deregulation of the electric industry will be very similar to that of the natural gas industry. Both industries have stranded costs and have similar distribution structures. The only differences lie in the methods by which each industry delivers the final product to the consumer. Although one must consider the very different production sides of these two industries, major similarities can be found in how energy is distributed by both. The electric transmission system is like a pool of power with producers pouring power in and users drawing it out. This situation is very similar to that of the gas industry in that marketers must provide a pool of gas for distribution across the carriers' pipelines. Consequently, the deregulation of the electric industry is expected to follow the process now occurring in the gas industry very closely. Until the electric industry is fully deregulated, however, the effects of electric deregulation on the overall energy market will be unknown. As the electric industry is deregulated, more and more gas and electricity marketers are expected to join forces to satisfy consumer demand for energy.

The Effect of Natural Gas Deregulation on Other Energy Providers

Fuel oil and propane are the two other major energy sources currently being affected by the deregulation of natural gas. Although these two energy markets are fully deregulated and competitive, natural gas deregulation has created a contradictory situation for these two energy markets. On the one hand, there are opportunities arising from disgruntled customers of natural gas switching to one of these two fuels because of the monthly minimums charged by natural gas utilities to recover stranded costs. Thus, natural gas deregulation is increasing the customer base in these two markets. On the other hand, propane and fuel oil marketers are increasingly finding themselves in competition with energy super-stores, a residual effect of deregulation. Further, natural gas marketers are offering customers non-gas services such as free carbon monoxide detectors and the option of buying electricity and fuels such as propane and fuel oil at reduced rates (GAO

Report 19). The deregulatory process is thus providing opportunities as well as challenges for other energy providers:

At first glance, combined utilities seem to be in a good position because they can provide both gas and electricity. Notwithstanding this, customers want hot water or space heating. They don't really care whether they buy electrons or molecules of natural gas. Customers desire energy at the lowest price, delivered when they need it, with the least amount of effort on their part. (GRI Report 3)

With integrated energy solutions as the wave of the future, energy providers concentrating on only one energy offering may find themselves experiencing limited market growth in the near future. However, the actions taken by marketers who advantage themselves in the chaos created by deregulation call for some ethical evaluation. As Tom Peters relates in *Thriving on Chaos*, companies of the future will need to take advantage of the chaos created by market dynamics by becoming more flexible and creative in satisfying the immediate needs of the consumer. Thus, as energy superstores become more prevalent, energy suppliers will not be able to offer only one energy product. In order to survive in the energy market of the future, energy suppliers will have to offer a broad array of energy products that satisfy individual needs within certain niche markets (48).

In the final analysis, should marketers who provide propane and fuel oil attempt to capture the natural gas market or better position themselves for the future by being providers of energy, no matter what its form? This question may not be answered until the deregulation of natural gas and electricity have gone through the full process and customers have been provided ample opportunity to express their energy needs.

The Utilitarian Argument

A utilitarian defense of natural gas deregulation argues that the present deregulatory process is good because the greatest good for the greatest number of energy consumers will result from it.

Marcus, however, notes a general objection to the utilitarian view: "Utilitarianism aims to maximize happiness, but in paying attention to happiness in general, it can ignore individual happiness. What happens to the rights of minorities when the majority decides what the greatest good for the greatest number is?" (174) Thus, a question arises: Is it ethical for the indirect effects of the deregulatory process to take advantage of consumers who must pay for stranded costs, while high volume users, such as industrial consumers of gas, reap the benefit of lower prices? Schmidt's observations on the results of deregulation show how the utilitarian principle fails to consider the needs of all individuals: "results support the views of the critics of deregulation in the short run, because households, especially low income households, seem to be worse off under deregulation in the first two years" (1).

In this process of deregulation, the recovery of stranded costs is disproportionately being shouldered by average consumers of natural gas, especially those with low incomes. The proponents of deregulation have argued that deregulation results in general benefits. Customer choice and better prices are supposed to appear as new competitors enter the industry. In this scenario, prices are supposed to decrease and innovation is supposed to increase. Consequently, competition in the gas industry is given credit for reducing prices and producing savings of some \$50 billion. However, one wonders who within the gas consumer base has realized the major portion of these savings.

Another view bolstering the utilitarian argument develops from an economic theory viewing the emergence of a natural monopoly as justification for deregulation. According to this theory, the natural monopoly realizes falling average costs as it increases output. Thus, this firm can produce more cheaply than any other of a number of firms. It can be argued, however, that under such circumstances competition is eventually eliminated and that consumers are thus worse off. Regulation, on the other hand, can keep competition alive. The goal of regulation, in general, should be to force the economy to work more efficiently in order to maximize the wealth of its citizens.

In Georgia, concerns have arisen over what will happen to the elderly poor as the deregulatory process comes to a conclusion. Several agencies are concerned about the continuation of a low-income senior citizen discount of about \$9 per month, which has been extended to about 30,000 senior gas customers statewide. AGL, the dominant retailer in Georgia at the time the discounts were allowed, had proposed dropping the discounts in 1996; however, the Public Service Commission of Georgia ordered the carrier to continue the discounts. Nevertheless, as deregulation is fully implemented, individual marketers will be free to continue or discontinue the discounts (GAO Report 8).

Thus, it is evident that drastic changes will take place as deregulation is fully completed. Many consumers who were beneficiaries of private assistance programs in a regulated natural gas market will now be faced with the open market realities of full competition and market fragmentation. Natural gas deregulation as envisioned by regulatory authorities is intended to provide long-term lower costs for consumers who choose this form of energy. However, customers in Georgia are experiencing higher bills from the recovery of stranded costs by the carriers of natural gas. Until the stranded cost issue is solved, the utilitarian argument for natural gas deregulation will not be valid.

Shareholder vs. Stakeholder Debate

As the natural gas industry is deregulated, there is continuing debate about the residual effects of the process and the recipients of its benefits. As natural gas carriers downsize and decrease operating costs, shareholders of these carriers are anticipating increased shareholder value. On the other hand, stakeholders such as customers, employees, and others who are directly dependent upon the industry are experiencing something far different from "added value" to their *consumption* portfolios: employees are losing jobs, and customers with higher overall gas bills have less disposable income. In the cases of both the natural gas industry and the telecommunication industry, we can look to the analogy of the

“three-legged stool” for a balanced view of the interests of both shareholders and stockholders. As Brooke relates,

The three-legged stool embraced the belief that the mission for AT&T’s leadership was to balance the interests of each of the company’s major constituents: shareholders, with stock growth and dividends attractive enough to bring in new capital; customers, with “universal service” in an affordable local and long-distance pricing structure; and employees, with suitable wages, benefits, and career opportunities to attract competence. A balanced stool with strong leg, . . . would serve the company and the nation best. (Brooke 1)

This analogy seemed to provide a model for a balanced approach toward achieving corporate gains. However, as deregulation was implemented in the telecommunication industry, the three-legged stool was transformed into a one-legged stool designed to maximize financial performance (Tunstall 40). We find this reduction of “stool legs” occurring in the deregulated natural gas industry, too. Conversely, with a fragmented energy market becoming the norm in our country, many traditional “full service” energy providers are finding that more must be done with less, with consequent negative effects on the quality of service provided to the consumers of natural gas, who are justifiably the most important stakeholders.

Inevitably, worries about adequate supplies of fuel arise because many marketers will refrain from making capital expenditures on gas supplies and purchase gas on the spot market. Bowers therefore asks, “in a cold winter are the alternative suppliers going to be able to perform and supply gas when it’s needed?” (44) The shareholders of natural gas companies view value as an increase in investment holdings over time, while the stakeholders of natural gas companies view value as having a secure workplace (employees) or receiving a reliable and workable energy supply (customers). As these opposing interests are debated in the deregulatory environment, one must be concerned with what will happen to those who cannot readily, for whatever reason, choose another

energy source. These customers will be held captive to the results of deregulation. We will have to let the process "run its course" before we learn what the results will ultimately be.

Recommendations

The stranded cost recovery issue seems to be the most difficult problem in deregulation of the natural gas industry. Since the average gas user in Georgia is shouldering a large share of the unbundling process in the form of high minimum payments, natural gas carriers, such as AGL, should make these minimums more affordable to the average consumer. As mentioned earlier, charging a reasonable additional amount per thermal unit of gas over a longer period of time would be more equitable than the present system of very high minimum usage charges.

To improve reliability, marketers should be required to purchase a certain percentage of their gas well ahead of peak usage periods to help reduce possible price spikes that normally occur during peak usage periods. This requirement would also increase consumer confidence in each individual marketer's ability to provide continuous service.

Better education for gas consumers on the overall deregulation process would help alleviate some of the confusion. Aware of the confusion in the earlier deregulation of the telecommunication industry, marketers of natural gas should not make the process any more complicated than it inherently is and should keep the consumer well informed as the deregulatory process proceeds. Marketers should use patience when soliciting new customers. Offering gas rate packages that are deceptive in regard to raw prices will only fuel the potential customer's overall disdain for deregulation.

In general, taking a much slower approach to recovering investments made long ago by natural gas carriers will be beneficial to all stakeholders in the industry.

Conclusions

Deregulation should enhance value for the natural gas industry. However, value for some may mean just more economical prices for gas, while value for others may mean a safe and reliable energy source at a reasonable price. As the competitive environment within the natural gas industry develops, some may see value as a monetary objective while others may see value as something more complex and intrinsic. As the markets within the industry become more flexible, it would be short-sighted and derelict for marketers and carriers to lose sight of what ultimately needs to be accomplished in a fair and just manner. Those who complacently take advantage of customers will lose market share to other energy providers and inevitably transform the deregulatory process into something vastly different from what it was conceived to be.

The eighteenth-century German philosopher Immanuel Kant could give the natural gas industry an important ethical maxim: "every rational being exists as end in himself and not merely as a means to be arbitrarily used by this or that will . . ." (qtd. in Marcus 163). Accordingly, the deregulation of America's natural gas industry should be conducted in a manner whereby the interests of *all* consumers are served in an equitable and just manner.

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