

Hydraulic Fracturing And The Poor



By John Harpole

My mom came up from the basement holding a large, well-worn Florsheim shoebox containing tattered papers that she had collected over the course of 30 years. We had been talking about utility bills, and here was her collection, all neatly filed and organized. I teased her about the collection and asked why she would go to so much trouble. Her answer humbled me and impressed me in a way I would never forget.

"I kept the old bills and made notes in the margin describing what the weather was like, so I could anticipate the next month's bill based on current weather," she said. "Then I could move money around to make the payments."

In 1966, a heart attack took my father's life, and my mother found herself the lone, 42-year-old parent of nine children, ages 3 to 18. Until that moment with the shoebox, I never fully appreciated the extent of her effort to hold our home together. Not one of those monthly utility bills was more than the current cost of a business lunch.

Poverty is never a destination of choice, and our family knew the path all too well. Somehow our mother raised all of us on a Catholic school secretary's salary, ultimately sending nine kids to college.

Quite honestly, I never felt that we were "poor."

Our household would have easily qualified for cash assistance under the Low Income Home Energy Assistance Program (LIHEAP). In 1981, Congress created and directed LIHEAP to "assist low income households ... in meeting their immediate home energy needs." That program didn't exist in 1966, and if it did, I doubt that my mother would have accepted a government "handout."

I later referred to the old utility bills in testimony before the Colorado Public Utilities Commission. That effort eventually garnered the attention of our governor, and he asked me to become a member of Colorado's Low-Income Energy Commission. In 2005, I helped author the Low-Income Energy Royalty-In-Kind provisions of the Energy Policy Act. I still serve on the Energy Outreach Board.

Preparing to speak at the annual gathering of 800 low-income energy advocates in San Diego recently, I received some excellent advice from a friend, who said, "Don't get too technical when you talk about hydraulic fracturing ... you will lose the audience. Their only argument against fracking is emotional, not scientific. You have to hit them with something that will appeal to them on an emotional level."

I began to wonder how hydraulic fracturing has helped the poor and how to quantify that in everyday terms? In preparation for the speech, I asked myself whether fracing-induced,

low natural gas prices might be more meaningful to the poor than the annual LIHEAP program.

What baseline time period could I compare to our current pricing reality? I chose to look at the period 2003-2008 and compare it to 2012 gas costs.

In 2006, the U.S. had more than 20 liquefied natural gas import facilities lined up with permits for construction. During that time, most industry observers assumed the U.S. would need to import at least 20% of the gas needed to satisfy burgeoning demand.

The industry responded to higher-price signals, and fracing activities in shale formations increased significantly.

In 2008, only 4% of U.S. gas production came from shale wells. That number grew to more than 40% by 2012.

Count the savings

The positive impact on U.S. gas consumers is staggering: The average annual U.S. natural gas price from 2003-2008 was \$7.21 per million Btu (MMBtu), compared with the 2012 price of \$2.80 per MMBtu. The U.S. gas price had fallen 62%. The entire economy saw a savings in 2012 of approximately \$112 billion.

And the relief felt by low-income households was even deeper. If you assume that 36% of all households fall under the LIHEAP standard of "150% of the poverty level," then the savings to the 41 million poor or low-income households accounts for roughly \$10.4 billion in 2012 alone.

The audience of low-income energy advocates responded enthusiastically to my observations about specific dollars saved on energy costs. Yes, it touched an emotional chord. More than 100 people approached the podium to thank me and pick up a copy of the DVD "FrackNation," the well-documented response to Josh Fox's "Gasland," an anti-fracing documentary.

The most telling comment came from one of the conference organizers, a leading energy advocate: "I think most well-intentioned environmentalists have a misplaced concern on behalf of low-income consumers. The issues aren't CO₂ and global warming. The issues are home-heating costs, exposure to mold and poor indoor air quality."

I'm sure my mother would agree. ■

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