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**A C C E S S**

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## Why I love \$3.00 Gas

*Restlessness and discontent are the first necessities of progress.* - Thomas Edison

Gas prices peaked at about \$2.50 a gallon in some parts of the country in 2004. Since that time they have settled down to a number south of two bucks. It's way too cheap.

Let me explain; but first some perspective. In 1950, according to the US Department of Energy, a gallon of gas cost the average American \$1.91 (inflation adjusted). In 2004 the average cost was \$1.79. Surprised?

According to the Department of Energy, the costs in a gallon of gas in 2002 broke down as follows: Crude oil 43% (determined by, and paid to our friends at the Organization of the Petroleum Exporting Countries – OPEC), Taxes 31%, Distribution and Marketing Costs and Profits 13%, Refining Costs and Profits 13% (looking at these numbers it is hard to understand why "Big Oil" takes all the shots it does about price gouging since they represent only about a quarter of the take).

Soaring fuel prices ought to give everyone something to cheer about. Environmentalists can watch with smug satisfaction as wretched SUV owners, shoulders slumped, shuffle into the cashier at the local gas mart. Politicians, wracked with Irritable Bowel Syndrome over unbalanced budgets, find relief as tax revenues pour in. Oil company executives, perennial fall guys, delight in profits that will fuel additional exploration

Ah, but you say what about the rest of us. How does expensive fuel help us? Basic human nature inures in us an uncanny ability to ignore most anything until it starts to hurt. High energy prices can bring on searing pain. Remember gas rationing in the late 70's and early 80's? Long lines at the gas pump, along with higher prices grabbed our attention like a cracked tooth. I remember wearing a lot of sweaters as we turned thermostats down to temperatures that would make a ham hock happy. We car pooled, and there was a lot of talk about conservation and alternative sources of energy (remember Cold Fusion?).

So what happened? Since that time, gas prices have steadily eased and with them so did our throbbing toothache. Our government certainly has done a valiant job in trying to inflict pain, but with 31% of the price of a gallon of gas going to taxes, consumption has not slowed, nor have there been any novel energy solutions offered up from Washington.

The fact is that higher energy prices encourage more players to enter the game. Energy companies, flush with profits, can afford to take financial risks on new technologies and exploration. In fact, they are now extracting oil in places abandoned as economically unfeasible only a few years ago. Alternative sources of energy like wind, solar, and Hydrogen fuel cells are just that – alternatives. They become economically viable when oil prices are high. So the next time you catch yourself mumbling under your breath about the high price of

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energy, take some solace in the fact that someone somewhere is working hard to figure out a way to break you of your fossil fuel habit.

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