

Keeping Cool in a Driven Society

By Crystal Rawls

Fluctuating gas prices kept business leaders on edge in 2006. At one point, rumors abounded about potential severe oil shortages and the priced jumped to a painful \$3 per gallon, forcing many businesses to cut costs in other areas, including employee layoffs. As unpredictable as the oil situation may be, some oil and gas experts and analysts say there is no cause for business owners to panic just yet.

In fact, Dale Steffes, an energy planner, forecaster and consultant with nearly 35 years' experience, said the instability of the market is to be expected, and is, in fact, cyclical. He likened the 2006 rise in oil prices to the situation in 1980 when Iraq invaded Iran and combined production in both countries was only a million barrels per day (6.5 million barrels per day less than in 1979). Regardless, said Steffes, the world is not going to "run out of oil" anytime soon – and with worldwide giant oil discoveries, not to mention almost daily innovations in alternate fuel energy, energy consumers can breathe a little easier.

Even so, unpredictable prices still mean excruciating expenses for some business owners. David Mosley, Regional Account Director for Reliant Energy, noted that a medium to large commercial electricity user who contracted to purchase a 12-month supply of power at approximately 6.3 cents/kWh would be paying approximately 11cents/kWh for the same amount just one year later. Although 4.7 cents/kWh is pennies to small, non-energy intensive users, Mosley advised that when multiplied by the 200,000 kWh larger consumers use monthly, a company's earnings can vary by over \$1 million annually.

Mosley said, "Unpredictability will continue. Not even all the analysts agree on the outlook for energy prices. One camp says our ability to produce enough crude to provide our energy is peaking in the face of increasing domestic and international demand. That scenario says prices increase. The other camp says we have adequate resources to satisfy demand for decades, thanks in part to expanded exploration and production

of crude oil and natural gas throughout the world, application of new production techniques that allow for greater recovery of oil from existing and future wells, and development of new energy sources such as the tar sands of Canada."

Mosley encourages businesses to be prepared, especially when it comes to attempting to



stabilize such a volatile area. "In addition to protecting against this instability, there are ways for large electricity consumers to opportunistically exploit the volatility. What's the prerequisite to being opportunistic? Be organized, knowledgeable, realistic, factual, disciplined and nimble. Of all those traits, being nimble is often the greatest challenge for most companies."

Thanks to incentives, agility may become an easier feat. Last September, the City of Houston offered a solution to commuters, whose transportation costs were becoming a bit overwhelming, therefore adversely affecting businesses. "Flex in the City," a five part initiative focusing on environmental, productivity and mobility improvements, encouraged business owners to allow employees to attempt a flexible work schedule. Nearly 150 employers (2,768 employees) enrolled in the project and reported eliminating 16,610 additional peak-time commutes.

The result was phenomenally successful. Ninety-three percent of the 1,430 employees who responded in the survey noted that a flexible environment enabled them to be more effective at work and would be continuing with a similar schedule as a result. In addition, two highly-trafficked freeways (I-45 North and US 59 Southwest) showed a measurable difference in travel time of 1.7 minutes. That equates to little over 14 hours per year saved for each individual commuting on one of those two freeways during peak time.

"We are pleased with these results," said Mayor Bill White. "The project shows that by working together we can save motorists time and money without loss of

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productivity. And even more remarkable is that it would cost us many millions of dollars to build enough road-lane capacity to achieve the same kind of improvement in mobility.”

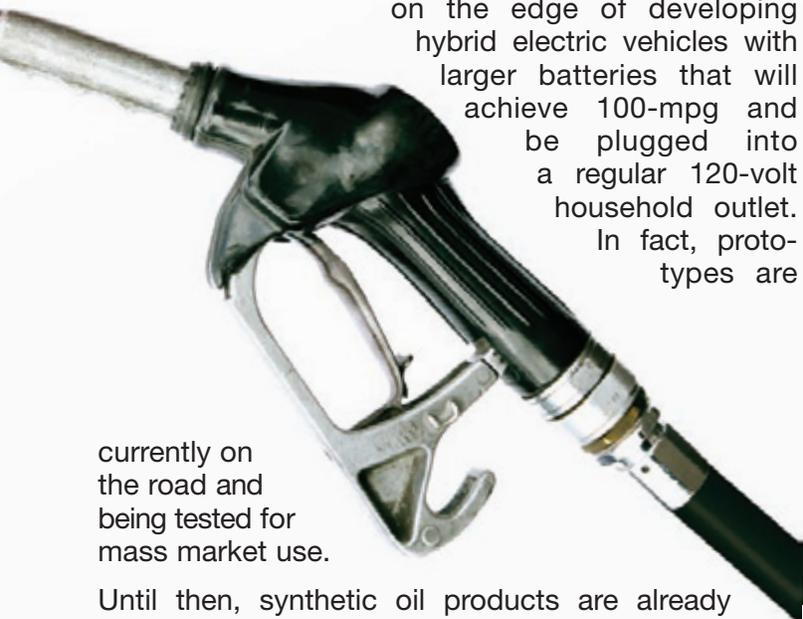
For transportation-dependant (who isn't, these days?) individuals and businesses, hybrid vehicles that draw power from either the electrical battery or the gasoline engine, are always an option when looking into a cost-effective company vehicle. Automakers are teetering

on the edge of developing hybrid electric vehicles with larger batteries that will achieve 100-mpg and be plugged into a regular 120-volt household outlet.

In fact, prototypes are

currently on the road and being tested for mass market use.

Until then, synthetic oil products are already more and more available to the masses and are, in fact, very cost-effective for the prudent consumer. For instance, in order for a vehicle to continue running smoothly, the regular (non-synthetic) oil would need to be changed approximately every 5,000 miles, possibly five times per year, approximately \$21 per oil change.



HYBRID OWNERS GET TAX BREAK, BUT NOT FOR LONG

Tax credits for hybrid vehicle owners have already begun to shrink for those manufactured by Toyota, including certain Camry, Highlander and Lexus vehicles.

On April 1, the tax credit for the Prius will be \$787.50 and credits for other Toyota and Lexus vehicles will be between \$387.50 and \$650. Beginning October 1, no credits can be claimed for Toyota hybrid vehicles, however, Honda, Ford and General Motors hybrid owners may still claim full tax credits this year.

For more information visit www.irs.gov.

Mobil synthetic oil requires a change every 10,000 miles, maybe 2.5 times per year at a cost of \$41 per change. Alternatively, Amsoil synthetic oil can be changed every 25,000 miles at \$49.50 per change. All Texas Highway Patrol and Game Wardens have turned to synthetic oil.

As the need and demand for energy grows, so does technology. Today, businesses have more options when it comes to energy savings, whether it is as simple as adjusting business flexibility, reverting to alternative sources or inventing new energy saving devices. Regardless of the source, energy will always be at the forefront of innovation. **N**

Crystal Rawls is a freelance writer specializing in business communications including press materials, brochure, flyer and web site content as well as proofreading and editing services. Credits include investigative, human interest and entertainment articles in addition to marketing content for several high-profile companies. Rawls may be reached at crystal@nbizmag.com.