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## Surge in Natural Gas Has Utah Driving Cheaply

By [CLIFFORD KRAUSS](#)

SALT LAKE CITY — The best deal on fuel in the country right now might be here in [Utah](#), where people are waiting in lines to pay the equivalent of 87 cents a gallon. Demand is so strong at rush hour that fuel runs low, and some days people can pump only half a tank.

It is not gasoline they are buying for their cars, but [natural gas](#).

By an odd confluence of public policy and private initiative, Utah has become the first state in the country to experience broad consumer interest in the idea of running cars on clean natural gas.

Utahans are hunting the Internet and traveling the country to pick up used natural gas cars at auctions. They are spending thousands of dollars to transform their trucks and sport utility vehicles to run on compressed gas. Some fueling stations that sell it to the public are so busy they frequently run low on pressure, forcing drivers to return before dawn when demand is down.

It all began when unleaded gasoline rose above \$3.25 a gallon last year, and has spiraled into a frenzy in the last few months.

Ron Brown, [Honda](#)'s salesman here for the Civic GX, the only car powered by natural gas made by a major automaker in the country, has sold one out of every four of the 800 cars Honda has made so far this year, and he has a pile of 330 deposit slips in his office, each designating a customer waiting months for a new car.

"It's nuts," Mr. Brown said. "People are buying these cars from me and turning around and selling them as if they were flipping real estate."

Advocates for these cars see Mr. Brown's brisk sales as a sign that natural gas could become the transport fuel of the future, replacing much of the oil the nation imports. While that remains a distant dream, big increases recently in the country's production of natural gas do raise the possibility of making wider use of the fuel.

To a degree, it is already starting to happen in Utah, where the cost savings have gotten the public's attention. Natural gas is especially cheap here, so that people spend about 87 cents for a quantity of gas sufficient to propel a car approximately the same distance as a \$3.95 gallon of gasoline.

The word about natural gas cars has been spreading in news reports and by word of mouth, and so many Utahans are now trying to get their hands on used natural gas vehicles that they are drying up the national supply. Used car lots are stocking up, and beginning to look like county government parking lots with multiple lines of identical white Civic GXs once used in out-of-state fleets.

Gov. Jon M. Huntsman Jr. got into the act last year, spending \$12,000 out of his own pocket to convert his state sport utility vehicle to run on natural gas. "We can create a model that others can look to," Mr. Huntsman said in an interview. "Every state in America can make this a reality."

In fact, some unique factors apply in Utah. Natural gas prices at the pump here are controlled and are the cheapest in the country, while the price of conventional gasoline is one of the highest. Questar Gas, the public utility, has compressed-gas pumps around the state open to the public, a fueling infrastructure that few states can match.

Special factors or not, the sudden popularity of natural gas vehicles here demonstrates their potential, according to advocates like [T. Boone Pickens](#), the Texas oil billionaire who is financing a national campaign promoting wind power and natural gas to replace imported oil. "Utah shows that the technology is here and the fuel works and the fuel is better than foreign oil," Mr. Pickens said.

Natural gas cars produce at least 20 percent less greenhouse gas per mile than regular cars, according to a California study.

No official figures are available on how many natural gas vehicles Utah has, in part because so many people go to garages that install conversion kits that are not certified by the [Environmental Protection Agency](#) and are therefore illegal.

(Governor Huntsman has expressed concern, and some in the installation business have requested that the E.P.A. close down the unauthorized operations; the agency says it does not comment on possible investigations.)

But Questar estimates the number at 6,000 and growing by several hundred a month. That is small compared with the 2.7 million vehicles registered in the state, but natural gas executives and state government officials say it makes Utah the fastest-growing market in the country for such cars.

Cars fueled by compressed natural gas have been available intermittently in the United States for decades, and have found wide use in fleets, but have never attracted much consumer interest. The situation is markedly different abroad. Of the eight million natural gas vehicles operating worldwide, only about 116,000 were in the United States, mostly as fleet vans, buses and cars, according to a 2006 Energy Department estimate.

Congress mandated the use of fleets capable of using alternative fuel cars for governments and some energy companies in the early 1990s, but public interest petered out as gasoline prices plummeted. Over the years, all the major car companies except Honda dropped their production in the United States.

The cars have two major disadvantages — a shortage of fueling stations and limited range. (A typical natural gas car goes half as far on a full tank as a gasoline car.) Utah is one of the few states where a driver can travel across the state without being out of range of a station.

The situation is a Catch-22: Carmakers do not want to make natural gas cars when few filling stations are set up for them, and few stations want to install expensive equipment to compress gas with so few cars on the

road.

Hundreds of stations supply compressed gas in a few states like California, New York and Arizona, but most are either closed to the public or charge only modestly less than regular gasoline prices.

Retail natural gas prices in some states are triple the price in Utah. The only state that comes close to Utah's low gas prices is Oklahoma, and a surge of natural gas car buying is going on there, too.

The natural gas industry and some politicians are pushing to open up the market to gas-powered vehicles across the country. Even in states without fueling stations, a few drivers have switched by spending several thousand dollars to install a home gas compressor.

A proposal on the ballot in California this fall would allow the state to sell \$5 billion in bonds to finance rebates of \$2,000 and more to buyers of natural gas vehicles. Legislation has been introduced in Congress to offer more tax credits to producers and consumers and mandate the installation of gas pumps in certain service stations, with the goal of making natural gas cars 10 percent of the nation's vehicle fleet over the next decade.

"If the incentives are right and the fuel and cars are available, natural gas can work," said Gordon Larsen, supervisor for natural gas vehicle operations at Questar Gas. But he said that any drop in gasoline prices douses enthusiasm among drivers considering the switch.

With gasoline hovering just below \$4 a gallon for unleaded regular here, interest in the Salt Lake City area is strong.

Questar reports that the volume of natural gas pumped at its 21 filling stations is up 240 percent this year from last, after a 50 percent rise in 2007. Demand has grown so fast that the compressors at many of Questar's stations run low during the day, forcing drivers to settle for half a tank or fill up during off-peak hours.

The natural gas car surge in Utah is because of several factors. Questar has had filling pumps around the state to fuel its own fleet of service vehicles since the 1980s, and because it had excess capacity, it opened those stations to the public. Natural gas prices are cheap because under Utah regulations, the utility is obliged to offer about half of the gas that it sells to its retail customers at the cost of production.

The state and a few municipalities are preparing to open more filling stations. If the trend continues, it could eventually lower the environmental impact of driving in Utah.

For now, demand for compressed-gas cars is outstripping supply.

"People get into a frenzy and they just have to buy," said Rick Oliver, owner of a company that converts vehicles. He said that in a recent online auction, a Utah buyer paid \$19,000 for a 2001 Civic GX with 50,000 miles — the price a buyer of a new GX would pay after state and federal tax credits.

Gary Frederickson, a 48-year-old computer technician, has bought six natural gas vehicles on [Craigslist](#) over the last year, flying as far as Portland and Oakland to pick up the cars. One 1998 [Ford Contour](#) he bought for

\$3,000 in effect cost him nothing because he will receive a \$3,000 state tax credit for buying an alternative fuel car.

“It’s crazy to be in Utah and have access to 85-cent-a-gallon fuel and not take advantage of it,” he said before a recent 2-cent increase.

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