

Half-century of natural gas use in Indiana

Natural Gas for the Hoosier State
Author: Bill Beck
Publisher: Indiana Gas Co.
Price: \$30

By JANE LICHTENBERG

For 50 years, the Indiana Gas Co. has been instrumental in distributing natural gas to the people, businesses and industries of the state. To commemorate this half-century of service, the utility has published a book detailing the company's history and the role gas has played in it.

The old Indiana Gas & Water Co. was formed in September 1945, but long before the Civil War, entrepreneurs started small plants to provide a low-Btu gas for streetlighting, cooking and heating, notes historian Bill Beck. In *Natural Gas for the Hoosier State*, he examines the integral role gas played in Indiana's social and economic progress and profiles the movers and shakers who shaped the industry.

Starting about 1850, the town plants made gas by burning coal in holders, mixing the result with water or fuel oil, and storing the product for transmission through wood or cast-iron mains.

Discovered after 1886

Natural gas was discovered in north and east-central Indiana after 1886, Beck explains, forcing abandonment of gas plants in many communities, including Indianapolis. He adds, however, that town gas made a comeback in the early 20th century after natural gas belts were depleted. It finally was supplanted in the 1930s when natural gas pipelines arrived in Indiana.

The return to town gas systems in the early 1920s coincided with creation of giant holding companies that owned and operated gas, electric, water and telephone utilities across America. Beck points out. Predecessor companies to Indiana Gas were part of three out-of-state holding firms.

Pipelines were constructed after 1910 to bring in natural gas from out of state. Manufactured gas also was delivered by pipeline from the Lake County region, where it was produced as a by-product of steel mills and iron foundries.

In the 1930s, plentiful natural gas fields in Texas, Oklahoma and Kansas were discovered, and Indiana benefited from two major pipelines bringing the fuel from that region. Public Service Indiana's Gas and Water Division convinced major Indiana industries in the '30s to switch to natural gas. This sparked industrial output, which encouraged recovery from the Depression.

By 1940, there were 37 gas companies in the state serving 473,000 customers.

A year later, PSI, whose parent company faced bankruptcy, decided to spin off its gas and water division. But World War II intervened, and it took four more years before the Indiana Gas & Water Co. became independent. On Sept. 17, 1945, PSI issued shares of stock in the new company.

The Indianapolis-based Indiana Gas & Water, which sold natural and mixed gas, served 42 communities in central, northern and southern Indiana.

During the war, three major pipelines were built, including the Big Inch, which was added to the existing Panhandle Eastern line that served Indiana, offering ample natural gas to fuel the post-war expansion.

In the 1950s and '60s, the gas delivery infrastructure was up-

graded, and many Hoosier cities and towns were converted to natural gas from artificial and propane fuels.

Indiana Gas & Water in 1967 sold off its water properties and changed its name to Indiana Gas Co., which it retains today.

The next decades were turbulent ones for the gas industry, Beck notes. Fuel shortages in the 1970s due to wellhead regulation of the price of natural gas caused exploring and drilling to decline and rates to increase.

Deregulation

Finally, in 1985 the gas industry was deregulated by the Natural Gas Policy Act. This brought a return to a glut of the fuel and eased prices.

After acquiring other Indiana gas utilities during its 50 years, Indiana Gas now serves most of central Indiana, except Marion County, along with some southern counties.

As for the future, Beck reports that Indiana Gas management predicts industry growth to be strong well into the 21st century. Domestic supplies are expected to top 22.6 quadrillion Btu's by 2010, up from 19.2 quadrillion this year. These bright prospects and a legacy of service to Indiana communities are what Indiana Gas will celebrate Sunday as it marks its 50th year.

Information about purchasing *Natural Gas for the Hoosier State* may be obtained by calling Julie Vincent, director of corporate communications for Indiana Gas Co., at (317) 521-0572.

Lichtenberg is copy editor of *The Star*.



1995-09-16 Half Century of Natural Gas in Indiana by Bill Beck



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Tue, Nov 15,