

RESIDENTIAL

Natural Gas

Market Survey

2002 DATA



RESIDENTIAL NATURAL GAS MARKET SURVEY

2002 DATA

55th Annual Survey of the
Natural Gas Utility Industry
United States

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Introduction

This year's report is the 55th annual *Residential Natural Gas Market Survey* conducted by the American Gas Association (AGA). The data collected for 2002 provide a unique and comprehensive portrait of the residential natural gas market. Detailed information is presented by state and region, including customers, market share, inventory additions from new homes, and conversions from alternative fuels. Company-specific data are reported in Appendices A, B and C. Appendix D presents natural gas market shares data for the metropolitan statistical areas.

A total of 62 natural gas utility companies responded to this year's survey. This is an increase from the 51 utilities that responded to the 2001 survey. Company-specific data were derived from the Energy Information Administration's Form 176 database. In addition, some state total data were derived from AGA's Gas Facts: 2002 survey responses.

Incorporated in the survey results are data regarding new private housing completions from the U.S. Bureau of the Census. The source of these data is different from the statistics compiled from the survey respondents and should be evaluated separately.

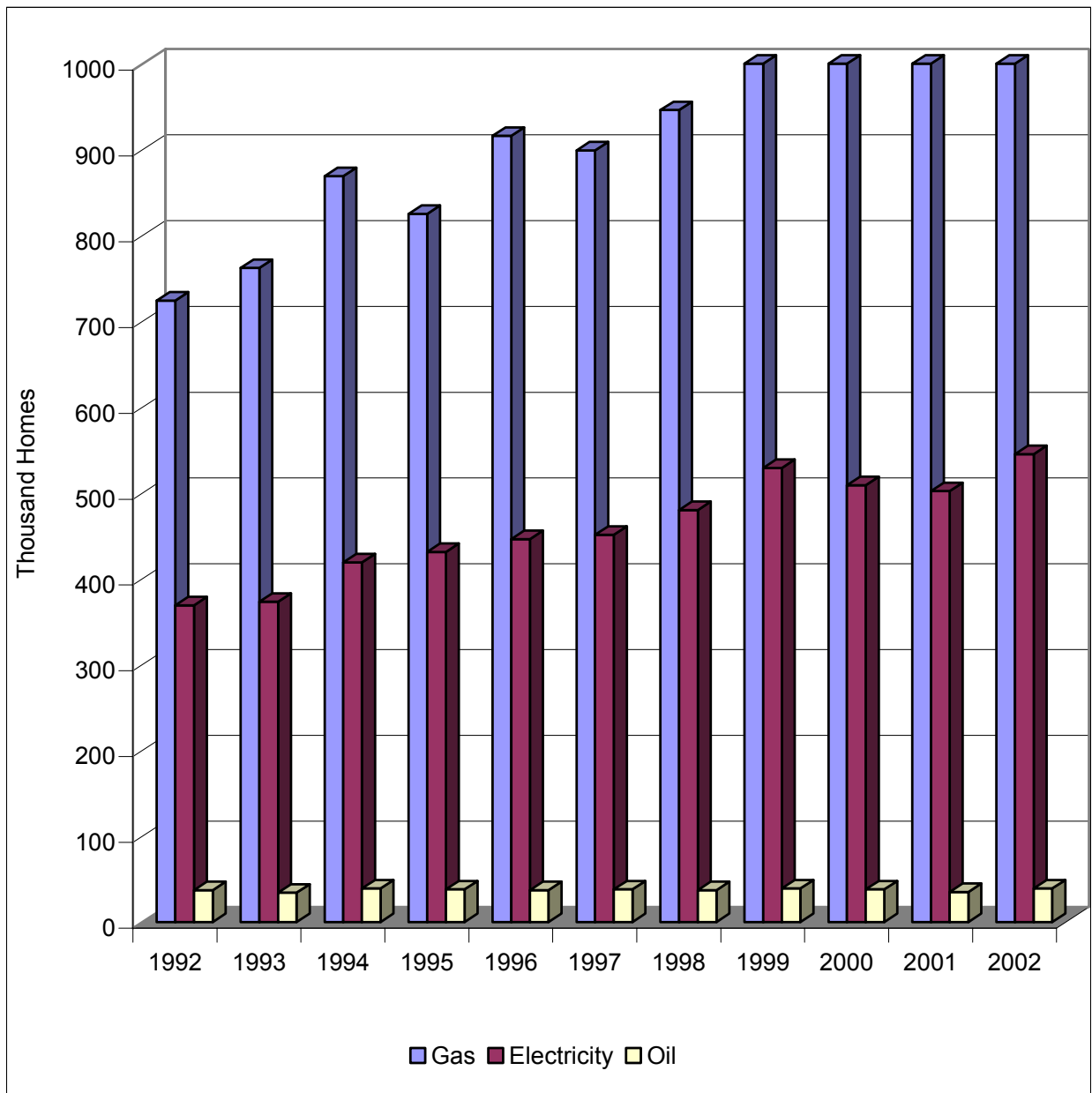
Our thanks go to those companies participating in the *2002 Residential Natural Gas Market Survey* information-gathering effort. Their cooperation and support are essential to making this publication a primary source of natural gas utility industry data and an important industry reference.

Executive Summary

The residential natural gas customer count exceeded 61 million in 2002, or 61 percent, of total U.S. households. Eighty-four percent of these natural gas customers use natural gas for house heating purposes.

- The natural gas share of new single-family housing completions exceeded the electric share in all but one region. Gas single-family homes completed in 2002 registered at 68 percent market share, a drop of two percentage points from 2001. New gas single-family home completions have exceeded all other energy sources for at least eleven years (see Figure 1). When both single and multi-family units are considered, the gas share of new housing completions decreased to 64 percent, compared to 65 percent the previous year. The overall electric share increased by one percentage point to 33 percent in 2002.
- New additions to the number of residential customers totaled 850,000 million in 2002. This represents an increase of 1.4 percent compared to last year.
- The 2002 survey results showed that roughly 14 percent of all new natural gas customers came from homes converted from another energy source. The respondents were asked to provide a breakdown of conversions by fuel type. Based on these data, fuel oil conversions to natural gas accounted for 37 percent of all conversions. Approximately 48 percent of conversion customers had previously heated with electricity. The respondents were unable to identify the previous heating fuel for 15 percent of the homes.
- The overall market share for natural gas space heat in existing homes rose slightly to 52 percent since 1999. Natural gas water heaters have maintained a similar market share as well, while shares for gas cooking and clothes drying remained at 35 percent and 22 percent, respectively.
- During 2002, more than \$3.1 billion went to assist low-income households pay their energy bills or weatherize their homes. Most of the funding came from LIHEAP, with \$1.8 billion in normal appropriations and emergency funds. Utilities, both electric and natural gas, accounted for 25 percent (\$771 million) of the total in the form of discounts, waivers, forgiveness of arrearages, and weatherization programs.

Figure 1
Natural Gas vs. Electricity and Oil
Single-Family Home Completions (1992-2002)



United States Housing Market in 2002

New Housing Completions

Additions to the U.S. housing market increased slightly from 2001 to 2002, with new completions totaling 1,648,000.

Natural gas continued to dominate the new single-family home market. According to the U.S. Bureau of the Census, new gas single-family completions numbered 907,000 in 2002, up from 875,000 in 2001. Despite this increase, gas market share fell to 68 percent in 2002, compared to 70 percent in 2001. The 2002 electric market share of new home completions reached 28 percent, a slight increase from 2002. Gas single-family home completions exceeded electric completions for the seventeenth consecutive year.

In the new multi-family housing arena, gas market share decreased two percentage points, from 47 percent in 2001 to 45 percent in 2002. The total number of multi-family units completed in 2002 increased to 323,000 compared to 315,000 in 2001. Market share for electricity rose by one percentage point compared to 2001, reaching 54 percent in 2002. Natural gas multi-family units numbered 146,000 compared with 174,000 electric units in 2002.

When both single and multi-family units are considered, gas house heating market share of new housing in 2002 was 64 percent. The overall 2002 electric house heating market share increased one percentage point to 33 percent in 2002 compared to 2001.

Tables 1 and 2 present the regional breakdown of units completed by type of fuel. Gas single-family home completions outnumbered electric completions in all regions except the South. The gas market shares in the Northeast, Midwest, South and West regions were 65 percent, 90 percent, 48 percent and 89 percent, respectively. Market share for natural gas decreased one to two percentage points in all four regions compared to 2001. In the multi-family sector, gas completions exceeded electric in all regions but the South.

Table 3 shows new housing market share data from 1992 to 2002. The Census data show that overall, new housing market share of gas has been higher than electric for at least the last eleven years. The market share went from 63 percent gas and 32 percent electric in 1992 to 64 percent gas and 33 percent electric in 2002.

Table 1

2002 Private Housing Completions by Heating Fuel
(Thousands of Units)

	Share (%)	Units (Thousands)				
		US	Northeast	Midwest	South	West
Single-Family						
Gas ¹	68%	907	73	246	297	290
Electricity	28%	371	5	24	315	27
Oil	3%	38	35	Z	2	1
Other ²	1%	10	Z	2	1	6
Subtotal	100%	1,325	113	272	615	325
Multi-Family						
Gas ¹	45%	146	31	40	18	57
Electricity	54%	174	3	18	124	29
Oil	Z	1	1	0	0	Z
Other	NA	NA	NA	NA	NA	NA
Subtotal	100%	323	35	58	143	88
Combined						
Gas ¹	64%	1,053	104	286	315	347
Electricity	33%	545	8	42	439	56
Oil	2%	39	36	0	2	1
Other ²	1%	10	0	2	1	6
TOTAL	100%	1,648	148	330	758	413
Heat Pump ³						
Single-Family	23%	310	5	17	260	27
Mutli-Family	36%	117	8	10	81	17
Combined	26%	427	13	27	341	44
Manufactured Homes ⁴		172	12	33	100	27

¹Includes liquefied petroleum gas.

²Includes wood, coal, solar and other types.

³Subset of electricity. Share information reflects total market.

⁴Not included in the totals for Single-Family, Multi-Family, or Combined. Heating fuel information not available for manufactured homes. Source: U.S. Bureau of the Census Website.

Z = Less than 500 units or less than 0.5 percent.

NA = Not available

Note: Components may not add to totals due to rounding and withheld data

Source: U.S. Bureau of the Census, *Characteristics of New Housing: 2002*

Table 2

A Comparison of 2001 & 2002 Private Housing Completions
(Percent of Market)

	<u>US Total</u>		<u>Northeast</u>		<u>Midwest</u>		<u>South</u>		<u>West</u>	
	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>
Single-Family										
Gas ¹	70%	68%	67%	65%	91%	90%	50%	48%	90%	89%
Electricity	27%	28%	4%	4%	8%	9%	50%	51%	8%	8%
Oil	3%	3%	28%	31%	Z	Z	Z	Z	Z	Z
Other	1%	1%	Z	Z	1%	1%	Z	Z	2	2
Multi-Family										
Gas ¹	47%	45%	98%	91%	73%	69%	18%	13%	61%	64%
Electricity	53%	54%	1%	7%	27%	31%	82%	87%	38%	33%
Oil	Z	Z	1%	2%	0%	0%	0%	0%	Z	Z
Other	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Combined										
Gas ¹	65%	64%	74%	70%	88%	87%	44%	42%	84%	84%
Electricity	32%	33%	3%	5%	11%	13%	56%	58%	14%	14%
Oil	2%	2%	22%	24%	0%	0%	0%	0%	0%	0%
Other	1%	1%	0%	0%	1%	1%	0%	0%	2%	1%

¹Includes liquefied petroleum gas.

Z = Less than 500 units or less than 0.5 percent.

NA = Not available

Note: Percentages may not add up to 100% due to rounding

Source: U.S. Bureau of the Census, *Characteristics of New Housing: 2001 & 2002*

Figure 2
Market Share for All Housing Completions
 (1992-2002)

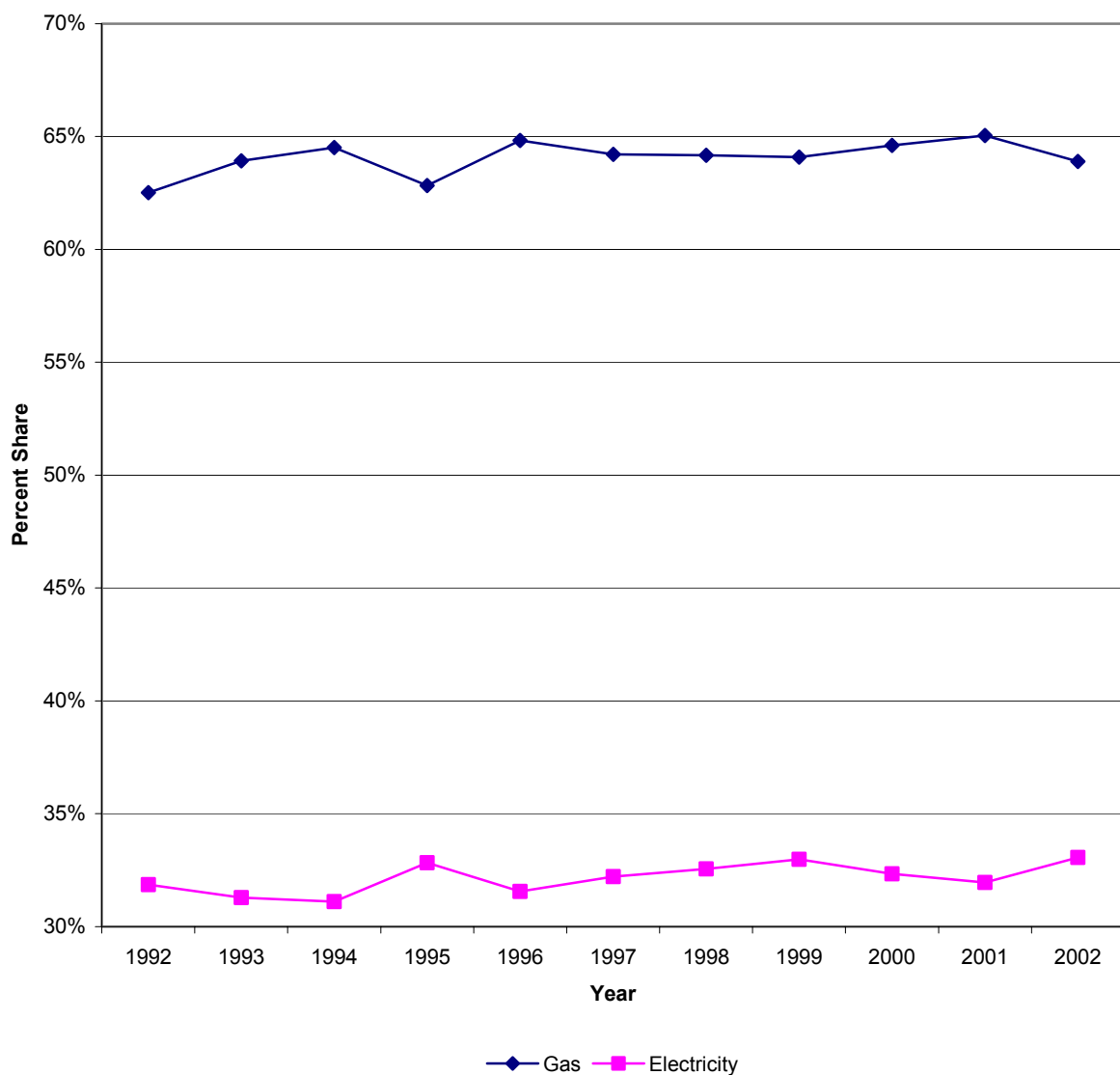


Table 3

**Market Share of Private Housing Completions by Heating Fuel
(1992-2002)**

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Single-Family											
Gas ¹	65%	66%	67%	67%	69%	69%	70%	70%	70%	70%	68%
Electricity	29%	29%	29%	28%	26%	26%	26%	27%	27%	27%	28%
Oil	4%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Other	2%	2%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Multi-Family											
Gas ¹	52%	52%	52%	47%	48%	45%	44%	43%	45%	47%	45%
Electricity	44%	45%	46%	51%	52%	54%	55%	55%	54%	53%	54%
Oil	1%	S	S	1%	0%	0%	1%	1%	Z	Z	Z
Other	3%	3%	2%	1%	NA	NA	1%	NA	NA	NA	NA
Combined											
Gas ¹	63%	64%	65%	63%	65%	64%	64%	64%	65%	65%	64%
Electricity	32%	31%	31%	33%	32%	32%	33%	33%	32%	32%	33%
Oil	3%	3%	3%	3%	2%	3%	3%	2%	2%	2%	2%
Other	2%	2%	1%	1%	1%	1%	1%	1%	1%	1%	1%

¹Includes liquefied petroleum gas.

S = Data withheld because they did not meet publication standards on the basis of response rate, associated standard error or consistency review.

Z = Less than 500 units or less than 0.5 percent.

NA = Not available

Note: Percentages may not add up to 100% due to rounding

Source: U.S. Bureau of the Census, *Characteristics of New Housing: 2001 & 2002*

Existing Housing

According to the U.S. Department of Census, slightly more than half of the existing housing units in 2000 (latest available data) used natural gas to heat their homes, accounting for 54 million of the total 105 million housing units in the U.S. (see table 4).

Natural gas holds the largest market share in the Midwest, where 71 percent of the homes in that region have natural gas heating systems. Natural gas has the lowest market share in the warmer climate of the South. About 35 percent of the houses in the South used natural gas space heating in 2000.

Natural gas heating also beats out the competition in the Northeast and West regions of the country. Natural gas house heating market share in the Northeast was 49 percent, while the natural gas share was 60 percent in the West.

Table 4
2000 Household Space Heating Market Share

	<u>Natural Gas</u>	<u>Propane</u>	<u>Electricity</u>	<u>Fuel Oil</u>	<u>Coal & Coke</u>	<u>Wood</u>
United States	51%	7%	30%	9%	0%	2%
Northeast	49%	3%	11%	34%	0%	1%
<i>New England</i>	33%	4%	11%	49%	0%	2%
Connecticut	29%	2%	15%	52%	0%	1%
Maine	4%	5%	4%	80%	0%	6%
Massachusetts	44%	3%	12%	39%	0%	1%
New Hampshire	18%	11%	8%	58%	0%	4%
Rhode Island	46%	3%	8%	42%	0%	1%
Vermont	12%	14%	5%	59%	0%	9%
<i>Middle Atlantic</i>	55%	3%	12%	28%	1%	1%
New Jersey	67%	2%	10%	19%	0%	0%
New York	52%	3%	9%	33%	0%	1%
Pennsylvania	51%	3%	17%	26%	1%	2%
Midwest	71%	9%	15%	3%	0%	1%
<i>East North Central</i>	73%	8%	14%	3%	0%	1%
Illinois	81%	5%	12%	1%	0%	0%
Indiana	65%	9%	22%	3%	0%	1%
Michigan	78%	9%	7%	4%	0%	1%
Ohio	69%	6%	18%	5%	0%	1%
Wisconsin	66%	11%	11%	8%	0%	3%
<i>West North Central</i>	64%	12%	18%	3%	0%	2%
Iowa	67%	16%	13%	2%	0%	1%
Kansas	72%	10%	17%	0%	0%	1%
Minnesota	68%	10%	12%	6%	0%	2%
Missouri	58%	13%	25%	1%	0%	4%
Nebraska	68%	10%	18%	1%	0%	1%
North Dakota	43%	16%	29%	9%	1%	1%
South Dakota	48%	22%	20%	7%	0%	2%
South	35%	8%	51%	4%	0%	1%
<i>South Atlantic</i>	27%	7%	57%	7%	0%	1%
Delaware	37%	10%	26%	26%	0%	1%
DC	65%	2%	24%	7%	0%	0%
Florida	6%	4%	87%	1%	0%	0%
Georgia	49%	11%	38%	1%	0%	1%
Maryland	46%	3%	33%	16%	0%	1%
North Carolina	24%	13%	49%	12%	0%	2%
South Carolina	26%	9%	58%	5%	0%	1%
Virginia	34%	5%	44%	13%	0%	3%
West Virginia	48%	6%	32%	7%	1%	6%
<i>East South Central</i>	39%	12%	45%	1%	0%	2%
Alabama	38%	14%	46%	0%	0%	1%
Kentucky	44%	10%	39%	3%	1%	3%
Mississippi	37%	21%	40%	0%	0%	2%
Tennessee	36%	7%	52%	2%	0%	2%
<i>West South Central</i>	46%	7%	45%	0%	0%	1%
Arkansas	49%	14%	33%	0%	0%	5%
Louisiana	47%	5%	47%	0%	0%	1%
Oklahoma	60%	11%	26%	0%	0%	2%
Texas	43%	6%	49%	0%	0%	0%
West	60%	4%	29%	2%	0%	3%
<i>Mountain</i>	59%	7%	29%	1%	0%	3%
Arizona	37%	5%	54%	0%	0%	2%
Colorado	75%	6%	16%	0%	0%	1%
Idaho	45%	6%	34%	5%	0%	8%
Montana	59%	13%	16%	3%	0%	8%
Nevada	56%	5%	36%	2%	0%	1%
New Mexico	68%	15%	12%	0%	0%	5%
Utah	85%	3%	10%	1%	0%	1%
Wyoming	64%	11%	19%	0%	1%	4%
<i>Pacific</i>	60%	3%	29%	2%	0%	3%
Alaska	46%	2%	10%	36%	0%	4%
California	71%	4%	22%	0%	0%	2%
Hawaii	3%	3%	48%	0%	0%	0%
Oregon	34%	2%	49%	7%	0%	7%
Washington	33%	3%	53%	6%	0%	5%

Source: U.S. Bureau of the Census

Table 5 illustrates the changing nature of household space heating energy. In the 1940s and 1950s, coal or coke was the dominant fuel with wood enjoying a large market share – currently, use of those fuels in homes has dropped dramatically. Fuel oil gained its largest market share in the 1960s, but its popularity has declined since. Propane has gained in market share somewhat over the time period. Electricity increased significantly since 1950, particularly after 1970 when the heat pump became popular. Natural gas’ popularity increased substantially over the time period – the advent of the interstate pipeline system and the expansion of local distribution networks increased the availability of this fuel. Natural gas has been the preferred home heating energy source since 1960.

Table 5

Historic Household Space Heating Market Shares

<u>Year</u>	<u>Utility Gas</u>	<u>Bottled, Tank, or LP Gas</u>	<u>Electricity</u>	<u>Fuel Oil, Kerosene, Etc.</u>	<u>Coal or Coke</u>	<u>Wood</u>	<u>Other Fuel</u>	<u>No Heat</u>
1940	11.3%	NA	NA	10.0%	54.7%	22.8%	0.4%	0.8%
1950	26.6%	2.3%	0.7%	22.6%	34.6%	10.0%	1.8%	1.4%
1960	43.1%	5.1%	1.8%	32.4%	12.2%	4.2%	0.4%	0.9%
1970	55.2%	6.0%	7.7%	26.0%	2.9%	1.3%	0.4%	0.6%
1980	53.1%	5.6%	18.4%	18.2%	0.6%	3.2%	0.2%	0.7%
1990	51.0%	5.7%	25.8%	12.2%	0.4%	3.9%	0.4%	0.6%
2000	51.2%	6.5%	30.3%	9.0%	0.1%	1.7%	0.4%	0.7%

Source: U.S. Department of Census

Residential Natural Gas Customers in 2002

Total Residential Customers

Based on the Energy Information Administration's Form 176 database, the total number of residential natural gas customers reached more than 61 million in 2002. This represents a 1.4 percent increase from 2001.

House Heating Customers

Based on survey responses, Census information, and AGA's Gas Facts: 2002 data, approximately 84 percent of all residential natural gas customers used gas to heat their homes (see Table 6). The East North Central region of the country had the highest penetration, in excess of 94 percent in 2002, while the New England region had the lowest penetration, around 66 percent.

Natural Gas Customer and Unit Additions

The number of natural gas customers increased one million in 2002. The Pacific and Mountain regions had the highest percentage increase in customers -- the East South Central region registered a very small increase, while the Middle Atlantic experienced a loss in customers.

Most of the additions were estimated to be from new construction. Of the total additions reported by the survey respondents, 18 percent were from conversions of customers from another fuel. Other factors that should be considered include reductions in the number of customers (demolition, conversion to another fuel, etc.) and reclassification of customers from master-metered apartments to individual meters.

House Heating Conversions

In 2002, companies responding to the survey reported that 36,042 new customers came from homes converted from another fuel to natural gas. The respondents were asked to provide a breakdown of conversions by fuel type. Based on these data, fuel oil conversions to natural gas accounted for 37 percent of all conversions. Approximately 48 percent of conversion customers had previously heated with electricity. The respondents were unable to identify the previous heating fuel for 15 percent of the homes.

Table 6: 2002 Gas Customers and Unit Additions

Region, Division and State	GAS CUSTOMERS			GAS UNIT ADDITIONS		
	Total(1)	House Heating(2)	Percent Heating(2)	Total(1)	Reported Conversions	Reported Conversions
UNITED STATES	61,140,020	51,357,617	84.0%	887,275	36,042	14%
NORTHEAST						
NEW ENGLAND	2,113,471	1,390,167	65.8%	24,052	927	35%
Connecticut	462,574	325,190	70.3%	4,469		
Maine	17,921	12,348	68.9%	619		
Massachusetts	1,295,952	819,042	63.2%	12,944	906	35%
New Hampshire	87,147	60,131	69.0%	2,387		
Rhode Island	219,769	152,080	69.2%	2,988		
Vermont	30,108	21,377	71.0%	645		
MIDDLE ATLANTIC	9,251,614	6,964,899	75.3%	28,989	9,600	24%
New Jersey	2,434,533	1,901,370	78.1%	(2,238)	6,540	28%
New York	4,258,224	3,070,180	72.1%	15,094	475	12%
Pennsylvania	2,558,857	1,993,350	77.9%	16,133	2,585	21%
MIDWEST						
EAST NORTH CENTRAL	13,182,515	12,409,127	94.1%	207,301	4,972	28%
Illinois	3,688,252	3,400,568	92.2%	17,559	-	
Indiana	1,657,640	1,525,029	92.0%	44,267		
Michigan	3,118,457	2,962,534	95.0%	107,252	62	17%
Ohio	3,203,466	3,059,310	95.5%	8,059		
Wisconsin	1,514,700	1,461,686	96.5%	30,164	4,910	29%
WEST NORTH CENTRAL	5,034,494	4,653,568	92.4%	76,444	203	3%
Iowa	824,218	766,523	93.0%	5,905		
Kansas	843,395	754,839	89.5%	6,909		
Minnesota	1,282,751	1,225,027	95.5%	33,003		
Missouri	1,340,726	1,199,950	89.5%	14,566	171	4%
Nebraska	487,332	467,839	96.0%	11,057	32	1%
North Dakota	108,716	103,824	95.5%	1,958		
South Dakota	147,356	135,568	92.0%	3,046		
SOUTH						
SOUTH ATLANTIC	6,345,146	4,902,577	77.3%	98,966	817	5%
Delaware	126,418	104,295	82.5%	3,589		
District of Columbia	143,874	122,293	85.0%	5,462	115	33%
Florida	603,690	361,610	59.9%	13,469		
Georgia	1,735,063	1,447,043	83.4%	(2,787)		
Maryland	978,319	778,742	79.6%	18,547	228	3%
North Carolina	905,816	663,963	73.3%	14,589		
South Carolina	508,686	384,058	75.5%	7,525		
Virginia	982,521	744,751	75.8%	40,939	474	5%
West Virginia	360,759	295,822	82.0%	(2,367)		
EAST SOUTH CENTRAL	3,001,648	2,519,786	83.9%	14,035	627	30%
Alabama	801,217	650,588	81.2%	(6,028)		
Kentucky	756,185	645,782	85.4%	7,079	127	14%
Mississippi	435,021	367,593	84.5%	(2,878)		
Tennessee	1,009,225	855,823	84.8%	15,862	500	42%
WEST SOUTH CENTRAL	6,191,863	4,931,261	79.6%	79,820		
Arkansas	553,192	466,341	84.3%	476		
Louisiana	957,030	760,839	79.5%	4,277		
Oklahoma	875,338	769,422	87.9%	7,024		
Texas	3,806,303	2,934,660	77.1%	68,043		
WEST						
MOUNTAIN	4,739,132	4,007,355	84.6%	187,130	5,877	5%
Arizona	924,752	543,754	58.8%	39,963	1,759	2%
Colorado	1,412,923	1,354,993	95.9%	47,329	225	1%
Idaho	261,219	216,812	83.0%	10,215	1,893	19%
Montana	229,015	200,388	87.5%	2,844		
Nevada	580,319	506,038	87.2%	29,469		
New Mexico	487,606	405,201	83.1%	1,637		
Utah	660,677	620,376	93.9%	2,949	2,000	11%
Wyoming	182,621	159,793	87.5%	52,724		
PACIFIC	11,280,137	9,646,757	85.5%	170,538	13,019	33%
Alaska	97,077	89,796	92.5%	3,181		
California	9,726,642	8,326,006	85.6%	126,149	5,100	
Hawaii	30,731	-	0.0%	(63)		
Oregon	563,744	456,069	80.9%	20,945	5,100	30%
Washington	861,943	774,887	89.9%	20,326	7,919	34%

N/A = Insufficient data available due to lack of survey response.

¹Derived from Energy Administration Form 176 Database (see Appendix 3)²Derived from survey responses, *Gas Facts 2002* data and Census information³Based on survey responses only: Does not reflect entire population.

Natural Gas Appliance Market Share and Consumption

Market Share of Natural Gas Appliances in Residences

The Department of Commerce's Bureau of the Census reports the number of residences in the United States by region, along with type of fuels in various applications. This report, American Housing Survey, is released every two years and reflects the number of existing households at a particular time. Therefore, the data does not represent the beginning or end of a year.

Table 7

Market Share of Natural Gas Space Heating from 1987- 2001

	<u>2001</u>	<u>1999</u>	<u>1997</u>	<u>1995</u>	<u>1993</u>	<u>1991</u>	<u>1989</u>	<u>1987</u>
Northeast	46%	45%	45%	43%	43%	42%	40%	40%
Midwest	71%	70%	70%	70%	70%	70%	71%	70%
South	35%	35%	36%	35%	36%	36%	37%	38%
West	64%	63%	62%	62%	61%	60%	61%	62%
US Total	52%	51%	51%	51%	51%	50%	51%	51%

According to the U.S. Department of Commerce's Census Bureau, the market share of natural gas in the residential space heating sector has remained at 50 to 52 percent over the last 14 years. The largest gain in market share for natural gas furnaces was in the Northeast region, where gas grew by six percentage points. The largest loss in market share was in the South, where gas dropped three percentage points.

Table 8

Market Share of Natural Gas Cooking from 1987- 2001

	<u>2001</u>	<u>1999</u>	<u>1997</u>	<u>1995</u>	<u>1993</u>	<u>1991</u>	<u>1989</u>	<u>1987</u>
Northeast	48%	48%	48%	49%	48%	48%	49%	50%
Midwest	38%	39%	39%	39%	40%	40%	41%	40%
South	22%	22%	23%	23%	24%	24%	25%	26%
West	42%	41%	41%	41%	40%	40%	39%	39%
US Total	35%	35%	36%	36%	36%	36%	37%	37%

Despite the fact that the West region increased its market share three percentage points for gas cooking, the overall market share for gas cooking has decreased from 37 percent in 1987 to 35 percent by 2001. The largest losses were in the South region, where gas fell by four percentage points. The Northeast and Midwest regions followed the South in market share losses by dropping two percentage points.

Table 9

Market Share of Natural Gas Water Heating from 1987- 2001

	<u>2001</u>	<u>1999</u>	<u>1997</u>	<u>1995</u>	<u>1993</u>	<u>1991</u>	<u>1989</u>	<u>1987</u>
Northeast	49%	49%	49%	47%	47%	47%	46%	44%
Midwest	66%	65%	65%	66%	67%	67%	68%	67%
South	33%	33%	34%	35%	36%	36%	36%	38%
West	68%	67%	67%	67%	66%	67%	66%	66%
US Total	51%	51%	51%	52%	52%	52%	52%	52%

The largest gain in market share for gas water heaters was in the Northeast, where gas grew by five percentage points. However, natural gas has the lowest market share of water heating in the South region, where gas fell by five percentage points. The Midwest has seen a slight decline in market share as well. Overall, the natural gas share for water heating has declined slightly over the last 14 years.

Table 10

Market Share of Natural Gas Clothes Drying from 1987- 2001

	<u>2001</u>	<u>1999</u>	<u>1997</u>	<u>1995</u>	<u>1993</u>	<u>1991</u>	<u>1989</u>	<u>1987</u>
Northeast	28%	28%	28%	27%	27%	28%	27%	27%
Midwest	31%	31%	32%	32%	32%	32%	33%	33%
South	8%	9%	9%	9%	9%	9%	10%	10%
West	31%	31%	31%	29%	28%	28%	28%	27%
US Total	22%	22%	23%	23%	22%	22%	22%	23%

Approximately 22 percent (23 million) of all residences use natural gas to dry their clothing. The market share for clothes dryers has remained relatively steady from 1987 to 2001. The largest gain in market share was in the West region, where gas grew by four percentage points.

Table 11

Market Share of Natural Gas - 2001

	All Homes	Homes with Gas Service			
	<u>With Gas Service</u>	<u>Gas Space Heating</u>	<u>Gas Water Heating</u>	<u>Gas Cooking</u>	<u>Gas Clothes Drying</u>
Northeast	63%	73%	78%	76%	30%
Midwest	76%	94%	87%	50%	33%
South	43%	82%	78%	51%	15%
West	74%	85%	91%	57%	31%
US Total	61%	84%	84%	57%	27%

Roughly 61 percent of U. S. households had gas service in 2001, with greatest penetration in the Midwest and West, and with the South exhibiting the lowest penetration. For households with gas service, the gas space heaters and water heaters had an 84 percent market share, with gas cooking in 57 percent and gas clothes dryers in only 27 percent. Since the penetration of these appliances in gas homes is less than 100 percent, a marketing opportunity exists for gas utilities to increase load to existing customers.

Table 12

Natural Gas Market Share by Sector - 2001					
	<u>Total Homes</u>	<u>New Construction¹</u>	<u>Manufactured/ Mobile Home²</u>	<u>Urban and Suburban</u>	<u>Rural</u>
Total (000)	106,261	5,853	7,219	79,146	27,115
Gas Service	61%	53%	28%	71%	31%
Gas Space Heat	52%	44%	25%	60%	27%
Gas Water Heat	51%	45%	19%	61%	23%
Gas Cooking	35%	26%	22%	42%	16%
Gas Clothes Drying	22%	16%	5%	28%	8%

Table 12 illustrates the penetration of natural gas into various market segments. New construction market shares are lower than those of existing homes, in part attributable to the practice of new homes starting on propane and later converting to natural gas as service lines reach the home site. In addition, the manufactured/mobile homes constitute a growing portion of the new home market, and natural gas has not fared well in that market, particularly in the South where much of the growth is concentrated. The data also show that natural gas dominates where service is traditionally available, the urban and suburban areas – natural gas market shares are more than twice those of rural areas.

Table 13

Market Share for Space Heating by Size of Home - 1997				
<u>Heated Square Footage</u>	<u>Natural Gas</u>	<u>Electricity</u>	<u>Propane</u>	<u>Fuel Oil</u>
<1000 sq. ft.	45.3%	34.4%	4.4%	9.8%
1000-1999 sq. ft.	49.4%	30.1%	5.3%	9.9%
2000-2999 sq. ft.	53.0%	20.4%	5.9%	16.5%
3000-4000 sq. ft.	64.0%	14.9%	3.7%	14.9%
>4000 sq. ft.	55.8%	17.9%	5.3%	20.0%

Table 13 illustrates that the space heating market share for natural gas tends to improve as the size of the house increases. This trend coincides with other data presented in this report showing shares for natural gas to be lower in multi-family and manufactured/mobile homes, which typically have smaller than average floor space.