

Residential Natural Gas Market Survey



**December 2007
(2006 Data)**



RESIDENTIAL NATURAL GAS MARKET SURVEY

2006 DATA

59th Annual Survey of the
U.S. Natural Gas Utility Industry

Published by the Policy Analysis Group
American Gas Association
400 N. Capitol Street, NW, Suite 450
Washington, D.C. 20001
www.aga.org

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AGA Catalog No. F00008

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Introduction

This year's report is the 59th annual *Residential Natural Gas Market Survey* conducted by the American Gas Association (AGA). The data collected for 2006 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 54 natural gas utility companies responded to this year's survey. This is a decrease from the 61 utilities that responded to last year's survey. Company-specific data were derived from the Energy Information Administration's Form 176 database.

Incorporated in the survey results are data regarding new private housing completions as well as existing homes 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 this *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.

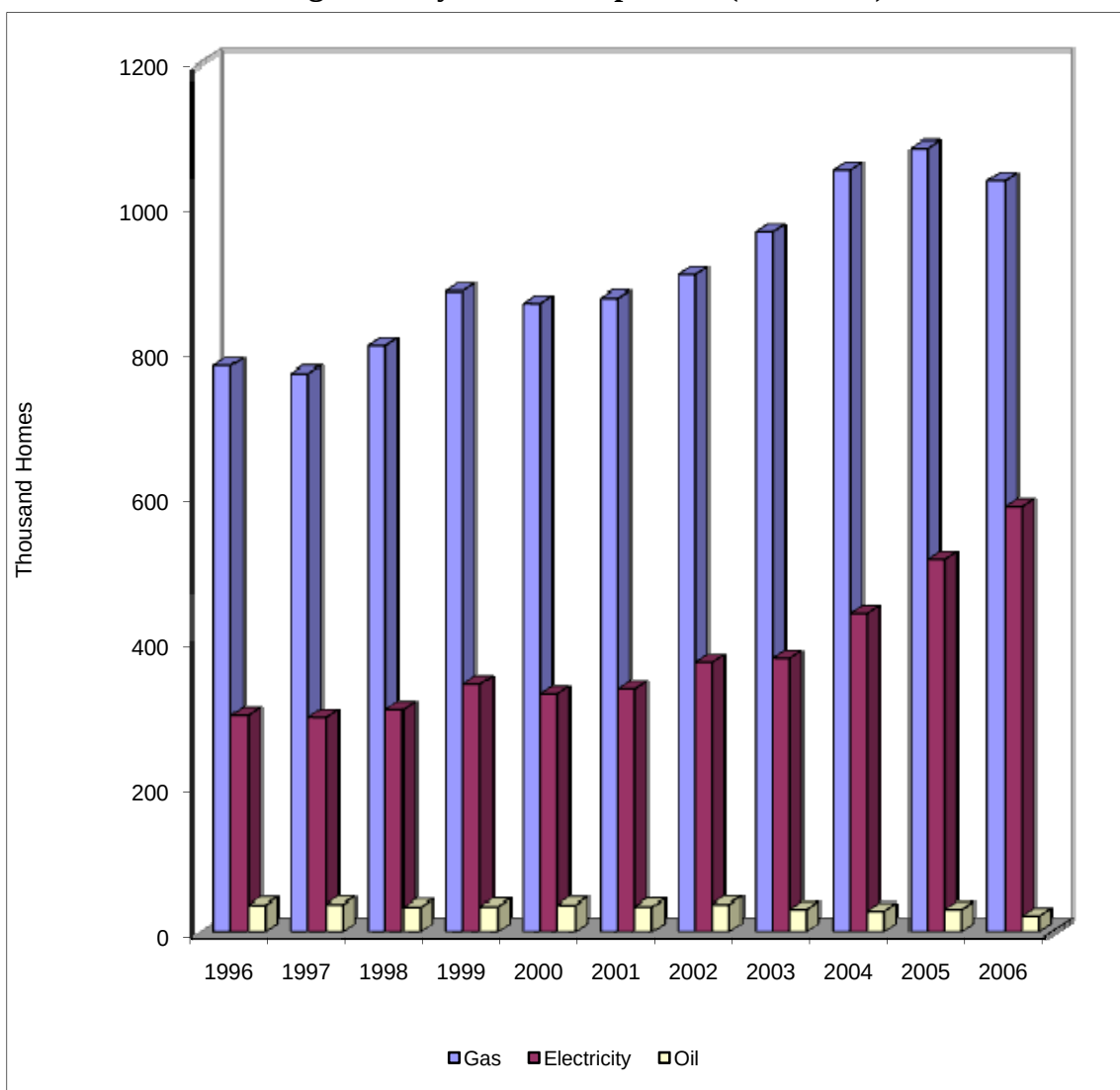


Executive Summary

In the United States, 61 percent of households, or 64 million customers, have natural gas service. Eighty-four percent of these natural gas customers used natural gas for house heating.

- Natural gas remained the United States' most popular energy source for home heating, with a 51 percent residential market share. Put another way, natural gas heated more homes in this country than all other energy sources combined – electricity was 33 percent, heating oil eight percent, propane six percent and “other” two percent.
- In 2006, nearly two out of three newly built single-family homes (62 percent) featured gas heat, down four percentage points from the 66 percent gas-heat share in 2005. The gas space-heating share of new single-family housing completions exceeded the electric share in all but one region of the country. New gas single-family home completions have exceeded all other energy sources for at least eleven years (see Figure 1).
- In the new multi-family housing arena, gas market share for space heating did not change from the 2005 level, staying at 43 percent in 2006. When both single- and multi-family units are considered, the gas heating share of new housing completions fell to 59 percent, compared to 63 percent the previous year. The overall electric share increased by four percentage points to 39 percent in 2006.
- Net additions to the number of residential natural gas customers totaled 812,000 in 2006. This represents a 1.3 percent increase in total customers compared to 2005.
- The 2006 survey results show that roughly 15 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 41 percent of all conversions. Approximately 13 percent of conversion customers had previously heated with electricity. The respondents were unable to identify the previous heating fuel for 46 percent of the homes.
- Natural gas water heaters have maintained a 52 percent market share, while shares for gas cooking and clothes drying dropped one percentage point to 35 percent and 21 percent, respectively.
- During 2006, almost \$5.9 billion went to assist low-income households pay their energy bills or weatherize their homes. Most of the funding came from the federal Low-Income Home Energy Assistance Program (LIHEAP), with \$3.2 billion in normal appropriations and emergency funds. Utilities, both electric and natural gas, accounted for 30 percent (\$1.8 billion) of the total in the form of discounts, waivers, forgiveness of arrearages, and weatherization programs.

Figure 1
Gas Heat is Preferred in New Homes over Electricity and Oil
Single-Family Home Completions (1996-2006)



Source: U.S. Bureau of the Census, *Characteristics of New Housing 2006*

NOTE: Gas includes both propane and natural gas.

United States Housing Market in 2006

New Housing Completions

Home-building remained strong in 2006, with 1,979,000 homes being built, a two percent increase from 2005.

Gas heat continued to dominate the new single-family home market. According to the U.S. Bureau of the Census, new single-family completions heated by gas exceeded one million for the third year in a row (1,034,000) in 2006, down from 1,082,000 in 2005. Gas heating market share fell to 62 percent in 2006, compared to 66 percent in 2005. The 2006 electric heating market share of new home completions reached 35 percent, an increase from 2005. Single-family home completions heated by gas exceeded electric completions for the 20th consecutive year.

In the 2006 new multi-family housing arena, gas market share for space heating stayed at the 2005 level of 43 percent in 2006. The total number of multi-family units completed in 2006 increased to 325,000 compared to 296,000 in 2005. Market share for electric heat increased by one percentage point compared to 2005, reaching 56 percent in 2006. Gas-heated multi-family units numbered 141,000 compared with 182,000 electric units in 2005.

When both single and multi-family units are considered, the market share of new housing heated by gas in 2006 was 59 percent. The overall 2006 electric house heating market share increased four percentage points to 39 percent compared to 2005.

Tables 1 and 2 present the regional breakdown of units completed by type of fuel. Single-family home completions heated by gas outnumbered electric completions in all regions except the South. The gas market shares in the Northeast, Midwest, South and West regions were 75 percent, 85 percent, 40 percent and 88 percent, respectively. In the multi-family sector, gas completions exceeded electric in all regions but the South.

Table 3 shows new housing market share data from 1996 to 2006. The Census data show that overall, the new housing market share of gas heat has been higher than electric for at least the last eleven years. However, in recent years, electric market share has increased at the expense of gas, from 65 percent gas and 32 percent electric in 1995 to 59 percent gas and 39 percent electric in 2006.

Table 1

2006 Private Housing Completions by Heating Fuel
(Thousands of Units)

	Share	Units (Thousands)				
Single-Family		U.S.	Northeast	Midwest	South	West
Gas ¹	62%	1,034	96	243	330	364
Electricity	35%	586	11	39	494	43
Oil	1%	22	20	Z	1	1
Other ²	<u>1%</u>	<u>13</u>	<u>2</u>	<u>3</u>	<u>1</u>	<u>6</u>
Subtotal	100%	1,654	128	285	826	415
Multi-Family						
Gas ¹	43%	141	49	31	17	45
Electricity	56%	182	2	9	144	27
Oil	Z	Z	Z	0	0	0
Other	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>
Subtotal	100%	325	51	40	161	74
Combined						
Gas ¹	59%	1,175	145	274	347	409
Electricity	39%	768	13	48	638	70
Oil	1%	22	20	0	1	1
Other ²	<u>1%</u>	<u>13</u>	<u>2</u>	<u>3</u>	<u>1</u>	<u>6</u>
TOTAL	100%	1,979	180	325	987	486
Heat Pump ³						
Single-Family	33%	546	10	32	466	37
Multi-Family	37%	<u>119</u>	<u>5</u>	<u>5</u>	<u>90</u>	<u>18</u>
Combined	34%	665	15	37	556	55
Manufactured Homes ⁴		111	8	15	65	24

¹Includes propane.

²Includes wood, coal, solar, and other fuels.

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: 2006*

Table 2

A Comparison of 2005 and 2006 Private Housing Completions
(Percent of Market)

	<u>U.S. Total</u>		<u>Northeast</u>		<u>Midwest</u>		<u>South</u>		<u>West</u>	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
Single-Family										
Gas ¹	66%	62%	73%	75%	90%	85%	42%	40%	89%	88%
Electricity	31%	35%	5%	8%	9%	14%	58%	60%	9%	10%
Oil	2%	1%	22%	16%	Z	Z	Z	Z	Z	Z
Other	1%	1%	Z	Z	1%	1%	Z	Z	1%	1%
Multi-Family										
Gas ¹	43%	43%	85%	96%	72%	78%	12%	10%	64%	64%
Electricity	55%	56%	3%	3%	28%	22%	88%	90%	33%	33%
Oil	2%	Z	12%	1%	0%	0%	0%	0%	Z	Z
Other	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Combined										
Gas ¹	63%	59%	75%	81%	88%	84%	37%	35%	86%	84%
Electricity	35%	39%	4%	7%	12%	15%	62%	65%	12%	14%
Oil	2%	1%	20%	11%	0%	0%	0%	0%	0%	0%
Other	1%	1%	0%	1%	0%	1%	0%	0%	1%	1%

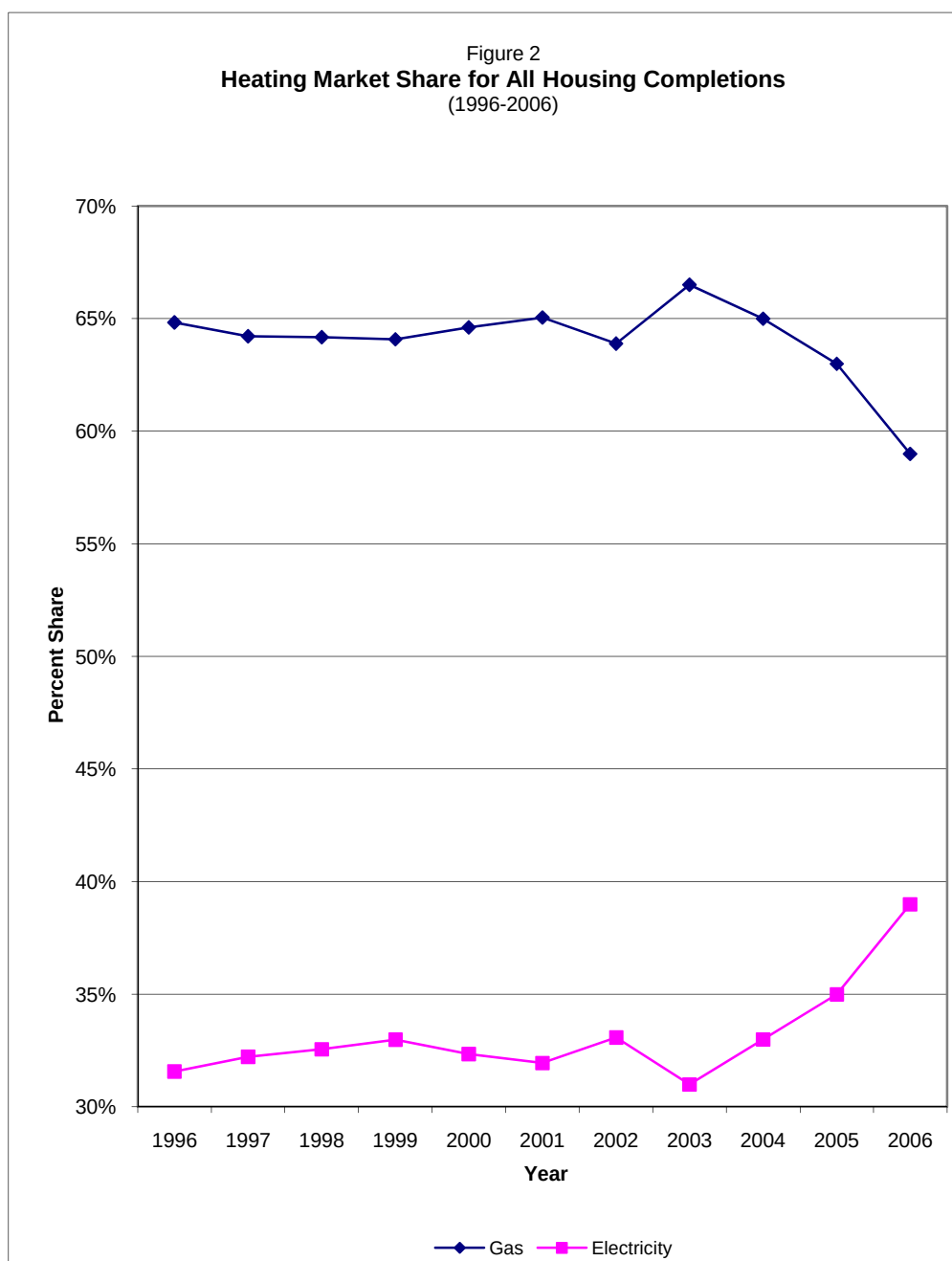
¹Includes propane.

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: 2006*



Source: See Table 3 on the next page.

Note: Gas includes natural gas and propane.

Table 3

**Market Share of Private Housing Completions by Heating Fuel
(1996-2006)**

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Single-Family											
Gas ¹	69%	69%	70%	70%	70%	70%	68%	70%	69%	66%	62%
Electricity	26%	26%	26%	27%	27%	27%	28%	27%	29%	31%	35%
Oil	3%	3%	3%	3%	3%	3%	3%	2%	2%	2%	1%
Other	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Multi-Family											
Gas ¹	48%	45%	44%	43%	45%	47%	45%	51%	46%	43%	43%
Electricity	52%	54%	55%	55%	54%	53%	54%	48%	53%	55%	56%
Oil	0%	0%	1%	1%	Z	Z	Z	Z	Z	2%	Z
Other	NA	NA	1%	NA	NA	NA	NA	NA	NA	NA	NA
Combined											
Gas ¹	65%	64%	64%	64%	65%	65%	64%	67%	65%	63%	59%
Electricity	32%	32%	33%	33%	32%	32%	33%	31%	33%	35%	39%
Oil	2%	3%	3%	2%	2%	2%	2%	2%	2%	2%	1%
Other	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%

¹Includes propane.

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: 2006*

Existing Housing

According to the U.S. Census Bureau, more than half of the existing housing units in 2006 used natural gas to heat their homes, accounting for more than 56 million (or 51 percent) of the almost 111 million occupied housing units in the United States (see Table 4).

Gas holds the largest market share in the Midwest, where 70 percent of the homes in that region have gas-heating systems. Gas heating beats out the competition in the Northeast and West regions of the country. Natural gas house-heating market share in the Northeast was 50 percent, while the natural gas share was 61 percent in the West. Gas has the lowest market share in the warmer climate of the South. About 33 percent of the houses in the South used natural gas space heating in 2006.

Table 4
2006 Household Space-Heating Market Share

	<u>NATURAL GAS</u>	<u>ELECTRICITY</u>	<u>FUEL OIL</u>	<u>PROPANE</u>	<u>OTHER</u>
NORTHEAST	50%	12%	32%	4%	3%
<i>NEW ENGLAND</i>	<i>34%</i>	<i>11%</i>	<i>47%</i>	<i>4%</i>	<i>3%</i>
Connecticut	30%	15%	50%	3%	2%
Maine	3%	5%	77%	6%	8%
Massachusetts	47%	13%	36%	3%	2%
New Hampshire	19%	8%	55%	12%	5%
Rhode Island	48%	8%	41%	3%	1%
Vermont	14%	4%	56%	15%	11%
<i>MIDDLE ATLANTIC</i>	<i>56%</i>	<i>12%</i>	<i>26%</i>	<i>3%</i>	<i>3%</i>
New Jersey	71%	11%	16%	2%	1%
New York	52%	9%	34%	3%	2%
Pennsylvania	52%	18%	23%	4%	4%
MIDWEST	70%	16%	2%	9%	3%
<i>EAST NORTH CENTRAL</i>	<i>73%</i>	<i>14%</i>	<i>2%</i>	<i>7%</i>	<i>2%</i>
Illinois	82%	13%	0%	4%	1%
Indiana	64%	24%	2%	9%	2%
Michigan	79%	6%	2%	10%	3%
Ohio	69%	19%	4%	6%	2%
Wisconsin	67%	12%	5%	11%	5%
<i>WEST NORTH CENTRAL</i>	<i>63%</i>	<i>20%</i>	<i>2%</i>	<i>12%</i>	<i>3%</i>
Iowa	67%	15%	1%	14%	2%
Kansas	71%	18%	0%	9%	2%
Minnesota	69%	13%	5%	11%	3%
Missouri	56%	28%	0%	12%	4%
Nebraska	65%	22%	1%	9%	2%
North Dakota	42%	34%	6%	15%	3%
South Dakota	50%	22%	5%	19%	4%
SOUTH	33%	56%	3%	6%	2%
<i>SOUTH ATLANTIC</i>	<i>27%</i>	<i>62%</i>	<i>5%</i>	<i>5%</i>	<i>2%</i>
Delaware	37%	28%	21%	12%	2%
District of Columbia	65%	28%	5%	1%	1%
Florida	5%	92%	0%	2%	0%
Georgia	46%	44%	0%	8%	1%
Maryland	45%	37%	13%	3%	1%
North Carolina	26%	53%	8%	11%	2%
South Carolina	25%	64%	3%	6%	1%
Virginia	35%	48%	9%	5%	3%
West Virginia	45%	36%	6%	5%	7%
<i>EAST SOUTH CENTRAL</i>	<i>38%</i>	<i>50%</i>	<i>1%</i>	<i>10%</i>	<i>2%</i>
Alabama	35%	53%	0%	11%	1%
Kentucky	43%	44%	2%	9%	3%
Mississippi	35%	45%	0%	18%	2%
Tennessee	37%	54%	1%	6%	2%
<i>WEST SOUTH CENTRAL</i>	<i>43%</i>	<i>50%</i>	<i>0%</i>	<i>5%</i>	<i>1%</i>
Arkansas	46%	39%	0%	11%	5%
Louisiana	40%	54%	0%	4%	1%
Oklahoma	59%	30%	0%	8%	3%
Texas	40%	54%	0%	4%	1%
WEST	61%	30%	1%	4%	3%
<i>MOUNTAIN</i>	<i>61%</i>	<i>30%</i>	<i>1%</i>	<i>6%</i>	<i>4%</i>
Arizona	38%	56%	0%	4%	2%
Colorado	76%	15%	0%	5%	3%
Idaho	51%	31%	4%	6%	8%
Montana	58%	17%	2%	14%	10%
Nevada	63%	31%	1%	4%	1%
New Mexico	68%	13%	0%	11%	7%
Utah	85%	10%	0%	3%	2%
Wyoming	63%	20%	0%	10%	6%
<i>PACIFIC</i>	<i>61%</i>	<i>30%</i>	<i>2%</i>	<i>3%</i>	<i>3%</i>
Alaska	49%	10%	34%	2%	5%
California	71%	23%	0%	4%	2%
Hawaii	6%	86%	0%	4%	4%
Oregon	39%	47%	5%	2%	8%
Washington	35%	52%	4%	4%	5%
UNITED STATES	51%	33%	8%	6%	2%

Source: U.S. CENSUS BUREAU, 2006 American Community Survey

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 accounting for a large market share. Since then, 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. Bureau of the Census

Residential Natural Gas Customers in 2006

Total Residential Customers

Based on the Energy Information Administration's Form 176 database, the total number of residential natural gas customers reached more than 64 million in 2006. That is a 1.3 percent increase from 2005.

House-Heating Customers

Based on AGA survey responses and Census information, 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 2006, 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 812,500 in 2006. The South Atlantic region had the highest percentage increase in customers (more than three percent) while the East North Central region registered a small decline in customers.

Most of the additions were estimated to be from new construction. Of the total additions reported by the survey respondents, 15 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 2006, companies responding to the survey reported that 29,905 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 41 percent of all conversions. Approximately 13 percent of conversion customers had previously heated with electricity. The respondents were unable to identify the previous heating fuel for 46 percent of the homes.

Table 6: 2006 Gas Customers and Unit Additions

Region, Division and State	GAS CUSTOMERS			NET GAS UNIT ADDITIONS	
	Total(1)	House Heating(2)	Percent Heating(2)	Total(1)	Est. Share of Additions from Conversions(3)
NORTHEAST					
NEW ENGLAND	2,200,229	1,447,263	65.8%	57,059	
Connecticut	478,849	336,631	70.3%	3,628	
Maine	18,824	12,970	68.9%	191	
Massachusetts	1,348,848	852,472	63.2%	51,340	30%
New Hampshire	94,600	65,274	69.0%	127	
Rhode Island	225,027	155,719	69.2%	707	
Vermont	34,081	24,198	71.0%	1,066	73%
MIDDLE ATLANTIC	9,499,176	7,154,733	75.3%	128,923	
New Jersey	2,578,191	2,013,567	78.1%	37,908	37%
New York	4,315,203	3,111,261	72.1%	85,807	39%
Pennsylvania	2,605,782	2,029,904	77.9%	5,208	18%
MIDWEST					
EAST NORTH CENTRAL	13,542,061	12,748,875	94.1%	(187,983)	
Illinois	3,812,121	3,514,776	92.2%	(163,662)	33%
Indiana	1,661,186	1,528,291	92.0%	(40,391)	
Michigan	3,193,920	3,034,224	95.0%	6,164	
Ohio	3,263,062	3,116,224	95.5%	(9,245)	
Wisconsin	1,611,772	1,555,360	96.5%	19,151	
WEST NORTH CENTRAL	5,252,972	4,859,030	92.5%	60,640	
Iowa	858,915	798,791	93.0%	8,820	2%
Kansas	862,203	771,672	89.5%	5,834	1%
Minnesota	1,401,362	1,338,301	95.5%	37,125	1%
Missouri	1,353,892	1,211,733	89.5%	5,149	1%
Nebraska	499,504	479,524	96.0%	(1,775)	1%
North Dakota	116,615	111,367	95.5%	2,463	
South Dakota	160,481	147,643	92.0%	3,024	
SOUTH					
SOUTH ATLANTIC	6,941,623	5,358,024	77.2%	236,683	
Delaware	141,276	116,553	82.5%	4,161	
District of Columbia	141,953	120,660	85.0%	941	20%
Florida	673,122	403,200	59.9%	17,053	
Georgia	1,928,176	1,608,099	83.4%	157,419	1%
Maryland	1,040,912	828,566	79.6%	15,957	5%
North Carolina	1,022,430	749,441	73.3%	29,524	6%
South Carolina	554,953	418,990	75.5%	13,430	6%
Virginia	1,085,509	822,816	75.8%	19,207	5%
West Virginia	353,292	289,699	82.0%	(21,009)	
EAST SOUTH CENTRAL	3,098,653	2,601,141	83.9%	40,333	
Alabama	828,567	672,796	81.2%	29,311	4%
Kentucky	770,171	657,726	85.4%	91	8%
Mississippi	436,587	368,916	84.5%	(3,365)	
Tennessee	1,063,328	901,702	84.8%	14,296	5%
WEST SOUTH CENTRAL	6,370,454	5,067,460	79.5%	58,681	
Arkansas	555,905	468,628	84.3%	44	
Louisiana	867,452	689,624	79.5%	(29,540)	
Oklahoma	879,589	773,159	87.9%	(576)	
Texas	4,067,508	3,136,049	77.1%	88,753	
WEST					
MOUNTAIN	5,367,965	4,523,852	84.3%	157,268	
Arizona	1,088,574	640,082	58.8%	45,912	
Colorado	1,558,911	1,494,996	95.9%	34,098	4%
Idaho	316,915	263,039	83.0%	15,558	5%
Montana	245,883	215,148	87.5%	5,329	
Nevada	726,772	633,745	87.2%	38,714	1%
New Mexico	533,971	443,730	83.1%	3,694	
Utah	754,554	708,526	93.9%	10,793	
Wyoming	142,385	124,587	87.5%	3,170	
PACIFIC	12,112,838	10,366,559	85.6%	260,901	
Alaska	112,269	103,849	92.5%	3,868	
California	10,329,224	8,841,816	85.6%	204,791	
Hawaii	25,982	-	0.0%	(237)	
Oregon	647,635	523,937	80.9%	20,950	23%
Washington	997,728	896,957	89.9%	31,529	20%
UNITED STATES	64,385,971	54,084,216	84.0%	812,505	15%

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 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. The tables below represent the most recent Census data from that report.

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 - 52 percent over the last 18 years (Table 7). The largest gain in market share for natural gas furnaces was in the Northeast region, where gas grew by eight percentage points. The South exhibited a loss in market share, where gas dropped four percentage points.

Table 7

Market Share of Natural Gas Space Heating from 1987- 2005										
	<u>1987</u>	<u>1989</u>	<u>1991</u>	<u>1993</u>	<u>1995</u>	<u>1997</u>	<u>1999</u>	<u>2001</u>	<u>2003</u>	<u>2005</u>
Northeast	40%	40%	42%	43%	43%	45%	45%	46%	47%	48%
Midwest	70%	71%	70%	70%	70%	70%	70%	71%	72%	71%
South	38%	37%	36%	36%	35%	36%	35%	35%	35%	34%
West	62%	61%	60%	61%	62%	62%	63%	64%	65%	65%
U.S.	51%	51%	50%	51%	51%	51%	51%	52%	52%	52%

Despite the fact that the West region increased its market share five percentage points for natural gas cooking, the overall market share for gas cooking has decreased from 37 percent in 1987 to 35 percent by 2005. The largest losses were in the South region, where gas fell by five percentage points. The Midwest followed the South in market share losses by dropping three percentage points.

Table 8

Market Share of Natural Gas Cooking from 1987- 2005										
	<u>1987</u>	<u>1989</u>	<u>1991</u>	<u>1993</u>	<u>1995</u>	<u>1997</u>	<u>1999</u>	<u>2001</u>	<u>2003</u>	<u>2005</u>
Northeast	50%	49%	48%	48%	49%	48%	48%	48%	49%	49%
Midwest	40%	41%	40%	40%	39%	39%	39%	38%	38%	37%
South	26%	25%	24%	24%	23%	23%	22%	22%	22%	21%
West	39%	39%	40%	40%	41%	41%	41%	42%	44%	44%
U.S.	37%	37%	36%	36%	36%	36%	35%	35%	36%	35%

The largest gain in market share for natural gas water heaters was in the Northeast, where gas grew by six 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 remained steady over the last 18 years.

Table 9

Market Share of Natural Gas Water Heating from 1987- 2005										
	<u>1987</u>	<u>1989</u>	<u>1991</u>	<u>1993</u>	<u>1995</u>	<u>1997</u>	<u>1999</u>	<u>2001</u>	<u>2003</u>	<u>2005</u>
Northeast	44%	46%	47%	47%	47%	49%	49%	49%	50%	50%
Midwest	67%	68%	67%	67%	66%	65%	65%	66%	66%	66%
South	38%	36%	36%	36%	35%	34%	33%	33%	33%	33%
West	66%	66%	67%	66%	67%	67%	67%	68%	69%	69%
U.S.	52%	52%	52%	52%	52%	51%	51%	51%	52%	52%

Approximately 21 percent (23 million) of all residences use natural gas to dry their clothing. The market share for clothes dryers has declined slightly from 1987 to 2005. The largest gain in market share was in the West region, where natural gas grew by five percentage points.

Table 10

Market Share of Natural Gas Clothes Drying from 1987- 2005										
	<u>1987</u>	<u>1989</u>	<u>1991</u>	<u>1993</u>	<u>1995</u>	<u>1997</u>	<u>1999</u>	<u>2001</u>	<u>2003</u>	<u>2005</u>
Northeast	27%	27%	28%	27%	27%	28%	28%	28%	28%	29%
Midwest	33%	33%	32%	32%	32%	32%	31%	31%	31%	30%
South	10%	10%	9%	9%	9%	9%	9%	8%	8%	7%
West	27%	28%	28%	28%	29%	31%	31%	31%	32%	32%
U.S.	23%	22%	22%	22%	23%	23%	22%	22%	22%	21%

Roughly 61 percent of United States households had natural gas service in 2005, with greatest penetration in the Midwest and West, and with the South exhibiting the lowest penetration. For households with natural 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 28 percent. This may present marketing opportunities for gas utilities to increase load to existing customers.