

Residential Natural Gas Market Survey



**February 2009
(2007 Data)**



RESIDENTIAL NATURAL GAS MARKET SURVEY

2007 DATA

60th Annual Survey of the
U.S. Natural Gas Utility Industry

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Introduction

This year's report is the 60th annual *Residential Natural Gas Market Survey* conducted by the American Gas Association (AGA). The data collected for 2007 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 57 natural gas utility companies responded to this year's survey. This is a slight increase from the 54 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.

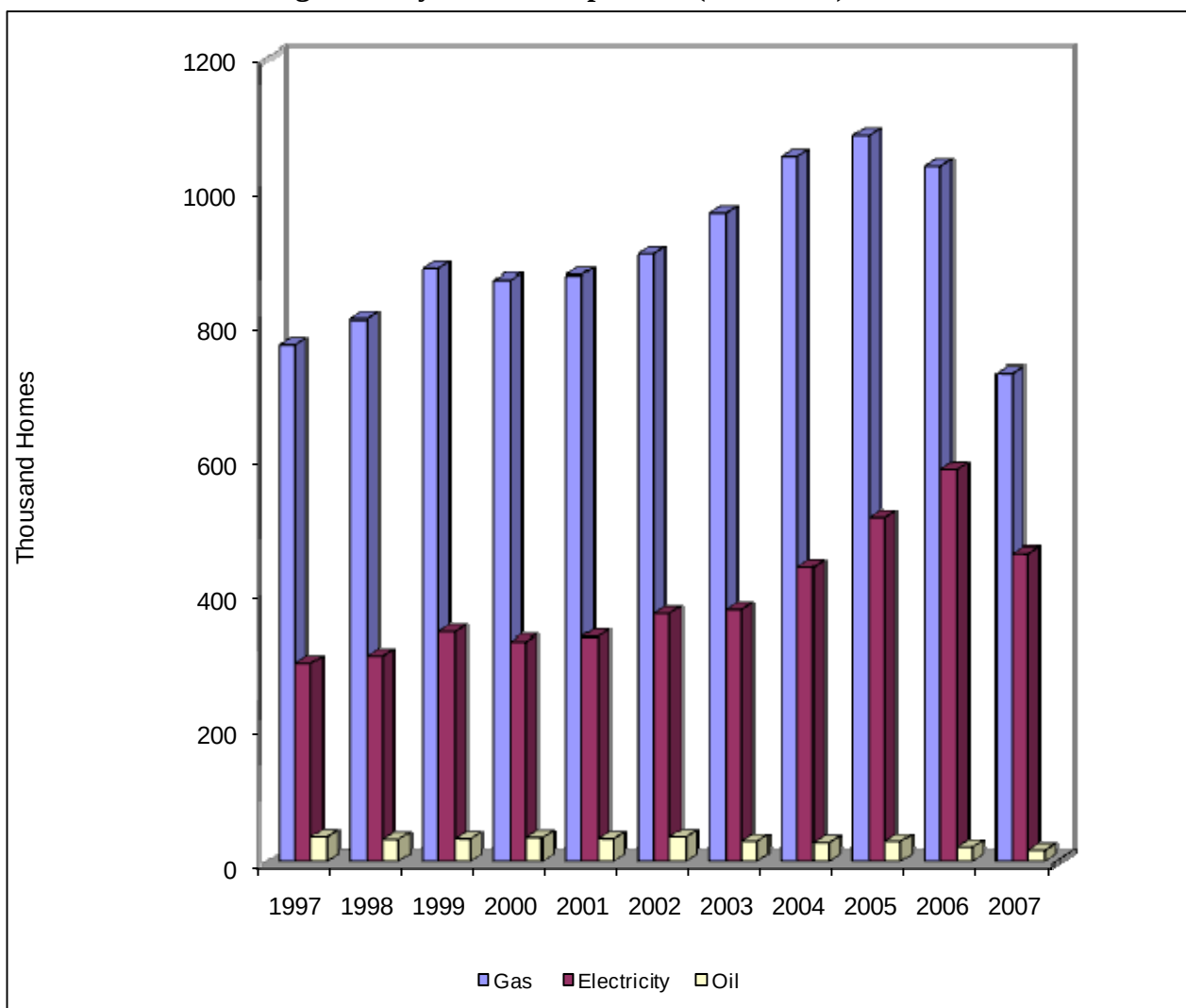
Our thanks go to those companies participating in this *Residential Natural Gas Market Survey* information-gathering effort. Their cooperation and support are essential to making this publication a primary source of natural gas utility industry data and an important industry reference.

Executive Summary

In the United States, 61 percent of households, or 68 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 34 percent, heating oil eight percent, propane six percent and “other” two percent.
- In 2007, the majority of newly built single-family homes (60 percent) featured gas heat, down two percentage points from the 62 percent gas-heat share in 2006. 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 fell to 41 percent in 2007 from 43 percent in 2006. When both single- and multi-family units are considered, the gas heating share of new housing completions fell to 56 percent, compared to 59 percent the previous year. The overall electric share increased by two percentage points to 41 percent in 2007.
- Net additions to the number of residential natural gas customers totaled 541,000 in 2007. This represents a 0.8 percent increase in total customers compared to 2006.
- The 2007 survey results show that roughly 18 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 27 percent of all conversions. Approximately 19 percent of conversion customers had previously heated with electricity. The respondents were unable to identify the previous heating fuel for 54 percent of the homes.
- Natural gas water heaters have a 51 percent market share, while shares for gas cooking and clothes drying maintained their market shares of 35 percent and 21 percent, respectively.
- During 2007, almost \$5.8 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 \$2.6 billion in normal appropriations and emergency funds. Utilities, both electric and natural gas, accounted for 39 percent (\$2.3 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 (1997-2007)



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 2007

New Housing Completions

Home-building declined significantly in 2007, with 1,502,000 homes being built, a 24 percent decline from 2006.

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 fell below the one million mark for the first time in three years (729,000) in 2007, down 30 percent from 1,034,000 in 2006. Gas heating market share fell to 60 percent in 2007, compared to 62 percent in 2006. The 2007 electric heating market share of new home completions reached 38 percent, an increase from 2006. Single-family home completions heated by gas exceeded electric completions for the 21st consecutive year.

In the 2007 new multi-family housing arena, gas market share for space heating declined to 41 percent, compared to the 2006 level of 43 percent. The total number of multi-family units completed in 2007 fell to 284,000 compared to 325,000 in 2006. Market share for electric heat increased by two percentage points compared to 2006, reaching 58 percent in 2007. Gas-heated multi-family units numbered 116,000 compared with 164,000 electric units in 2007.

When both single and multi-family units are considered, the market share of new housing heated by gas in 2007 was 56 percent. The overall 2007 electric house heating market share increased three percentage points to 42 percent compared to 2006.

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, 82 percent, 39 percent and 85 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 1997 to 2007. 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 64 percent gas and 32 percent electric in 1997 to 56 percent gas and 42 percent electric in 2007.

Table 1

2007 Private Housing Completions by Heating Fuel

	Share	Units (Thousands)				
Single-Family		U.S.	Northeast	Midwest	South	West
Gas ¹	60%	729	78	154	247	249
Electricity	38%	460	9	32	382	38
Oil	1%	17	16	-	Z	Z
Other ²	<u>1%</u>	<u>13</u>	<u>2</u>	<u>3</u>	<u>2</u>	<u>6</u>
Subtotal	100%	1,218	105	189	631	294
Multi-Family						
Gas ¹	41%	116	34	22	11	49
Electricity	58%	164	3	12	124	25
Oil	1%	2	2	0	0	0
Other	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>
Subtotal	100%	284	40	34	135	74
Combined						
Gas ¹	56%	845	112	176	258	298
Electricity	42%	624	12	44	506	63
Oil	1%	19	18	0	0	0
Other ²	<u>1%</u>	<u>13</u>	<u>2</u>	<u>3</u>	<u>2</u>	<u>6</u>
TOTAL	100%	1,502	145	223	766	367
Heat Pump ³						
Single-Family	33%	412	6	23	348	35
Multi-Family	37%	<u>107</u>	<u>5</u>	<u>6</u>	<u>75</u>	<u>20</u>
Combined	34%	519	11	29	423	55
Manufactured Homes ⁴		95	7	11	59	18

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: 2007*

Table 2

A Comparison of 2006 and 2007 Private Housing Completions
(Percent of Market)

	<u>U.S. Total</u>		<u>Northeast</u>		<u>Midwest</u>		<u>South</u>		<u>West</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Single-Family										
Gas ¹	62%	60%	75%	75%	85%	82%	40%	39%	88%	85%
Electricity	35%	38%	8%	8%	14%	17%	60%	61%	10%	13%
Oil	1%	1%	16%	15%	Z	-	Z	Z	Z	Z
Other	1%	1%	1%	1%	1%	2%	Z	Z	2%	2%
Multi-Family										
Gas ¹	43%	41%	96%	85%	78%	65%	10%	8%	61%	65%
Electricity	56%	58%	3%	9%	22%	35%	90%	92%	37%	33%
Oil	Z	1%	1%	5%	0%	0%	0%	0%	Z	0%
Other	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Combined										
Gas ¹	59%	56%	81%	77%	84%	79%	35%	34%	84%	81%
Electricity	39%	42%	7%	8%	15%	20%	65%	66%	14%	17%
Oil	1%	1%	11%	12%	0%	0%	0%	0%	0%	0%
Other	1%	1%	1%	1%	1%	1%	0%	0%	1%	2%

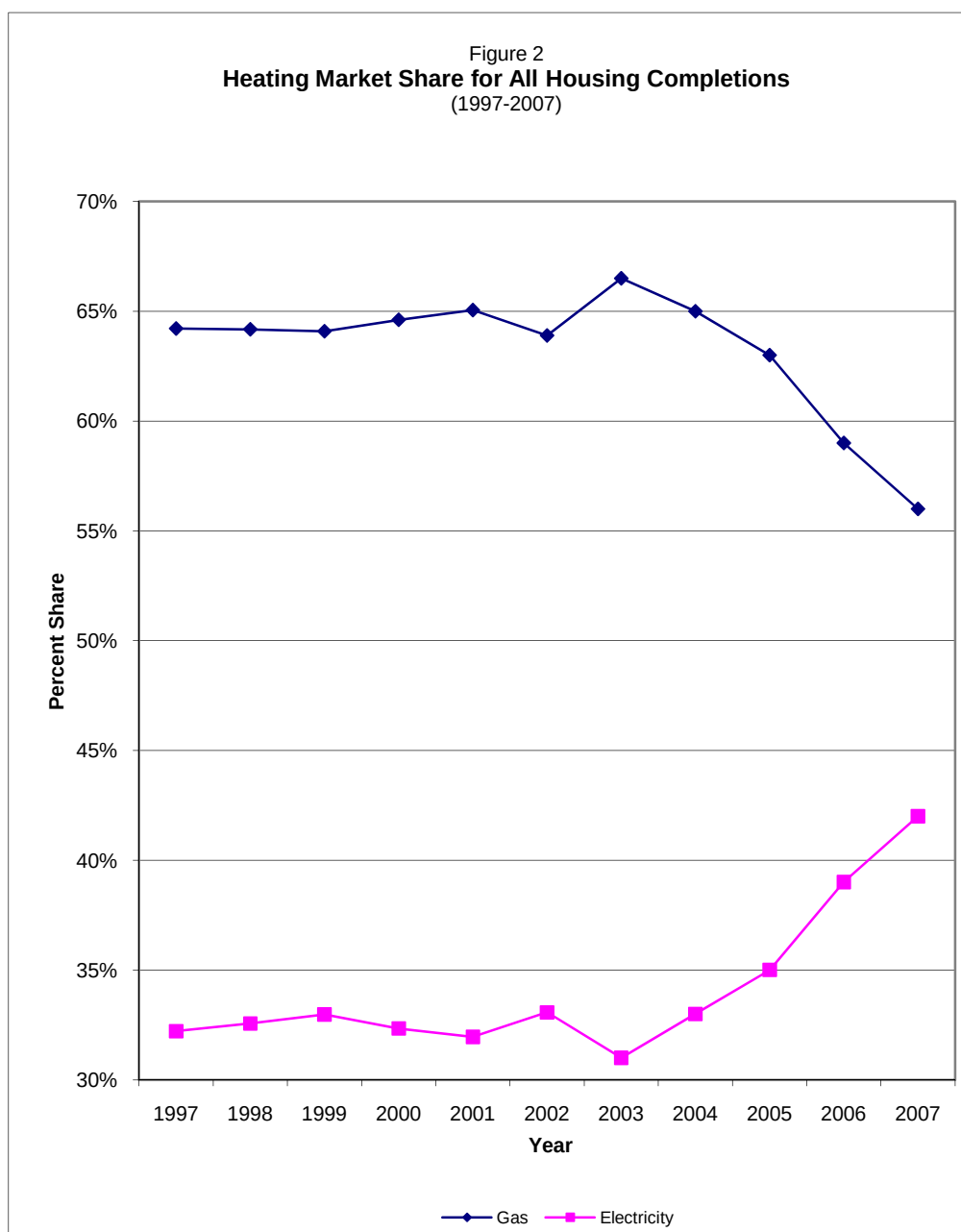
¹Includes propane.

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: 2007*



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>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>	<u>2007</u>
Single-Family											
Gas ¹	69%	70%	70%	70%	70%	68%	70%	69%	66%	62%	60%
Electricity	26%	26%	27%	27%	27%	28%	27%	29%	31%	35%	38%
Oil	3%	3%	3%	3%	3%	3%	2%	2%	2%	1%	1%
Other	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Multi-Family											
Gas ¹	45%	44%	43%	45%	47%	45%	51%	46%	43%	43%	41%
Electricity	54%	55%	55%	54%	53%	54%	48%	53%	55%	56%	58%
Oil	0%	1%	1%	Z	Z	Z	Z	Z	2%	Z	1%
Other	NA	1%	NA	NA	NA	NA	NA	NA	NA	NA	NA
Combined											
Gas ¹	64%	64%	64%	65%	65%	64%	67%	65%	63%	59%	56%
Electricity	32%	33%	33%	32%	32%	33%	31%	33%	35%	39%	42%
Oil	3%	3%	2%	2%	2%	2%	2%	2%	2%	1%	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: 2007*

Existing Housing

According to the U.S. Census Bureau, more than half of the existing housing units in 2007 used natural gas to heat their homes, accounting for more than 56 million (or 51 percent) of the 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 2007.

Table 4
2007 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%	31%	3%	3%
<i>NEW ENGLAND</i>	35%	11%	46%	4%	3%
Connecticut	31%	15%	50%	3%	2%
Maine	4%	4%	78%	6%	8%
Massachusetts	47%	13%	36%	2%	2%
New Hampshire	20%	8%	54%	13%	6%
Rhode Island	48%	8%	41%	2%	2%
Vermont	14%	4%	54%	15%	13%
<i>MIDDLE ATLANTIC</i>	56%	12%	26%	3%	3%
New Jersey	72%	10%	15%	2%	1%
New York	52%	9%	33%	3%	3%
Pennsylvania	52%	18%	22%	4%	4%
MIDWEST	70%	17%	2%	8%	3%
<i>EAST NORTH CENTRAL</i>	73%	15%	2%	7%	2%
Illinois	81%	13%	0%	4%	1%
Indiana	63%	24%	2%	8%	2%
Michigan	78%	7%	2%	9%	3%
Ohio	68%	20%	3%	6%	2%
Wisconsin	67%	13%	5%	11%	5%
<i>WEST NORTH CENTRAL</i>	63%	21%	2%	11%	3%
Iowa	66%	16%	1%	14%	2%
Kansas	71%	19%	0%	8%	2%
Minnesota	68%	14%	4%	11%	3%
Missouri	55%	30%	0%	11%	4%
Nebraska	66%	22%	1%	9%	2%
North Dakota	41%	36%	6%	14%	2%
South Dakota	49%	24%	4%	19%	4%
SOUTH	33%	57%	3%	6%	1%
<i>SOUTH ATLANTIC</i>	26%	62%	5%	5%	1%
Delaware	39%	30%	18%	11%	1%
District of Columbia	65%	30%	4%	1%	1%
Florida	5%	93%	0%	2%	0%
Georgia	45%	47%	0%	7%	1%
Maryland	45%	37%	13%	3%	1%
North Carolina	25%	54%	7%	11%	2%
South Carolina	25%	65%	3%	6%	1%
Virginia	35%	47%	9%	5%	3%
West Virginia	45%	37%	5%	5%	7%
<i>EAST SOUTH CENTRAL</i>	37%	51%	1%	9%	2%
Alabama	34%	55%	0%	10%	1%
Kentucky	42%	45%	1%	8%	3%
Mississippi	34%	47%	0%	16%	2%
Tennessee	36%	55%	1%	5%	2%
<i>WEST SOUTH CENTRAL</i>	43%	51%	0%	5%	1%
Arkansas	45%	41%	0%	10%	5%
Louisiana	40%	55%	0%	4%	1%
Oklahoma	58%	31%	0%	8%	3%
Texas	40%	55%	0%	4%	1%
WEST	61%	31%	1%	4%	3%
<i>MOUNTAIN</i>	61%	30%	1%	5%	4%
Arizona	37%	57%	0%	4%	2%
Colorado	76%	16%	0%	5%	3%
Idaho	50%	32%	3%	6%	8%
Montana	58%	18%	2%	13%	9%
Nevada	64%	30%	1%	4%	2%
New Mexico	68%	14%	0%	11%	8%
Utah	86%	9%	0%	2%	2%
Wyoming	61%	21%	1%	12%	6%
<i>PACIFIC</i>	61%	31%	2%	3%	3%
Alaska	49%	9%	34%	2%	5%
California	70%	24%	0%	3%	2%
Hawaii	6%	87%	0%	4%	4%
Oregon	38%	48%	4%	2%	8%
Washington	36%	52%	4%	3%	5%
UNITED STATES	51%	34%	8%	6%	2%

Source: U.S. CENSUS BUREAU, 2007 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 2007

Total Residential Customers

Based on the Energy Information Administration's Form 176 database, the total number of residential natural gas customers reached almost 65 million in 2007. That is a 0.8 percent increase from 2006.

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 2007, 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 541,203 in 2007. The Mountain region had the highest percentage increase in customers (more than two percent) while the East South Central and South Atlantic regions registered a decline 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 2007, companies responding to the survey reported that 34,475 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 27 percent of all conversions. Approximately 19 percent of conversion customers had previously heated with electricity. The respondents were unable to identify the previous heating fuel for 54 percent of the homes.

Table 6: 2007 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	2,217,057	1,458,209	65.8%	16,828	
Connecticut	482,902	339,480	70.3%	4,053	
Maine	19,196	13,226	68.9%	372	
Massachusetts	1,361,470	860,449	63.2%	12,622	13%
New Hampshire	94,963	65,524	69.0%	363	
Rhode Island	223,589	154,724	69.2%	(1,438)	
Vermont	34,937	24,805	71.0%	856	69%
MIDDLE ATLANTIC	9,609,905	7,237,299	75.3%	110,729	
New Jersey	2,609,788	2,038,244	78.1%	31,597	45%
New York	4,379,936	3,157,934	72.1%	64,733	48%
Pennsylvania	2,620,181	2,041,121	77.9%	14,399	23%
MIDWEST					
EAST NORTH CENTRAL	13,617,441	12,819,413	94.1%	75,380	
Illinois	3,845,441	3,545,497	92.2%	33,320	5%
Indiana	1,677,857	1,543,628	92.0%	16,671	
Michigan	3,188,152	3,028,744	95.0%	(5,768)	
Ohio	3,273,791	3,126,470	95.5%	10,729	
Wisconsin	1,632,200	1,575,073	96.5%	20,428	6%
WEST NORTH CENTRAL	5,255,067	4,860,959	92.5%	2,095	
Iowa	865,553	804,964	93.0%	6,638	2%
Kansas	858,155	768,049	89.5%	(4,048)	1%
Minnesota	1,401,623	1,338,550	95.5%	261	
Missouri	1,354,173	1,211,985	89.5%	281	2%
Nebraska	494,005	474,245	96.0%	(5,499)	1%
North Dakota	118,100	112,786	95.5%	1,485	
South Dakota	163,458	150,381	92.0%	2,977	
SOUTH					
SOUTH ATLANTIC	6,884,334	5,302,196	77.0%	(57,289)	
Delaware	145,010	119,633	82.5%	3,734	
District of Columbia	142,384	121,026	85.0%	431	11%
Florida	682,996	409,115	59.9%	9,874	
Georgia	1,793,650	1,495,904	83.4%	(134,526)	1%
Maryland	1,053,948	838,943	79.6%	13,036	8%
North Carolina	1,063,871	779,817	73.3%	41,441	7%
South Carolina	553,179	417,650	75.5%	(1,774)	8%
Virginia	1,101,863	835,212	75.8%	16,354	19%
West Virginia	347,433	284,895	82.0%	(5,859)	
EAST SOUTH CENTRAL	3,077,069	2,584,008	84.0%	(21,584)	
Alabama	796,016	646,365	81.2%	(32,551)	3%
Kentucky	771,047	658,474	85.4%	876	11%
Mississippi	438,678	370,683	84.5%	2,091	
Tennessee	1,071,328	908,486	84.8%	8,000	8%
WEST SOUTH CENTRAL	6,504,946	5,175,794	79.6%	134,492	
Arkansas	557,966	470,365	84.3%	2,061	
Louisiana	871,488	692,833	79.5%	4,036	
Oklahoma	920,288	808,933	87.9%	40,699	
Texas	4,155,204	3,203,662	77.1%	87,696	
WEST					
MOUNTAIN	5,491,110	4,625,609	84.2%	123,145	
Arizona	1,119,266	658,128	58.8%	30,692	
Colorado	1,583,945	1,519,003	95.9%	25,034	4%
Idaho	323,114	268,185	83.0%	6,199	8%
Montana	247,035	216,156	87.5%	1,152	
Nevada	750,570	654,497	87.2%	23,798	1%
New Mexico	544,892	452,805	83.1%	10,921	
Utah	778,644	731,147	93.9%	24,090	
Wyoming	143,644	125,689	87.5%	1,259	
PACIFIC	12,270,245	10,501,983	85.6%	157,407	
Alaska	115,500	106,838	92.5%	3,231	
California	10,439,220	8,935,972	85.6%	109,996	
Hawaii	25,899	-	0.0%	(83)	
Oregon	664,455	537,544	80.9%	16,820	27%
Washington	1,025,171	921,629	89.9%	27,443	20%
UNITED STATES	64,927,174	54,538,826	84.0%	541,203	18%

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 20 years (Table 7). The largest gain in market share for natural gas furnaces was in the Northeast region, where gas grew by seven percentage points. The South exhibited a loss in market share, where gas dropped five percentage points.

Table 7

Market Share of Natural Gas Space Heating from 1987- 2007

	<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>	<u>2007</u>
Northeast	40%	40%	42%	43%	43%	45%	45%	46%	47%	48%	47%
Midwest	70%	71%	70%	70%	70%	70%	70%	71%	72%	71%	71%
South	38%	37%	36%	36%	35%	36%	35%	35%	35%	34%	33%
West	62%	61%	60%	61%	62%	62%	63%	64%	65%	65%	65%
U.S.	51%	51%	50%	51%	51%	51%	51%	52%	52%	52%	51%

Despite the fact that the West region increased its market share six percentage points for natural gas cooking, the overall market share for gas cooking has decreased from 37 percent in 1987 to 35 percent by 2007. The largest losses were in the South region, where gas fell by four percentage points. The Midwest followed the South in market share losses by dropping two percentage points.

Table 8

Market Share of Natural Gas Cooking from 1987- 2007

	<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>	<u>2007</u>
Northeast	50%	49%	48%	48%	49%	48%	48%	48%	49%	49%	48%
Midwest	40%	41%	40%	40%	39%	39%	39%	38%	38%	37%	38%
South	26%	25%	24%	24%	23%	23%	22%	22%	22%	21%	22%
West	39%	39%	40%	40%	41%	41%	41%	42%	44%	44%	45%
U.S.	37%	37%	36%	36%	36%	36%	35%	35%	36%	35%	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 six 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 20 years.

Table 9

Market Share of Natural Gas Water Heating from 1987- 2007											
	<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>	<u>2007</u>
Northeast	44%	46%	47%	47%	47%	49%	49%	49%	50%	50%	50%
Midwest	67%	68%	67%	67%	66%	65%	65%	66%	66%	66%	66%
South	38%	36%	36%	36%	35%	34%	33%	33%	33%	33%	32%
West	66%	66%	67%	66%	67%	67%	67%	68%	69%	69%	70%
U.S.	52%	52%	52%	52%	52%	51%	51%	51%	52%	52%	51%

Approximately 21 percent (19 million) of all residences use natural gas to dry their clothing. The market share for clothes dryers has declined slightly from 1987 to 2007. The largest gain in market share was in the West region, where natural gas grew by six percentage points.

Table 10

Market Share of Natural Gas Clothes Drying from 1987- 2007											
	<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>	<u>2007</u>
Northeast	27%	27%	28%	27%	27%	28%	28%	28%	28%	29%	28%
Midwest	33%	33%	32%	32%	32%	32%	31%	31%	31%	30%	30%
South	10%	10%	9%	9%	9%	9%	9%	8%	8%	7%	7%
West	27%	28%	28%	28%	29%	31%	31%	31%	32%	32%	33%
U.S.	23%	22%	22%	22%	23%	23%	22%	22%	22%	21%	21%

Roughly 61 percent of United States households had natural gas service in 2007, 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 58 percent and gas clothes dryers in only 28 percent. This may present marketing opportunities for gas utilities to increase load to existing customers.