

Residential Natural Gas Market Survey



**January 2010
(2008 Data)**



RESIDENTIAL NATURAL GAS MARKET SURVEY

2008 DATA

61st Annual Survey of the
U.S. Natural Gas Utility Industry

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Introduction

This year's report is the 61st annual *Residential Natural Gas Market Survey* conducted by the American Gas Association (AGA). The data collected for 2008 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 64 natural gas utility companies responded to this year's survey. This is an increase from the 57 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.

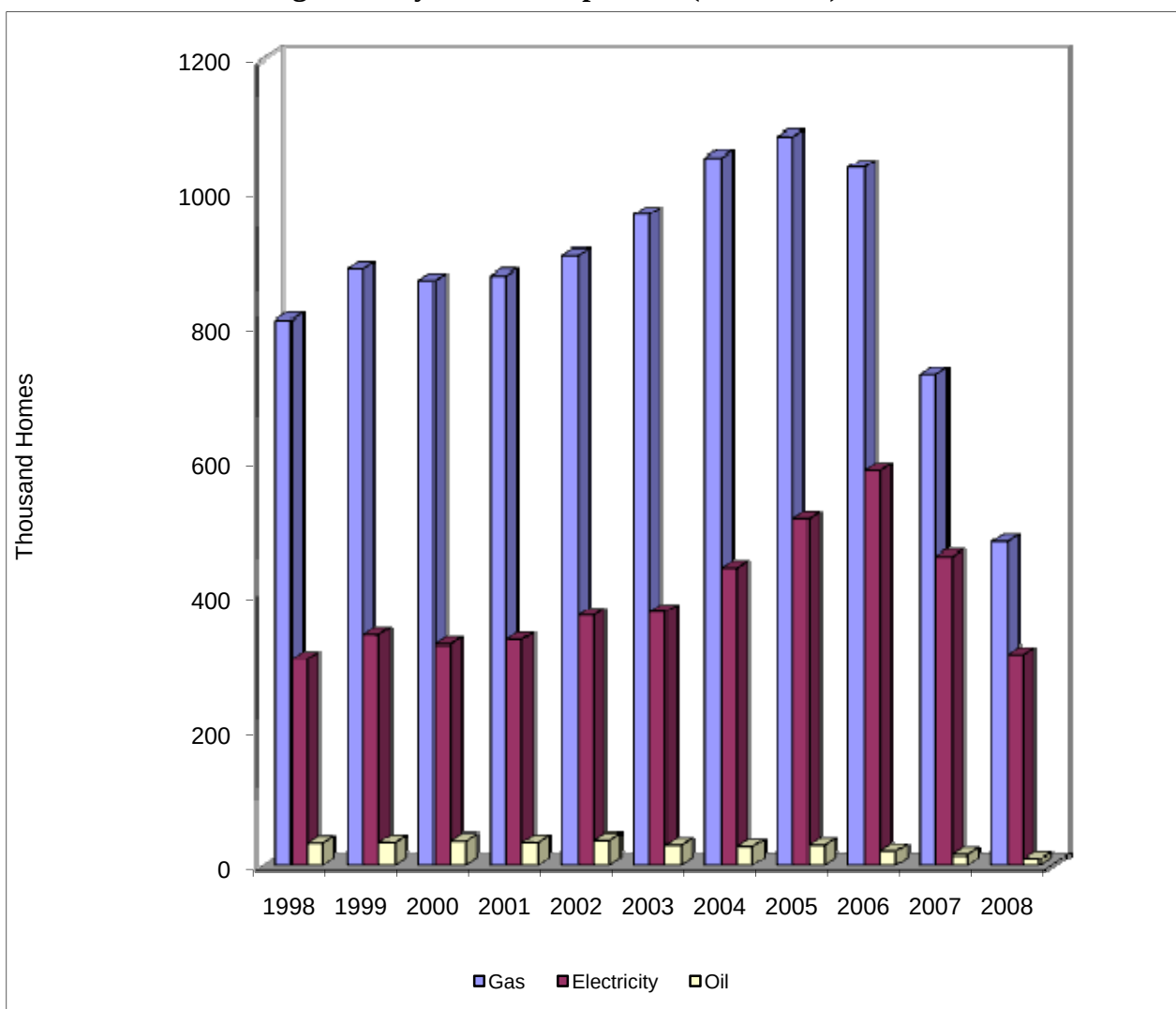
Our thanks go to those companies participating in this *Residential Natural Gas Market Survey* information-gathering effort. Their cooperation and support are essential to making this publication a primary source of natural gas utility industry data and an important industry reference.

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 seven percent, propane five percent and “other” three percent.
- In 2008, the majority of newly built single-family homes (59 percent) featured gas heat, down a percentage point from the 60 percent gas-heat share in 2007. 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 37 percent in 2008 from 41 percent in 2007. When both single- and multi-family units are considered, the gas heating share of new housing completions fell to 53 percent, compared to 56 percent the previous year. The overall electric share increased by three percentage points to 45 percent in 2008.
- Net additions to the number of residential natural gas customers totaled 327,000 in 2008. This represents a 0.5 percent increase in total customers compared to 2007.
- The 2008 survey results show 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 33 percent of all conversions. Approximately 29 percent of conversion customers had previously heated with electricity. The respondents were unable to identify the previous heating fuel for 38 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 \$2.2 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. In 2008, LIHEAP funding increased to \$2.7 billion.

Figure 1
Gas Heat is Preferred in New Homes over Electricity and Oil
Single-Family Home Completions (1998-2008)



Source: U.S. Bureau of the Census, *Annual 2008 Characteristics of New Housing*
 NOTE: Gas includes both propane and natural gas.

United States Housing Market in 2008

New Housing Completions

Home-building declined significantly in 2008, with 1,120,000 homes being built, a 25 percent decline from 2007.

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 totaled 482,000 in 2008, down 34 percent from 729,000 in 2007. Gas heating market share fell to 59 percent in 2008, compared to 60 percent in 2007. The 2008 electric heating market share of new home completions was 38 percent, the same as 2007. Single-family home completions heated by gas exceeded electric completions for the 22nd consecutive year.

In the 2008 new multi-family housing arena, gas market share for space heating declined to 37 percent, compared to the 2007 level of 41 percent. The total number of multi-family units completed in 2008 increased to 301,000 compared to 284,000 in 2007. Market share for electric heat increased by four percentage points compared to 2007, reaching 62 percent in 2008. Gas-heated multi-family units numbered 112,000 compared with 186,000 electric units in 2008.

When both single and multi-family units are considered, the market share of new housing heated by gas in 2008 was 53 percent. The overall 2008 electric house heating market share increased three percentage points to 45 percent compared to 2007.

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 78 percent, 78 percent, 39 percent and 81 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 1998 to 2008. 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 33 percent electric in 1998 to 53 percent gas and 45 percent electric in 2008.

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Table 1

2008 Housing Completions by Heating Fuel

	Share	Units (Thousands)				
Single-Family		U.S.	Northeast	Midwest	South	West
Gas ¹	59%	482	57	108	163	154
Electricity	38%	314	6	27	253	28
Oil	1%	10	9	Z	Z	Z
Other ²	<u>2%</u>	<u>13</u>	<u>1</u>	<u>3</u>	<u>1</u>	<u>7</u>
Subtotal	100%	819	73	139	417	190
Multi-Family						
Gas ¹	37%	112	33	26	7	47
Electricity	62%	186	2	14	143	27
Oil	1%	1	1	0	0	0
Other	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>
Subtotal	100%	301	37	40	150	75
Combined						
Gas ¹	53%	594	90	134	170	201
Electricity	45%	500	8	41	396	55
Oil	1%	11	10	0	0	0
Other ²	<u>1%</u>	<u>13</u>	<u>1</u>	<u>3</u>	<u>1</u>	<u>7</u>
TOTAL	100%	1,120	109	178	567	263
Heat Pump ³						
Single-Family	33%	280	6	21	231	23
Multi-Family	37%	<u>111</u>	<u>4</u>	<u>4</u>	<u>84</u>	<u>19</u>
Combined	34%	391	10	25	315	42
Manufactured Homes ⁴		79	5	8	53	13

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: 2008*

Table 2

A Comparison of 2007 and 2008 Private Housing Completions
(Percent of Market)

	<u>U.S. Total</u>		<u>Northeast</u>		<u>Midwest</u>		<u>South</u>		<u>West</u>	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Single-Family										
Gas ¹	60%	59%	75%	78%	82%	78%	39%	39%	85%	81%
Electricity	38%	38%	8%	8%	17%	20%	61%	61%	13%	15%
Oil	1%	1%	15%	13%	-	-	Z	Z	Z	Z
Other	1%	2%	1%	1%	2%	2%	Z	Z	2%	4%
Multi-Family										
Gas ¹	41%	37%	85%	90%	65%	64%	8%	5%	65%	63%
Electricity	58%	62%	9%	6%	35%	35%	92%	95%	33%	36%
Oil	1%	Z%	5%	2%	0%	0%	0%	0%	0%	0%
Other	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Combined										
Gas ¹	56%	53%	77%	83%	79%	75%	34%	30%	81%	76%
Electricity	42%	45%	8%	7%	20%	23%	66%	70%	17%	21%
Oil	1%	1%	12%	9%	0%	0%	0%	0%	0%	0%
Other	1%	1%	1%	1%	1%	2%	0%	0%	2%	3%

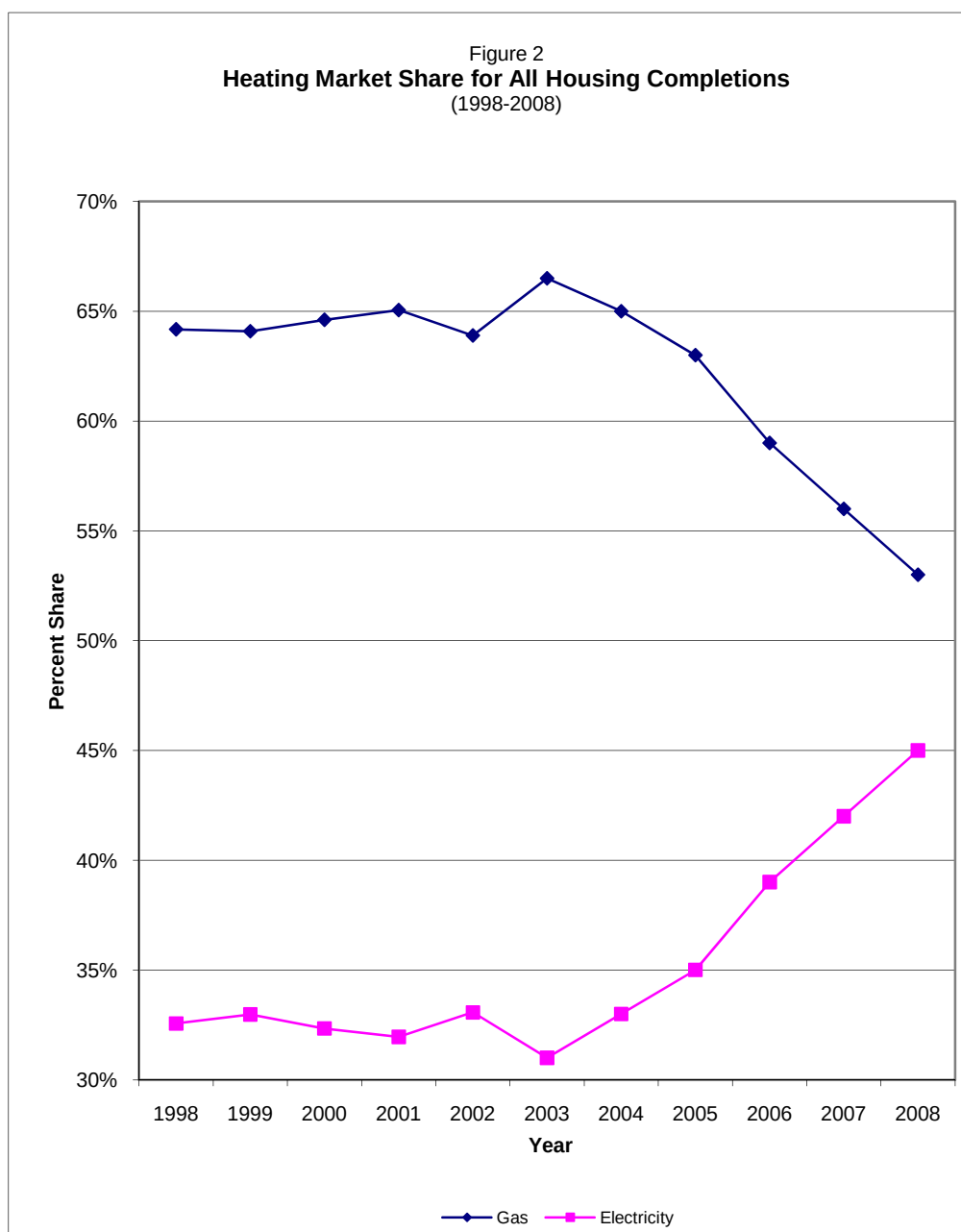
¹Includes propane.

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: 2008*



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
(1998-2008)**

	<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>	<u>2008</u>
Single-Family											
Gas ¹	70%	70%	70%	70%	68%	70%	69%	66%	62%	60%	59%
Electricity	26%	27%	27%	27%	28%	27%	29%	31%	35%	38%	38%
Oil	3%	3%	3%	3%	3%	2%	2%	2%	1%	1%	1%
Other	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	2%
Multi-Family											
Gas ¹	44%	43%	45%	47%	45%	51%	46%	43%	43%	41%	37%
Electricity	55%	55%	54%	53%	54%	48%	53%	55%	56%	58%	62%
Oil	1%	1%	Z	Z	Z	Z	Z	2%	Z	1%	Z%
Other	1%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Combined											
Gas ¹	64%	64%	65%	65%	64%	67%	65%	63%	59%	56%	53%
Electricity	33%	33%	32%	32%	33%	31%	33%	35%	39%	42%	45%
Oil	3%	2%	2%	2%	2%	2%	2%	2%	1%	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: 2008*

Existing Housing

According to the U.S. Census Bureau, more than half of the existing housing units in 2008 used natural gas to heat their homes, accounting for more than 56 million (or 51 percent) of the 112 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 51 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 2008.

Table 4
2008 Household Space-Heating Market Share

	NATURAL GAS	ELECTRICITY	FUEL OIL	PROPANE	OTHER
NORTHEAST	51%	12%	30%	3%	3%
<i>NEW ENGLAND</i>	<i>35%</i>	<i>11%</i>	<i>45%</i>	<i>4%</i>	<i>4%</i>
Connecticut	31%	15%	49%	3%	2%
Maine	4%	5%	75%	6%	10%
Massachusetts	47%	13%	35%	2%	2%
New Hampshire	20%	7%	53%	13%	7%
Rhode Island	49%	8%	39%	2%	2%
Vermont	15%	4%	53%	14%	14%
<i>MIDDLE ATLANTIC</i>	<i>57%</i>	<i>12%</i>	<i>25%</i>	<i>3%</i>	<i>3%</i>
New Jersey	73%	10%	14%	2%	1%
New York	53%	9%	32%	3%	3%
Pennsylvania	52%	19%	21%	4%	4%
MIDWEST	70%	17%	2%	8%	3%
<i>EAST NORTH CENTRAL</i>	<i>73%</i>	<i>15%</i>	<i>2%</i>	<i>7%</i>	<i>3%</i>
Illinois	82%	13%	0%	4%	1%
Indiana	64%	25%	1%	8%	3%
Michigan	78%	7%	2%	9%	3%
Ohio	68%	20%	3%	6%	3%
Wisconsin	67%	13%	4%	11%	5%
<i>WEST NORTH CENTRAL</i>	<i>63%</i>	<i>21%</i>	<i>2%</i>	<i>11%</i>	<i>3%</i>
Iowa	66%	16%	1%	14%	3%
Kansas	71%	19%	0%	8%	2%
Minnesota	69%	14%	4%	10%	4%
Missouri	55%	30%	0%	11%	4%
Nebraska	66%	23%	1%	8%	3%
North Dakota	44%	34%	5%	14%	2%
South Dakota	50%	26%	4%	17%	4%
SOUTH	33%	58%	2%	5%	2%
<i>SOUTH ATLANTIC</i>	<i>26%</i>	<i>63%</i>	<i>4%</i>	<i>5%</i>	<i>2%</i>
Delaware	40%	28%	19%	11%	2%
District of Columbia	64%	30%	4%	1%	1%
Florida	5%	93%	0%	1%	0%
Georgia	45%	47%	0%	7%	1%
Maryland	45%	37%	12%	3%	2%
North Carolina	26%	56%	6%	10%	2%
South Carolina	26%	66%	2%	5%	1%
Virginia	35%	49%	8%	5%	3%
West Virginia	44%	40%	4%	5%	8%
<i>EAST SOUTH CENTRAL</i>	<i>36%</i>	<i>53%</i>	<i>1%</i>	<i>8%</i>	<i>2%</i>
Alabama	33%	57%	0%	9%	1%
Kentucky	41%	47%	2%	7%	3%
Mississippi	34%	50%	0%	15%	2%
Tennessee	36%	56%	1%	5%	2%
<i>WEST SOUTH CENTRAL</i>	<i>42%</i>	<i>52%</i>	<i>0%</i>	<i>5%</i>	<i>1%</i>
Arkansas	44%	42%	0%	9%	5%
Louisiana	39%	57%	0%	3%	1%
Oklahoma	58%	31%	0%	8%	3%
Texas	40%	55%	0%	4%	1%
WEST	61%	31%	1%	4%	3%
<i>MOUNTAIN</i>	<i>61%</i>	<i>30%</i>	<i>1%</i>	<i>5%</i>	<i>3%</i>
Arizona	37%	58%	0%	3%	2%
Colorado	77%	16%	0%	5%	3%
Idaho	51%	33%	3%	5%	8%
Montana	57%	19%	2%	13%	9%
Nevada	63%	32%	1%	3%	1%
New Mexico	69%	14%	0%	10%	7%
Utah	87%	9%	0%	2%	2%
Wyoming	63%	19%	0%	10%	7%
<i>PACIFIC</i>	<i>61%</i>	<i>31%</i>	<i>2%</i>	<i>3%</i>	<i>3%</i>
Alaska	50%	9%	33%	2%	6%
California	70%	24%	0%	3%	2%
Hawaii	5%	88%	0%	4%	4%
Oregon	39%	48%	4%	2%	8%
Washington	36%	52%	3%	3%	5%
UNITED STATES	51%	34%	7%	5%	3%

Source: U.S. CENSUS BUREAU, 2008 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 2008

Total Residential Customers

Based on the Energy Information Administration's Form 176 database, the total number of residential natural gas customers reached more than 65 million in 2008. That is a 0.5 percent increase from 2007.

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 2008, 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 326,780 in 2008. The Mountain and New England regions had the highest percentage increase in customers (1.7 percent), while the East South Central and Middle 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, 14 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 2008, companies responding to the survey reported that 47,728 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 33 percent of all conversions. Approximately 29 percent of conversion customers had previously heated with electricity. The respondents were unable to identify the previous heating fuel for 38 percent of the homes.

Table 6: 2008 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	2,254,958	1,482,773	65.8%	37,901	
Connecticut	487,320	342,586	70.3%	4,418	
Maine	19,571	13,484	68.9%	375	
Massachusetts	1,390,180	878,594	63.2%	28,710	53%
New Hampshire	97,855	67,520	69.0%	2,892	
Rhode Island	224,103	155,079	69.2%	514	
Vermont	35,929	25,510	71.0%	992	84%
MIDDLE ATLANTIC	9,535,726	7,183,939	75.3%	(74,179)	
New Jersey	2,601,051	2,031,421	78.1%	(8,737)	43%
New York	4,303,335	3,102,705	72.1%	(76,601)	59%
Pennsylvania	2,631,340	2,049,814	77.9%	11,159	45%
MIDWEST					
EAST NORTH CENTRAL	13,629,449	12,830,304	94.1%	12,008	
Illinois	3,869,308	3,567,502	92.2%	23,867	2%
Indiana	1,678,158	1,543,905	92.0%	301	1%
Michigan	3,172,623	3,013,992	95.0%	(15,529)	
Ohio	3,262,716	3,115,894	95.5%	(11,075)	8%
Wisconsin	1,646,644	1,589,011	96.5%	14,444	
WEST NORTH CENTRAL	5,288,960	4,893,590	92.5%	33,893	
Iowa	872,980	811,871	93.0%	7,427	2%
Kansas	853,040	763,471	89.5%	(5,115)	50%
Minnesota	1,413,162	1,349,570	95.5%	11,539	
Missouri	1,352,015	1,210,053	89.5%	(2,158)	3%
Nebraska	512,013	491,532	96.0%	18,008	1%
North Dakota	120,056	114,653	95.5%	1,956	
South Dakota	165,694	152,438	92.0%	2,236	
SOUTH					
SOUTH ATLANTIC	6,935,344	5,340,803	77.0%	51,010	
Delaware	147,541	121,721	82.5%	2,531	
District of Columbia	142,819	121,396	85.0%	435	33%
Florida	679,265	406,880	59.9%	(3,731)	52%
Georgia	1,791,256	1,493,908	83.4%	(2,394)	
Maryland	1,057,521	841,787	79.6%	3,573	11%
North Carolina	1,095,362	802,900	73.3%	31,491	12%
South Carolina	561,196	423,703	75.5%	8,017	9%
Virginia	1,113,016	843,666	75.8%	11,153	9%
West Virginia	347,368	284,842	82.0%	(65)	
EAST SOUTH CENTRAL	3,070,742	2,578,666	84.0%	(6,327)	
Alabama	792,084	643,172	81.2%	(3,932)	3%
Kentucky	753,531	643,515	85.4%	(17,516)	10%
Mississippi	443,025	374,356	84.5%	4,347	
Tennessee	1,082,102	917,622	84.8%	10,774	6%
WEST SOUTH CENTRAL	6,570,484	5,226,949	79.6%	65,538	
Arkansas	556,746	469,337	84.3%	(1,220)	
Louisiana	886,084	704,437	79.5%	14,596	
Oklahoma	923,650	811,888	87.9%	3,362	14%
Texas	4,204,004	3,241,287	77.1%	48,800	
WEST					
MOUNTAIN	5,586,718	4,708,486	84.3%	95,608	
Arizona	1,128,264	663,419	58.8%	8,998	
Colorado	1,606,602	1,540,731	95.9%	22,657	4%
Idaho	336,191	279,039	83.0%	13,077	
Montana	253,122	221,482	87.5%	6,087	
Nevada	758,315	661,251	87.2%	7,745	4%
New Mexico	556,905	462,788	83.1%	12,013	
Utah	794,880	746,392	93.9%	16,236	
Wyoming	152,439	133,384	87.5%	8,795	1%
PACIFIC	12,381,573	10,598,236	85.6%	111,328	
Alaska	119,039	110,111	92.5%	3,539	
California	10,515,162	9,000,979	85.6%	75,942	
Hawaii	25,632	-	0.0%	(267)	
Oregon	674,421	545,607	80.9%	9,966	44%
Washington	1,047,319	941,540	89.9%	22,148	19%
UNITED STATES	65,253,954	54,813,321	84.0%	326,780	14%

¹Derived from Energy Administration Form 176 Database (see Appendix C)

²Derived from survey responses and Census information

³Based 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.

Table 11

Market Share of Natural Gas - 2007					
	All Homes	Homes with Natural Gas Service			
	<u>With Natural Gas Service</u>	<u>Gas Space Heating</u>	<u>Gas Water Heating</u>	<u>Gas Cooking</u>	<u>Gas Clothes Drying</u>
Northeast	64%	74%	78%	76%	31%
Midwest	76%	94%	87%	49%	32%
South	42%	79%	77%	52%	14%
West	76%	84%	92%	60%	34%
U.S.	61%	84%	84%	58%	28%

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 12

Natural Gas Market Share by Sector - 2007					
	<u>Total Homes</u>	<u>New Construction</u>	<u>Manufactured/ Mobile Home</u>	<u>Urban</u>	<u>Rural</u>
Total (000)	110,692	5,747	6,919	82,736	27,956
Gas Service	61%	46%	24%	71%	32%
Gas Space Heat	51%	48%	24%	60%	28%
Gas Water Heat	51%	48%	19%	61%	23%
Gas Cooking	35%	32%	22%	42%	16%
Gas Clothes Drying	21%	18%	6%	27%	8%

Table 13 shows which gas appliances are in gas customers' homes. Of all natural gas customers, 16.5 percent have all four major appliances, 32.2 percent have three of the appliances, 32.3 percent have two, and 18.9 percent have only one.