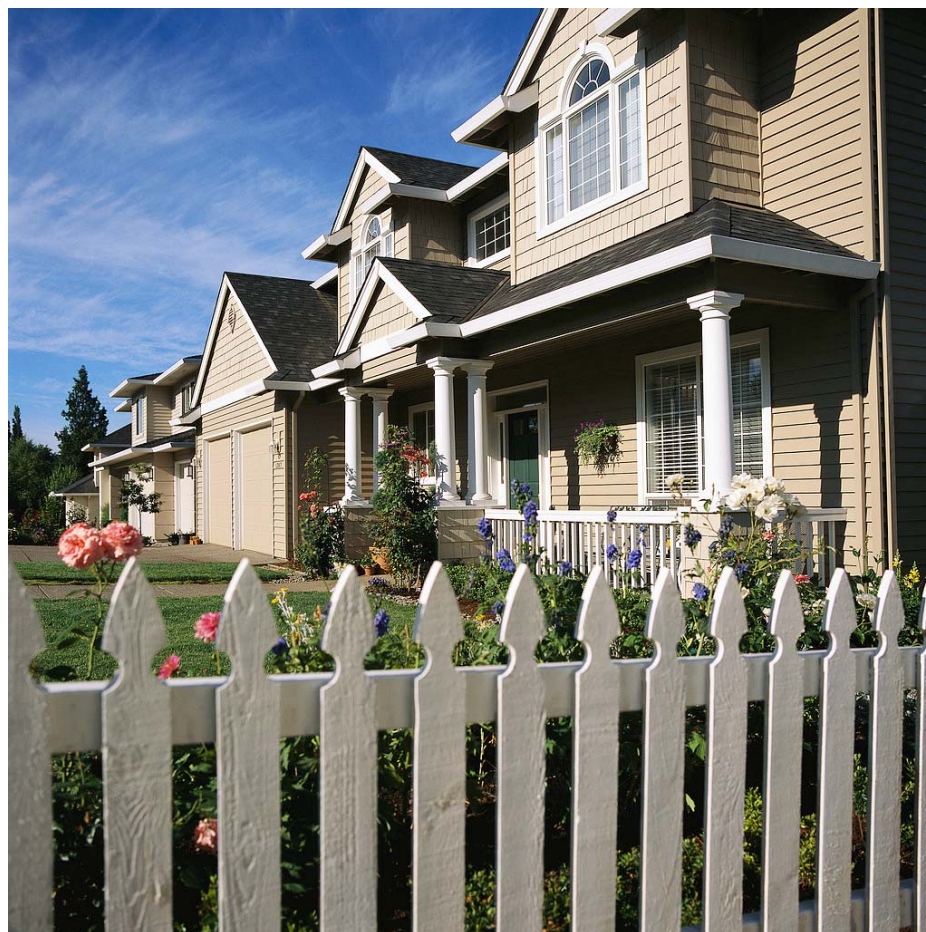


RESIDENTIAL

Natural Gas Market Survey



**February 2006
(2004 Data)**

RESIDENTIAL NATURAL GAS MARKET SURVEY

2004 DATA

57th 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. F00006

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Introduction

This year's report is the 57th annual *Residential Natural Gas Market Survey* conducted by the American Gas Association (AGA). The data collected for 2004 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 81 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 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 2004, 61 percent of U.S. households, or 62 million customers, had natural gas service. Eighty-four percent of these natural gas customers use natural gas for house heating purposes.

- 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 32 percent, heating oil eight percent, propane six percent, and other two percent.
- In 2004, almost seven of every 10 newly built single-family homes (69 percent) featured gas heat – down one percentage point from the 70 percent gas-heat share in 2003. 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 declined five percentage points, from 51 percent in 2003 to 46 percent in 2004. When both single and multi-family units are considered, the gas heating share of new housing completions fell to 65 percent, compared to 67 percent the previous year. The overall electric share increased by two percentage points to 33 percent in 2004.
- Net additions to the number of residential natural gas customers totaled 597,000 in 2004. This represents a decrease of 17 percent compared to 2003 additions.
- The 2004 survey results showed that roughly 17 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 49 percent of all conversions. Approximately 23 percent of conversion customers had previously heated with electricity. The respondents were unable to identify the previous heating fuel for 28 percent of the homes.
- Natural gas water heaters have maintained a 52 percent market share, while shares for gas cooking and clothes drying remained at 36 percent and 22 percent, respectively.
- During 2004, more than \$3.7 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 \$1.9 billion in normal appropriations and emergency funds. Utilities, both electric and natural gas, accounted for 31 percent (\$1.2 billion) of the total in the form of discounts, waivers, forgiveness of arrearages, and weatherization programs.