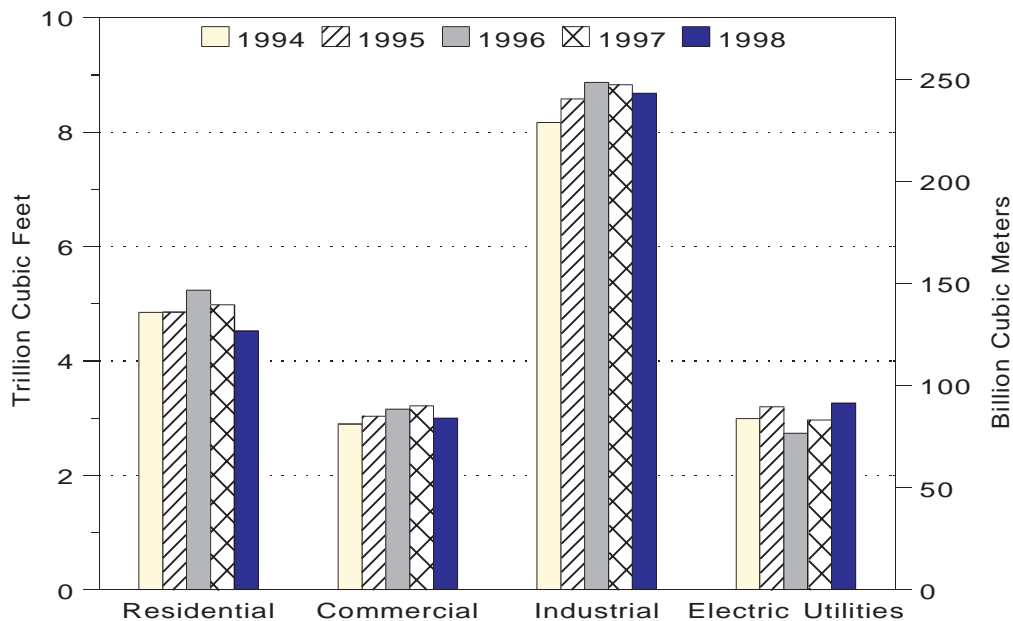


- Regulated utilities began to sell their electric generation operations to nonregulated power producers in 1998. Fifty were sold during the year, with a relatively large number fueled by natural gas. It is anticipated that this is the beginning of a trend that will continue as the restructuring of the electric utility industry proceeds. Natural gas consumption at these facilities was previously included in electric utility consumption but is now included in industrial consumption. The inclusion of nonutility gas consumption in the industrial sector somewhat offset the decline in consumption by manufacturing groups that are intensive natural gas users.
- Natural gas deliveries to electric utilities rose by 290 billion cubic feet to 3.3 trillion cubic feet, 10 percent

above the 1997 level. Sustained periods of very high summer temperatures in the Southwest region, particularly in Texas, contributed greatly to the increased demand for gas by electric utilities primarily to meet air-conditioning demand which peaks in July and August. Nationally, Texas accounted for 38 percent of the natural gas consumed by this sector in 1998, followed by Louisiana with 10 percent. The use of natural gas by electric utilities generally serves to meet peak demand periods. Electric utilities were the only consuming sector to have an increase in natural gas deliveries from 1997 to 1998.

**Figure 10. Natural Gas Delivered to Consumers in the United States, 1994-1998**



Source: Energy Information Administration (EIA), Form EIA-176, "Annual Report of Natural and Supplemental Gas Supply and Disposition", and Form EIA-759, "Monthly Power Plant Report."