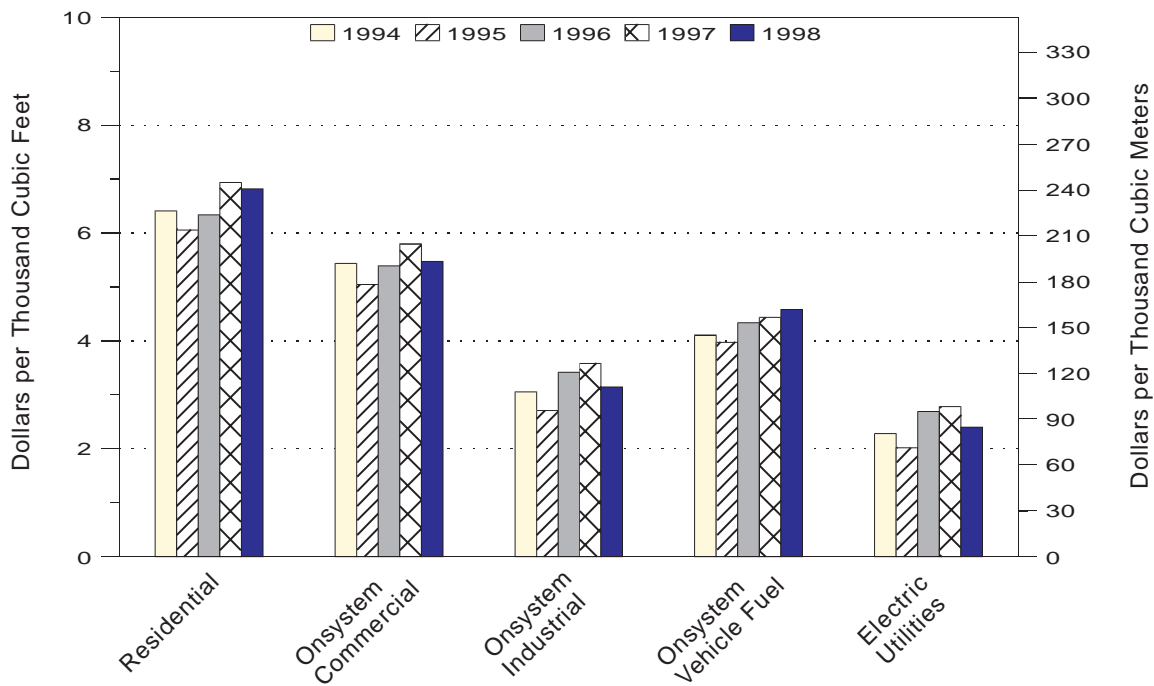


- Residential consumers continue to pay the highest price for natural gas. The average price of natural gas deliveries to the residential sector declined by 2 percent (\$0.12 per thousand cubic feet) from \$6.94 in 1997 to \$6.82 per thousand cubic feet in 1998, which was the smallest decrease of any of the consuming sectors. In recent years, only modest changes in constant dollars have been seen for residential prices (Figure 14). Most of these consumers remain captive to LDC sales service in all but a few States. The LDCs are obligated to supply gas to residences at all times, including during heating seasons when demand is high. Providing this premium service usually results in higher prices.
- The second-highest prices for natural gas deliveries were seen in the commercial sector. The average price paid by commercial consumers fell 5 percent (\$0.31

per thousand cubic feet) from \$5.79 in 1997 to \$5.48 per thousand cubic feet in 1998. The percentage of deliveries for the account of others (i.e., for transportation-only customers) to the commercial sector has grown substantially since 1993 from 16 percent of commercial deliveries to 33 percent in 1998. In 15 States and the District of Columbia, prices in this sector were associated with less than 70 percent of deliveries in 1998.

- Deliveries for the account of others in the industrial sector represented 84 percent of all deliveries to that sector during 1998 and resulted in industrial prices, as reported by EIA, associated with only 16 percent of the volumes delivered. Prices for gas purchased by the industrial customers who continue to buy from LDC suppliers declined 13 percent from \$3.59 per thousand

Figure 13. Average Price of Natural Gas Delivered to Consumers in the United States, 1994-1998



Note: Onsystem sales deliveries represent 64.9 percent of commercial deliveries, 15.6 percent of industrial deliveries, and 85.4 percent of vehicle fuel deliveries in 1998.

Sources: Energy Information Administration (EIA), Form EIA-176, "Annual Report of Natural and Supplemental Gas Supply and Disposition" and Federal Energy Regulatory Commission (FERC), Form FERC-423, "Monthly Report of Cost and Quality of Fuels for Electric Plants."