



Affordable Energy: The Key Component of a Strong Economy

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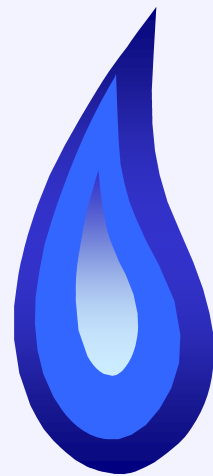


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Historic Trends in Industrial Usage of Natural Gas



Industrial Natural Gas Usage



Natural
Gas



Heat

Boiler/Steam

Feedstock

Power
Generation

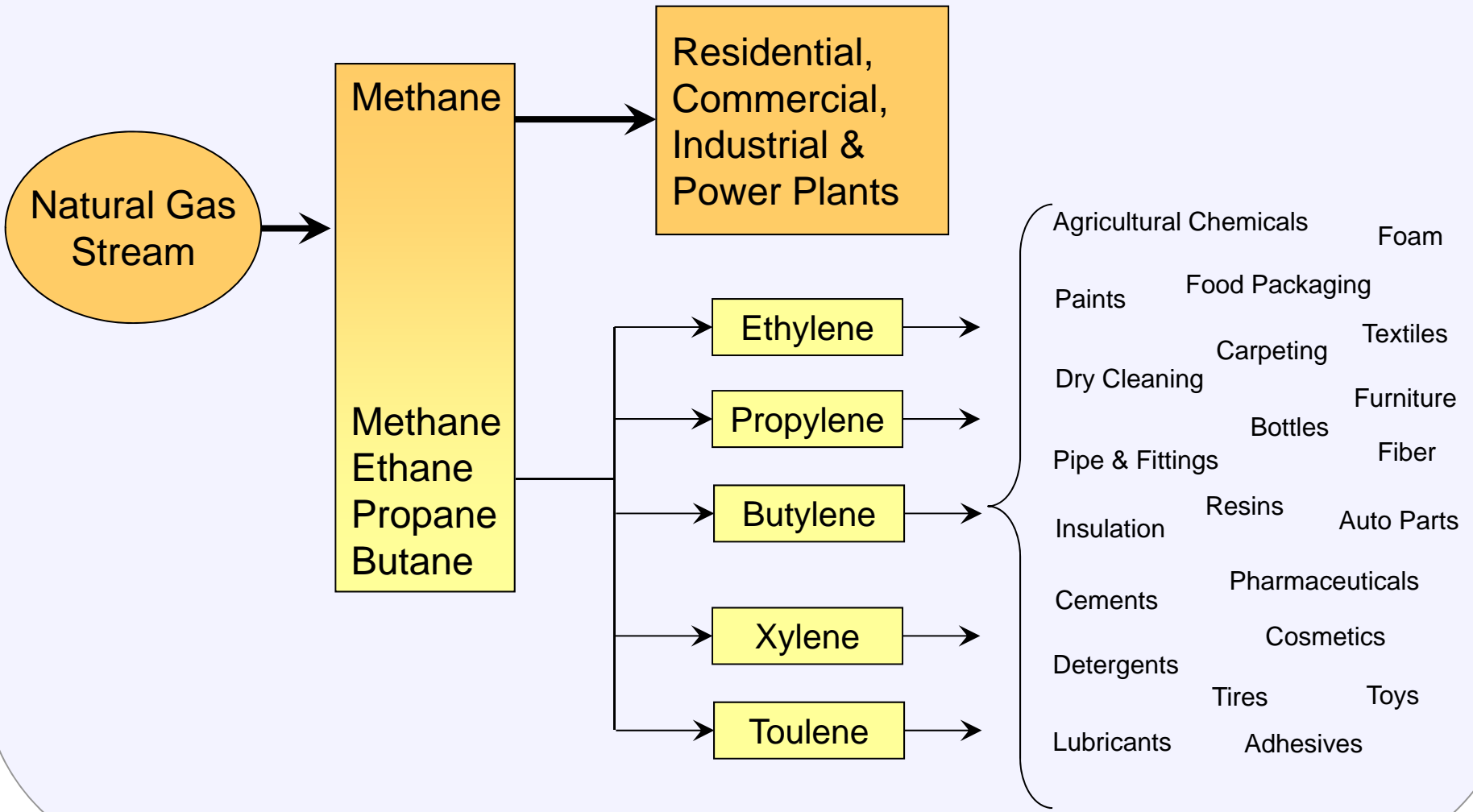


Natural Gas Used by Selected Industrial Sectors – Louisiana (2001)

Description	Total Energy Used ----- (trillion Btu) -----	Total Natural Gas Used	Natural Gas as a Percent of Total Energy -----	Percent of Natural Gas Used for:			Natural Gas Used per Day (Bcf)	Number of Employees
				Boilers (Percent)	Furnaces	Feedstock		
Chemicals and Allied Products	583.4	557.3	95.5%	44.8%	40.0%	15.2%	1.53	15,887
Petroleum and Coal Products	153.1	109.3	71.4%	28.4%	71.2%	0.4%	0.30	10,777
Paper and Allied Products	132.0	26.3	19.9%	69.3%	30.7%	0.0%	0.07	20,078
Others	9.4	7.5	80.0%	65.8%	34.2%	0.0%	0.02	31,123
Food and Kindred Products	5.8	5.1	87.7%	85.7%	14.3%	0.0%	0.01	4,563
Primary Metal Industries	3.6	3.3	91.0%	14.3%	78.5%	7.2%	0.01	1,808
Stone, Clay & Glass Products	2.9	2.9	100.0%	2.1%	97.9%	0.0%	0.01	1,466

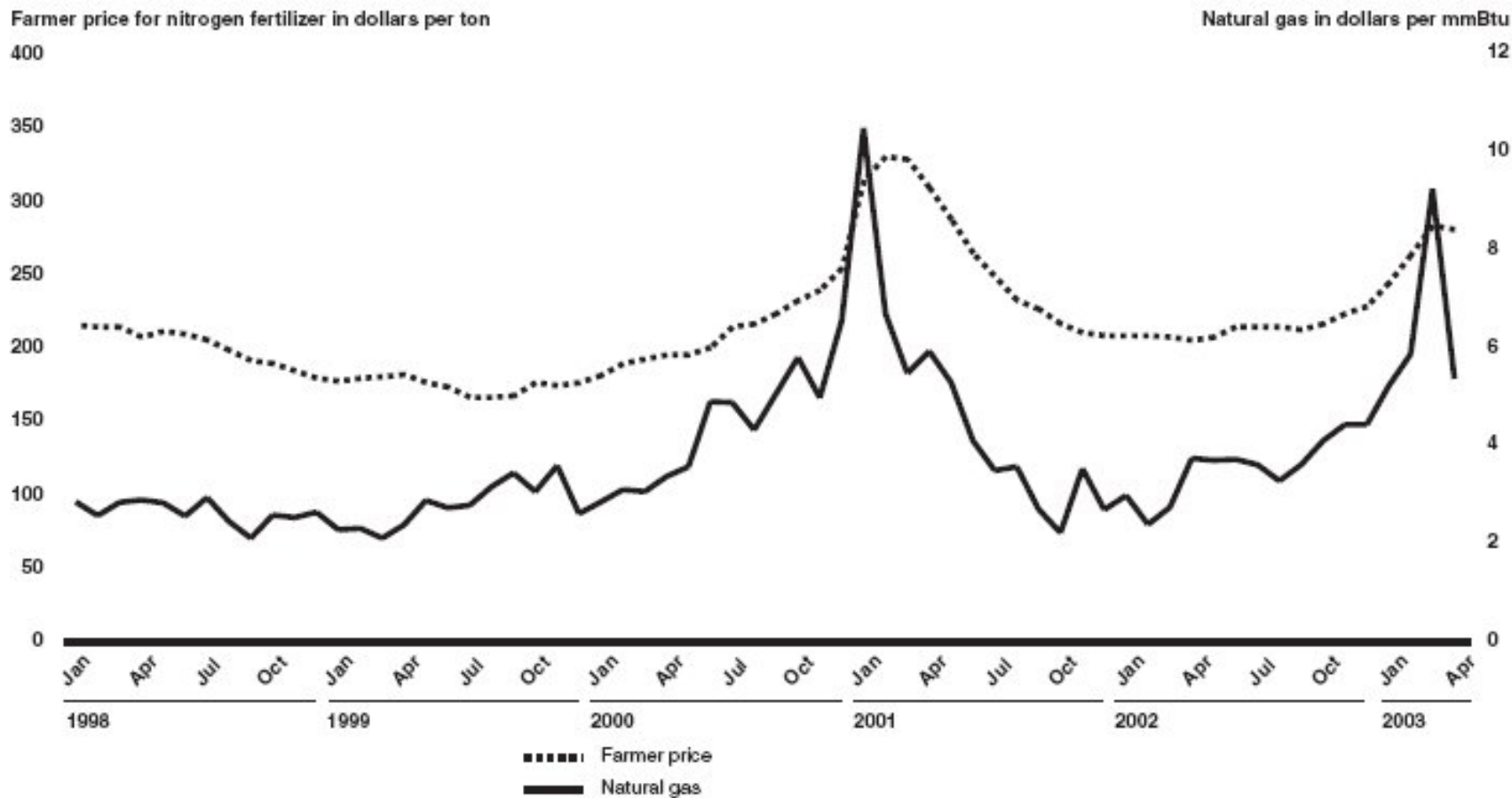


Components of Natural Gas





Farmer Prices for Nitrogen Fertilizer Relative to Natural Gas Prices (Jan 1998 – March 2003)



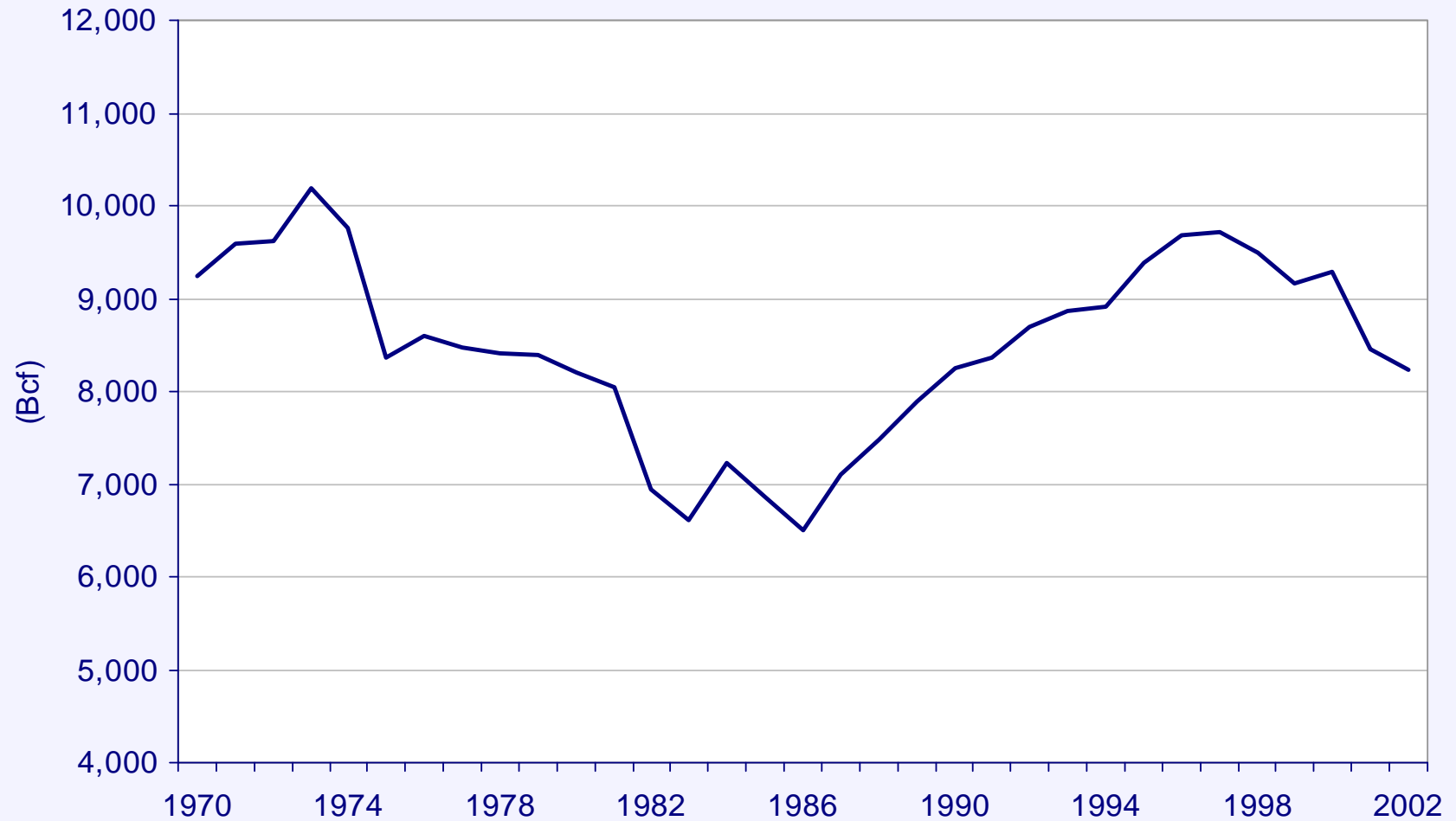
Sources: GAO analysis of USDA, National Agricultural Statistics Service, and Industry data.

Note: Nitrogen fertilizer prices were calculated using USDA price indices and the amount of nitrogen contained in anhydrous ammonia, urea, and UAN.

Source: "Domestic Nitrogen Fertilizer Production Depends on Natural Gas Availability and Prices," U.S. General Accounting Office, September 2003.



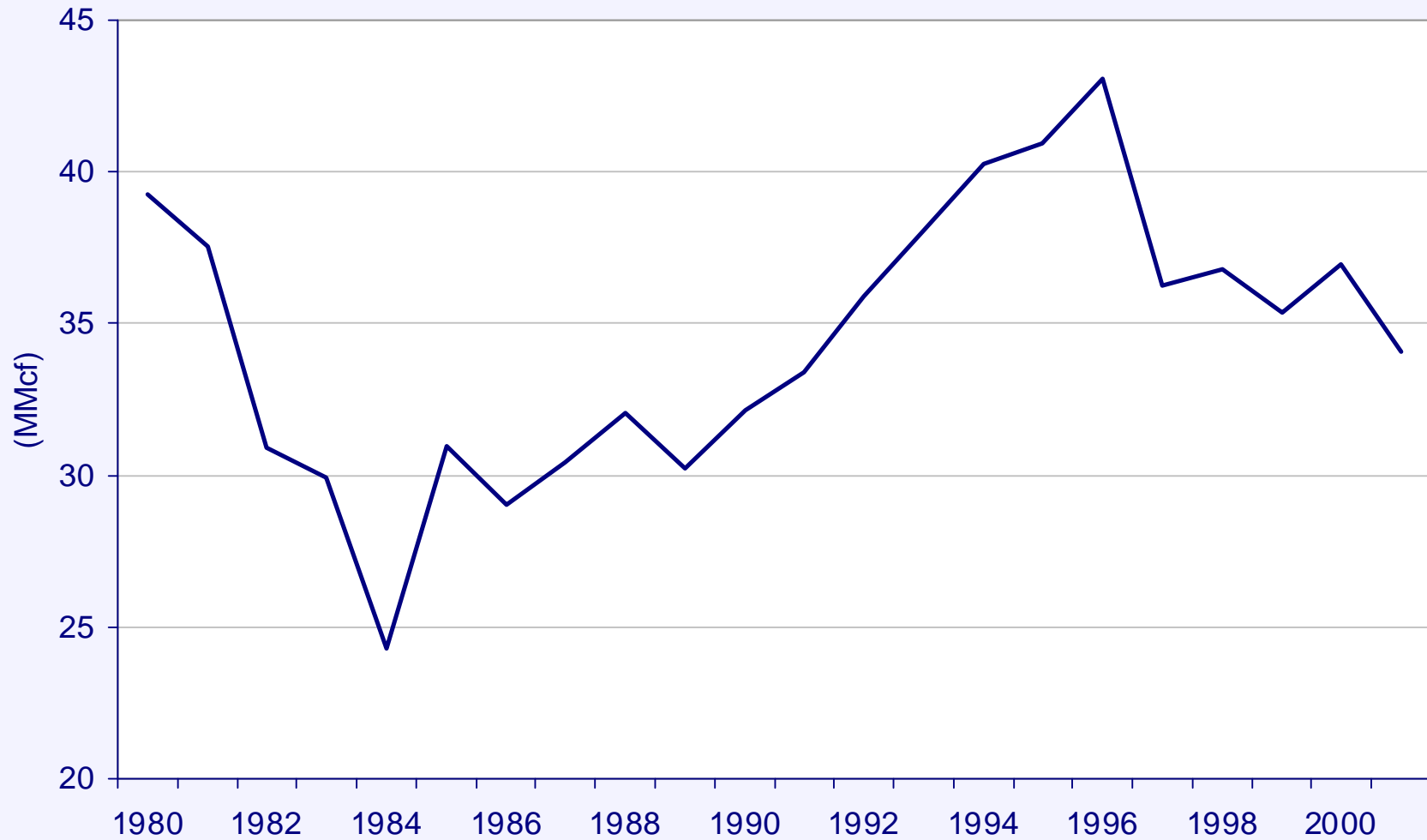
U.S. Industrial Natural Gas Consumption (1970-2002)



Source: *Annual Energy Review 2002*, Energy Information Administration, Department of Energy.



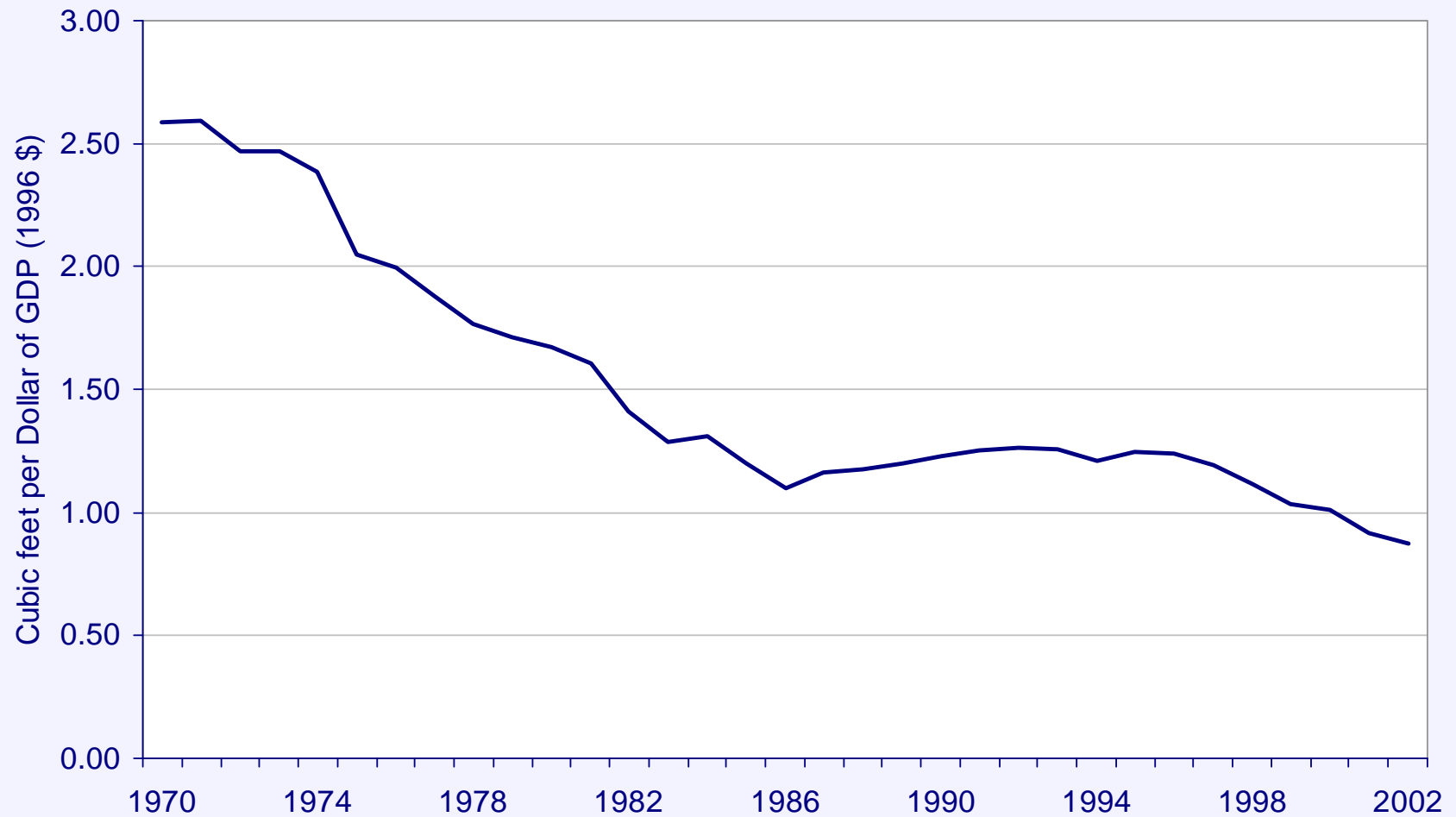
U.S. Average Natural Gas Consumption per Industrial Customer (1980-2001)



Source: *Natural Gas Navigator*, Energy Information Administration, Department of Energy.



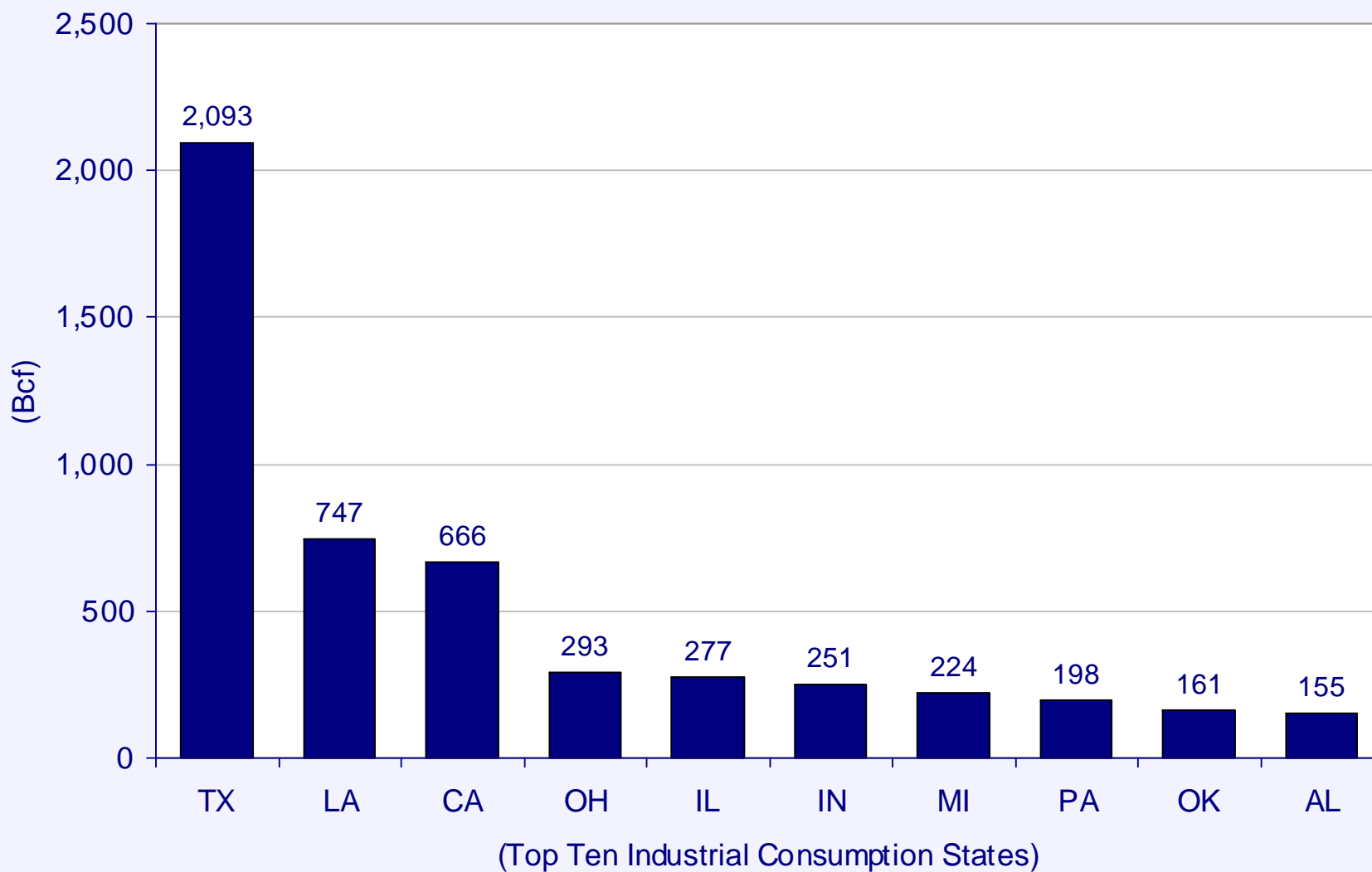
U.S. Industrial Natural Gas Consumption Per Dollar of GDP



Source: *Annual Energy Review 2002*, Energy Information Administration, Department of Energy; and Bureau of Economic Analysis, U.S. Department of Commerce.



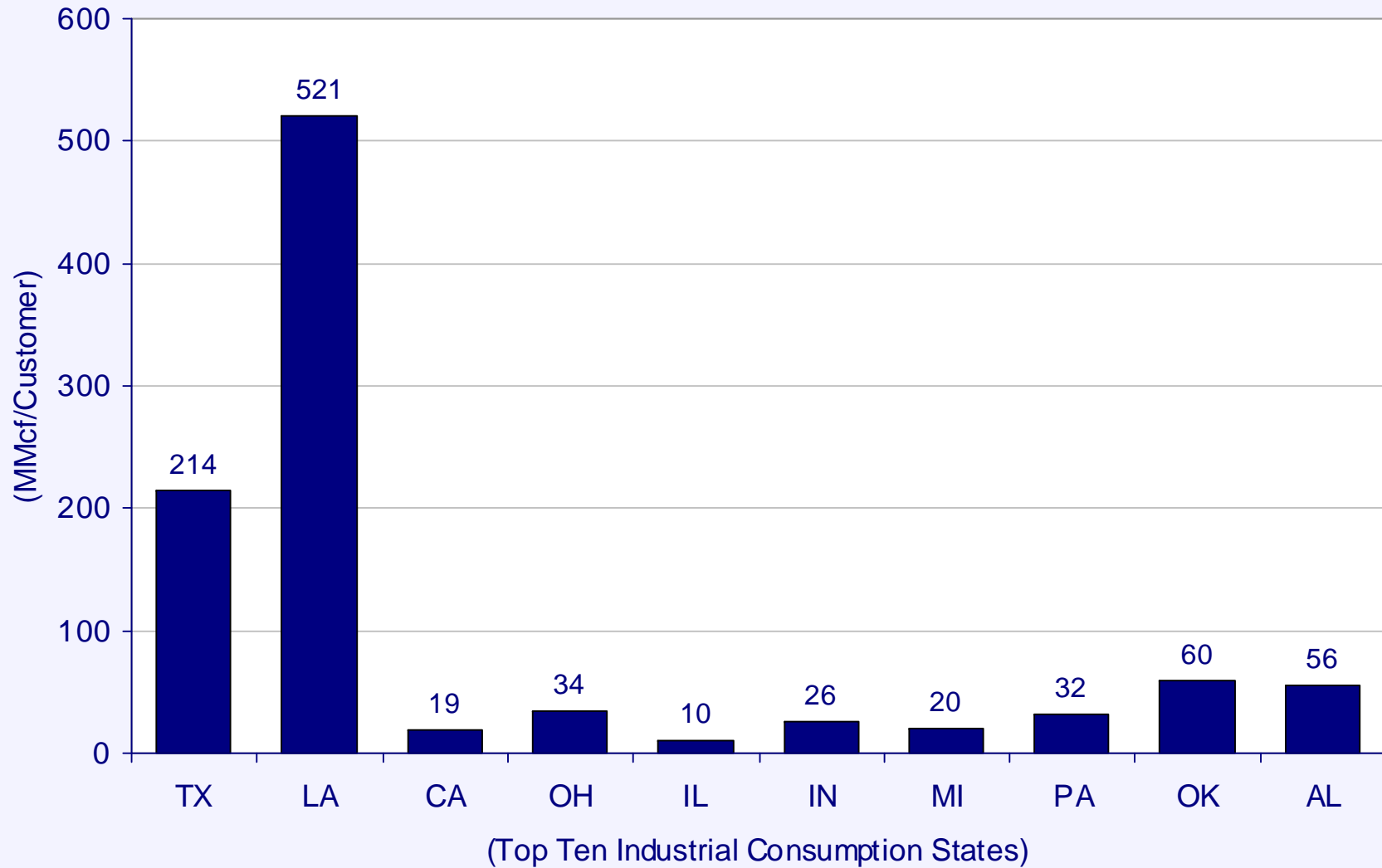
Industrial Natural Gas Consumption (2001)



Source: *Natural Gas Navigator*, Energy Information Administration, Department of Energy.



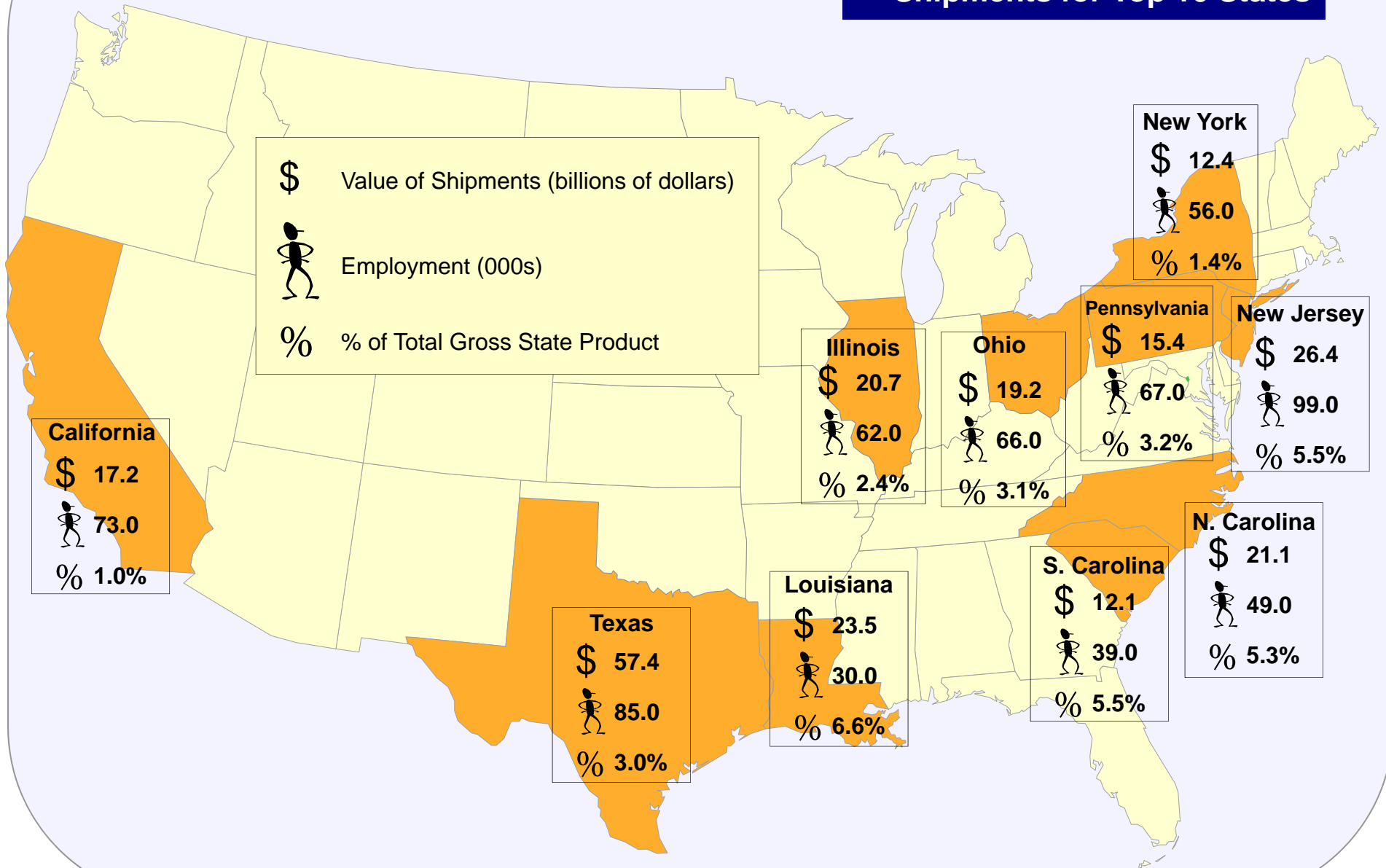
Industrial Natural Gas Consumption Per Customer(2001)



Source: *Natural Gas Navigator*, Energy Information Administration, Department of Energy.



Value of Petrochemical Shipments for Top 10 States



Source: *Chemical Industry Analysis Brief*, Energy Information Administration, January 2000.

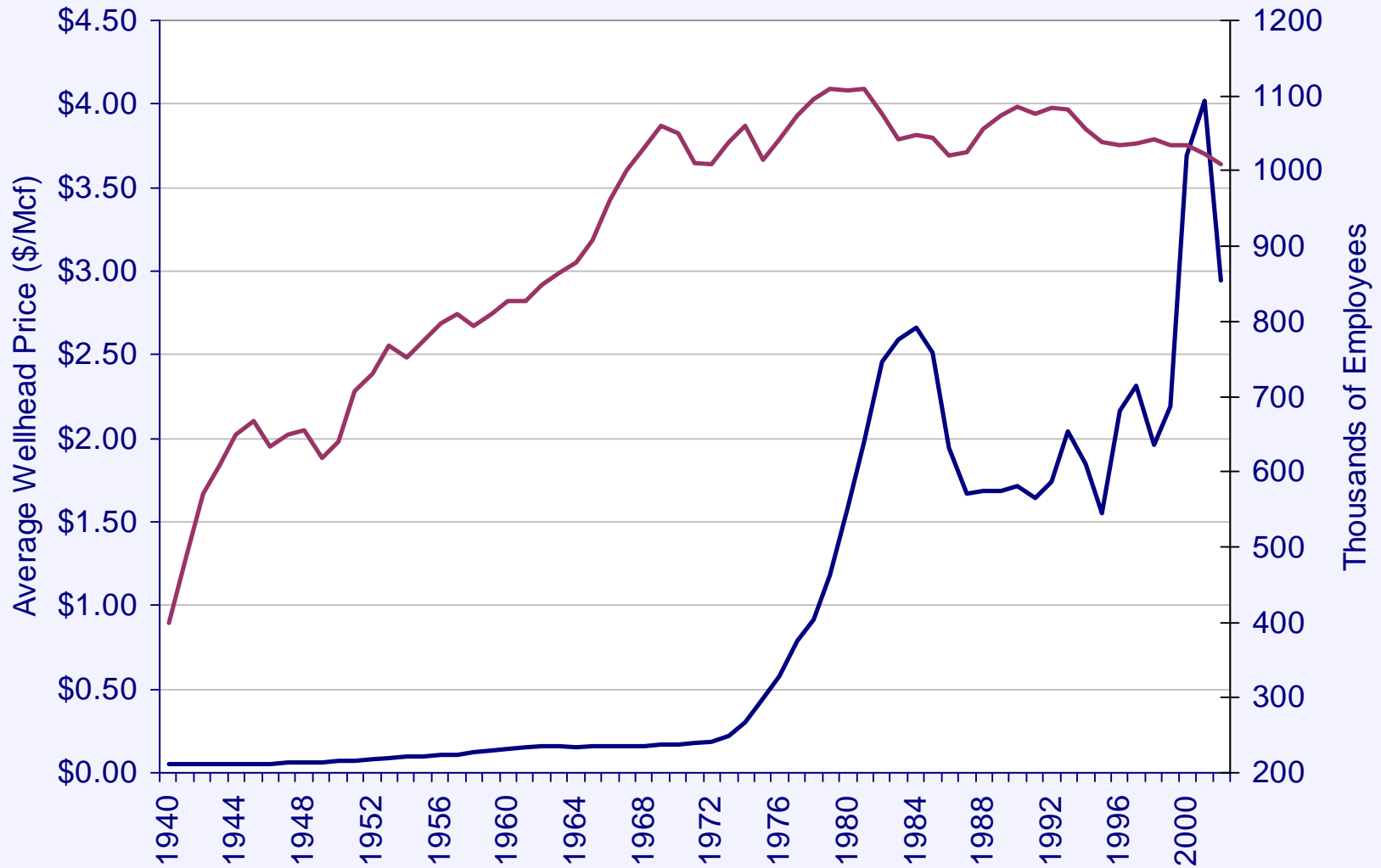


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Historic Natural Gas Prices



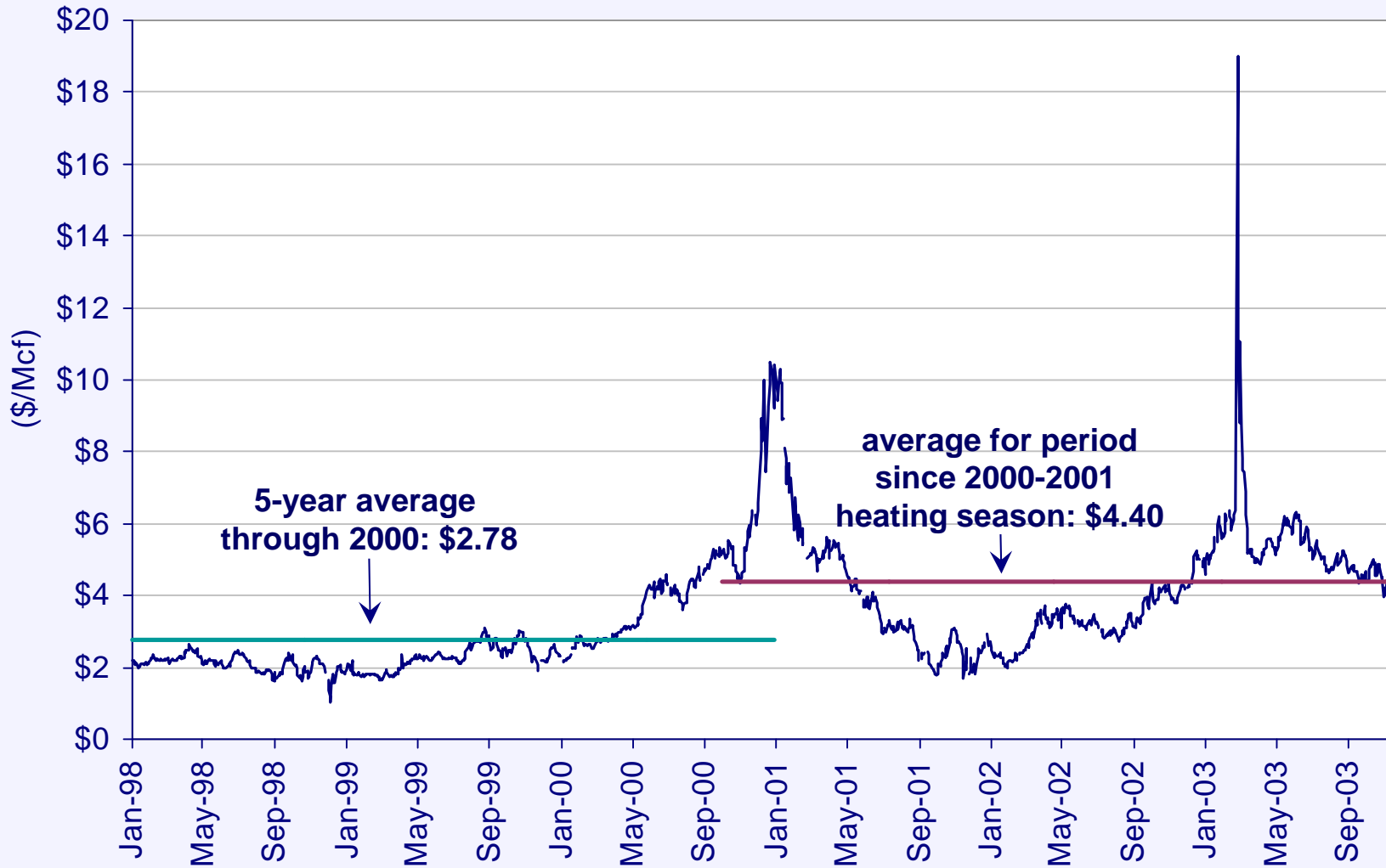
Historic Annual U.S. Average Wellhead Price and Chemical Industry Employment



Source: Energy Information Administration, Department of Energy; and Bureau of Labor Statistics, Department of Labor.



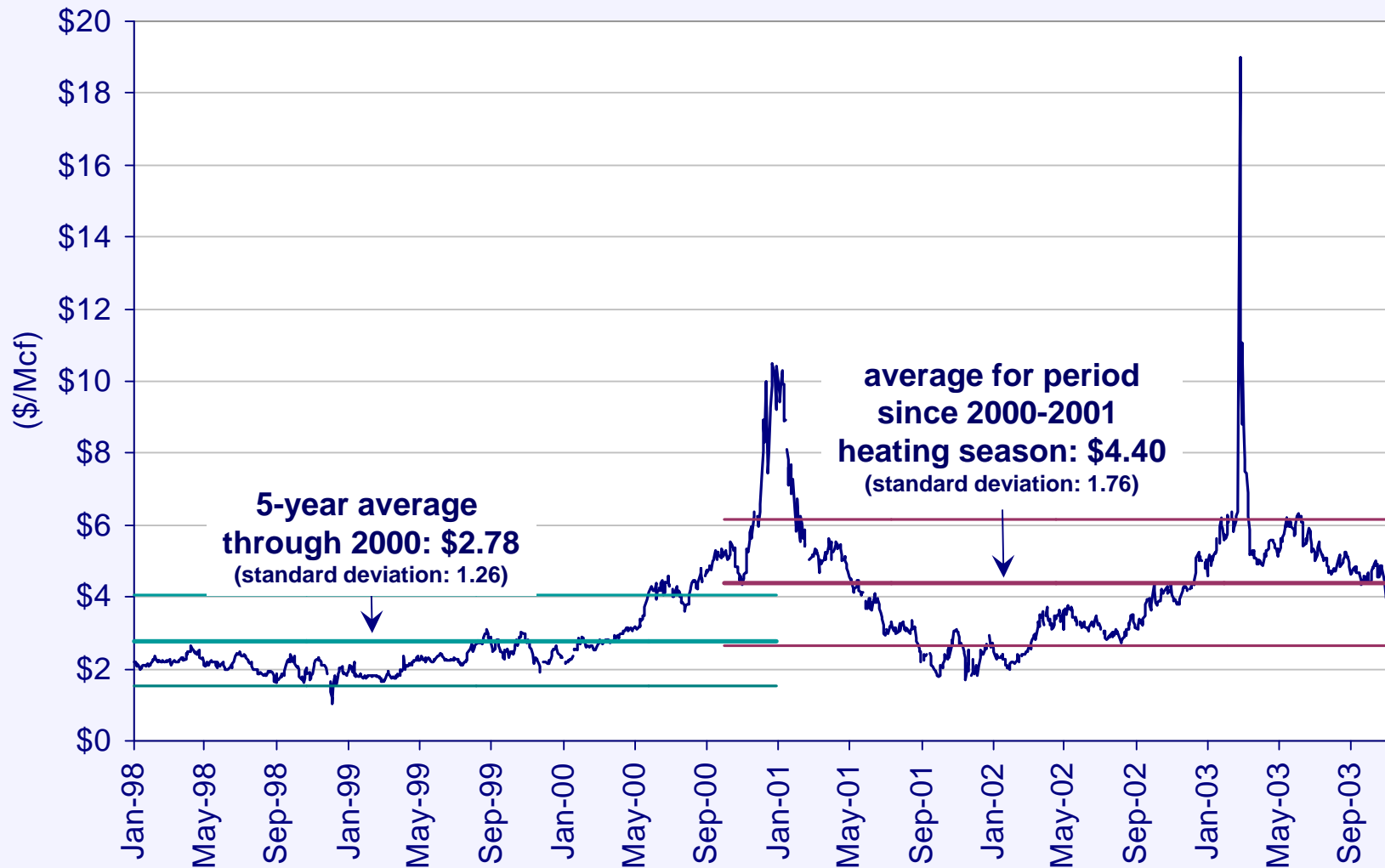
Daily Henry Hub Prices (1998-Present)



Source: Gas Daily



Daily Henry Hub Prices (1998-Present)



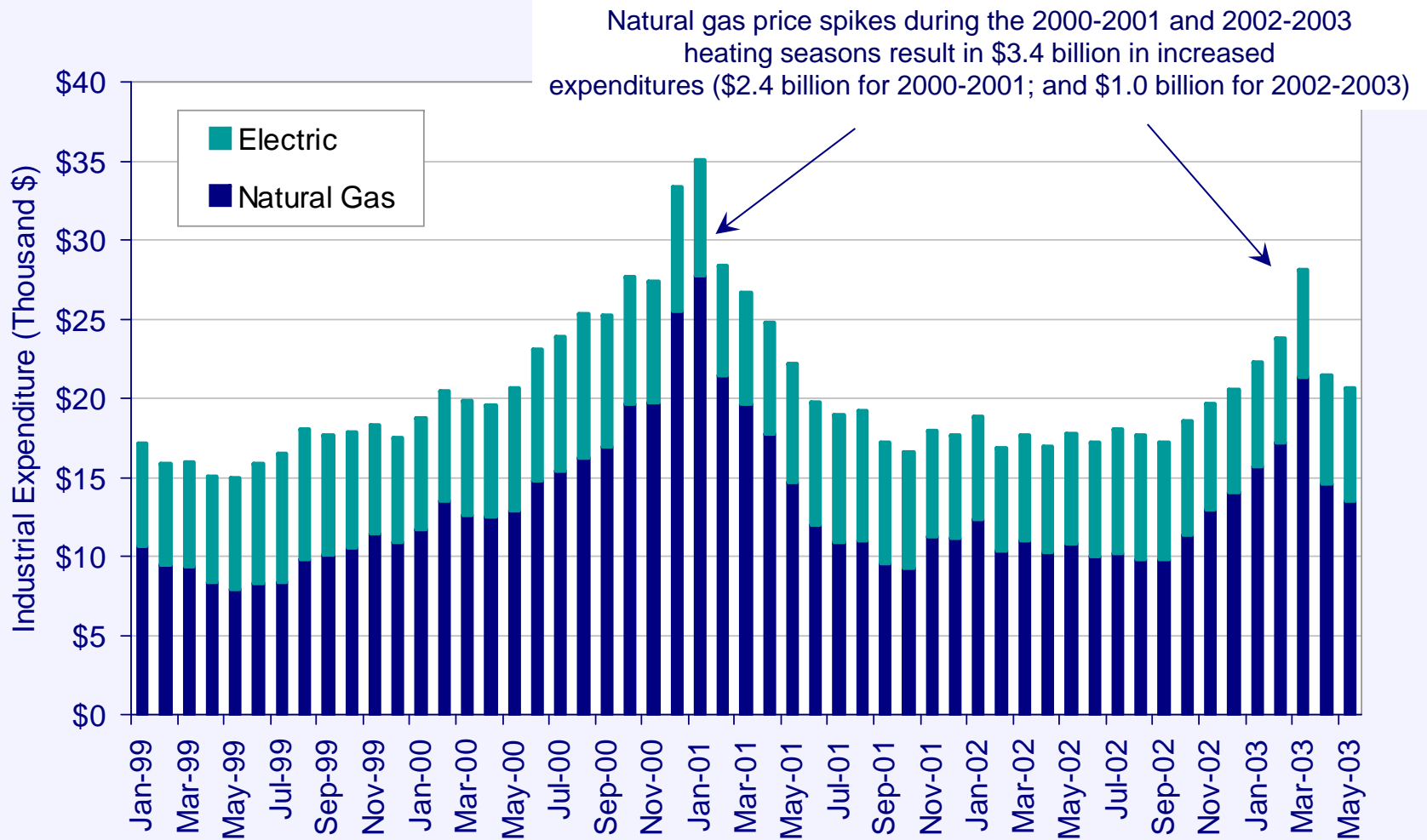


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Impacts of Natural Gas Price Changes on Industrial Customers



Average Monthly Expenditures by Industrial Customers for Natural Gas and Electric (1999 – 2002)

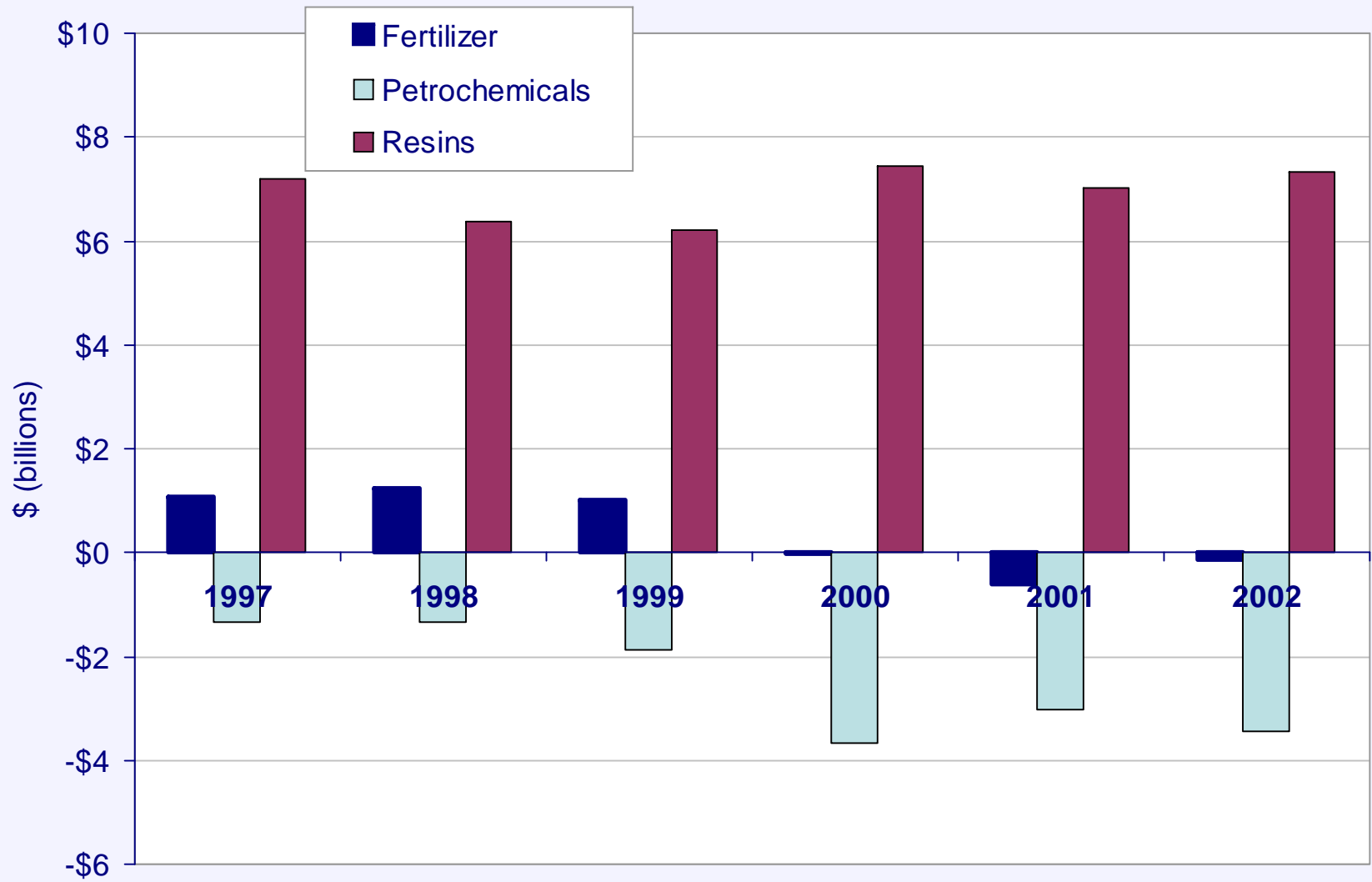


Note: Number of Customers used to calculate expenditures is annual average; 2002 natural gas expenditures based on estimated number of customers.

Source: Energy Information Administration, Natural Gas Navigator; Natural Gas Monthly; EIA Form 861; and Electric Power Monthly.



Value of Net Exports



Source: U.S. Department of Commerce, Bureau of the Census, International Trade Administration (ITA).

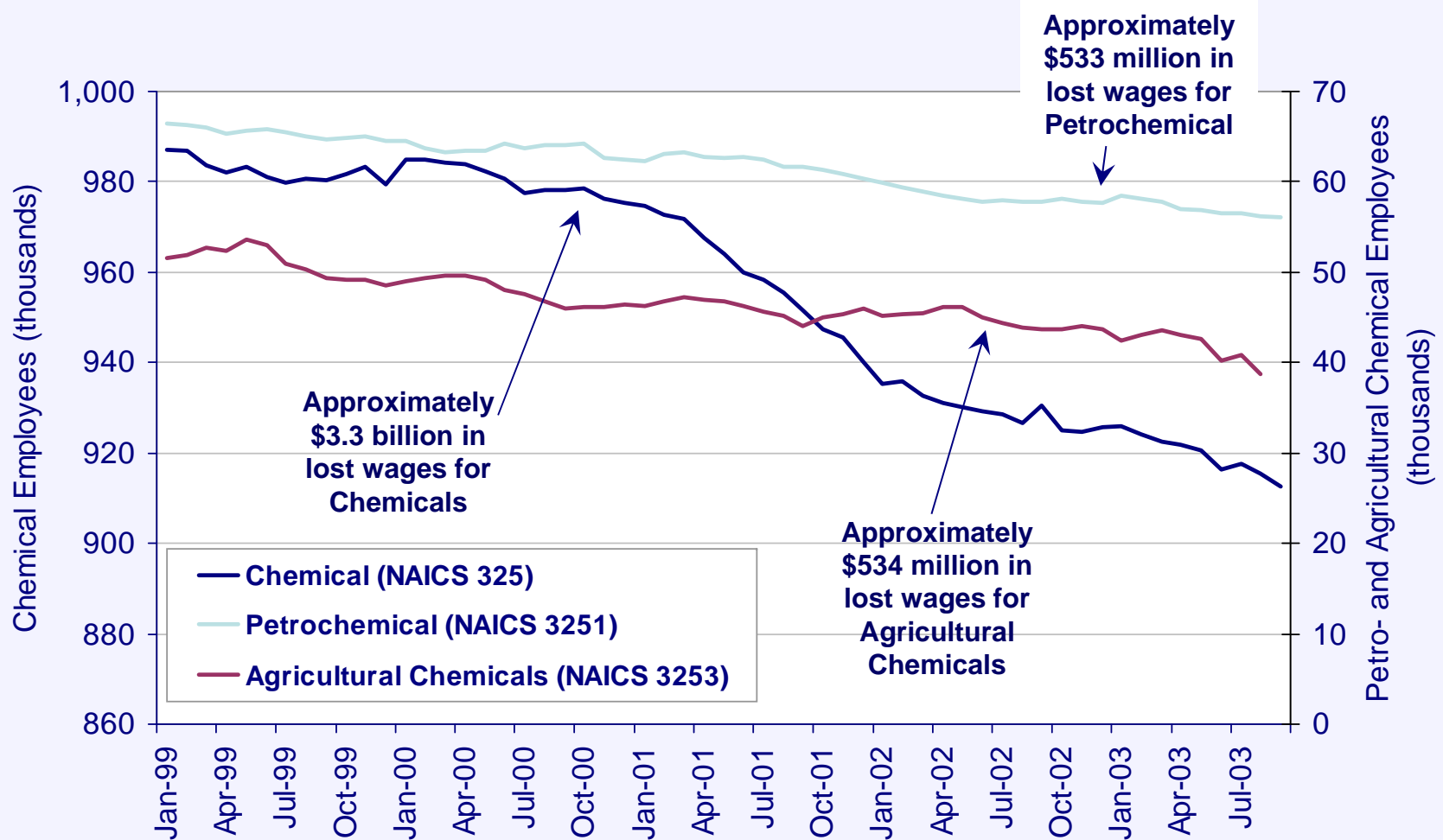


World Natural Gas Costs (\$US/MMBtu)





Employment in Chemical, Petrochemical and Fertilizer Industry (1999 – Present)

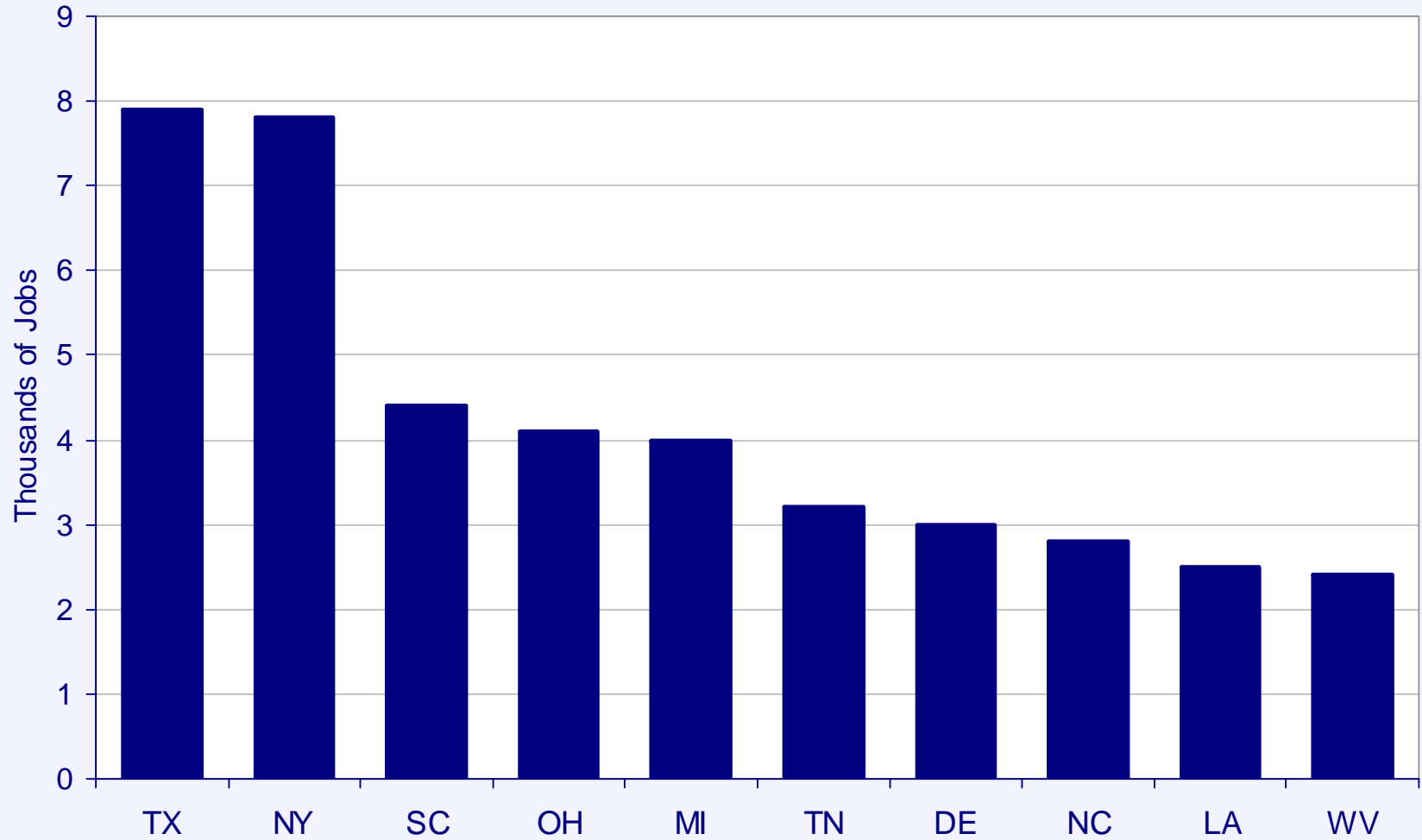


Note: Lost wages estimate based on 2001 median income.

Source: Bureau of Labor Statistics, Department of Labor



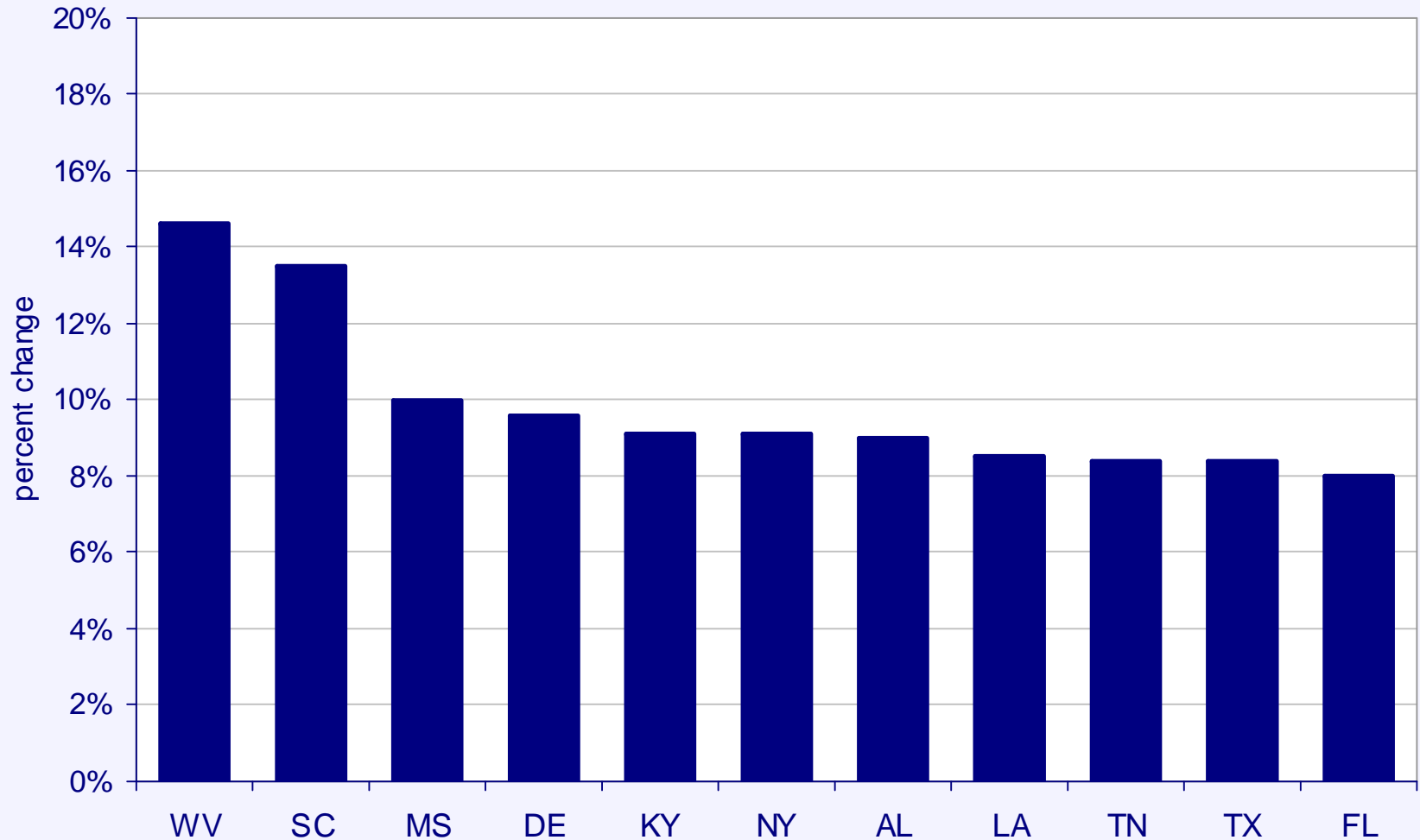
**Loss of Chemical
Industry Number of Employees
(1999 – 2002)**



Source: Bureau of Labor Statistics, Department of Labor



Loss of Chemical Industry Number of Employees (1999 – 2002)



Source: Bureau of Labor Statistics, Department of Labor



Solutions from Industrial Perspective

Incentives to develop existing resources:

Pipeline from Alaska (ANS)

Incentives for further development of mature basins:

Non-conventional gas

Deep drilling

Increased access to restricted areas such as:

Eastern GOM

Atlantic OCS

California OCS

Western Development

Development of market-based approaches to fuel-diversity (nuclear, coal)

Facilitate development of LNG resources

Energy efficiency



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QUESTIONS & COMMENTS