



The Natural News

Iowa Natural Gas Association

9001 Hickman Road, Suite 220, Des Moines, Iowa 50322

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Natural Gas Is Least Expensive Home Energy in 2005, DOE Says Remains Best Value for Seven of Last Eight Years

Washington, D.C. - Natural gas will cost less to use in 2005 than other major home energy sources, according to a notice posted in the March 11 Federal Register by the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy.

One million British thermal units (Btus) of natural gas will cost an estimated \$10.92 this year - while the same amount of electricity will cost families more than twice as much (\$26.55), on average, DOE said. Natural gas will also cost less than heating oil (\$12.68), kerosene (\$16.32) and propane (\$16.94).

"These cost savings can add up quickly, especially for home-heating and water-heating, said Tom Moskitis,

AGA director of external relations. "For water heating, an average household can save about \$200 per year in energy costs by using a natural gas water heater instead of a similar electric unit. That means the natural gas water heater can pay for itself after just a few years - and save a consumer nearly \$1,400 in energy costs over the nine-year life of the appliance."

The least expensive way to heat a home in 2005 is with a high-efficiency (94 percent) natural gas furnace, according to an AGA analysis of DOE's cost projections. This option will cost consumers an estimated \$704 in 2005, compared with \$1,642 for the most expensive home-heating option - an electric resistance system (such as electric warm air furnace heating), AGA said.

2005 Average Home-Heating Costs

(Calculated by AGA, based on DOE energy-cost estimates)

HOME-HEATING EQUIPMENT	2005 AVERAGE ANNUAL OPERATING COST*
94%-efficient natural gas furnace	\$ 704
80% -efficient natural gas furnace	\$ 826
84%-efficient oil furnace	\$ 946
94%-efficient propane furnace	\$ 1,079
80%-efficient propane furnace	\$1,267
Electric 6.8 HSPF heat pump	\$ 784
Electric resistance furnace	\$1,642

2005 Average Water-Heating Costs and Lifetime Energy Savings

(Calculated by AGA, based on DOE energy-cost estimates)

WATER-HEATING EQUIPMENT	AVERAGE ANNUAL OPERATING COST (2005)*
Consumer note: over the average life of a water heater, you would spend \$1,400 more to use an electric water heater than a natural gas water heater.	
Natural gas – typical	\$277
Electric - typical	\$432

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PRESIDENT'S MESSAGE

Time marches on...when you're less than 10 years of age you think in fractions, "I'm 4 and a half years old." In your teens you can't wait to be older..."I'm almost 16 ". Then you become "21" and you feel, you have arrived! Before you know it you turn 30 and it feels like you're on a roll. Getting older, is it for better or for worse? Regardless, we realize time is going too fast!

We need to put on the brakes..."I'm pushing 40!" The brakes however, fail and we reach "50"!

Oh well, let it come. Hey we made it to "60". Now the years go by so fast you can't slow down, you hit "70". At "80", everyday is a complete cycle. You make lunch - hit dinner - and you reach bedtime. You're not done yet, at "90", you start going backwards..."I turned 92 last month". Then a strange thing happens, you're 100 years old! You become a kid again - "I'm 100 and a half years old", and we look in the past rather than the future.

So if you're 100 years old or older, we will allow you to put your head in the sand and ignore change. Those of you, who are not over 100, recognizing change is an everyday part of your life. Welcomed or unwelcome, change will come. We as an association, hope to influence our industry's changes in a positive and logical way.

To effectively accomplish this, we need to be aware at the onset of rules and regulations that could affect us. Here is where we could use your help: Keep your ear to the ground! Stay sensitive to news concerning natural gas and fuels in general. Should you hear of any news, we as an association should know, please pass it on to us! We will endeavor to act on such information in an appropriate manner. It may be as simple as sharing information with the rest of our membership or getting involved to influence the final legislation should it be of a political nature.

Again, we would like to remind our members of the NFPA-54 & 58, gas fuel code requirements. These requirements mandate training for installers and handlers of L.P. and natural gas. Further code changes are proposed for 2006. While not adopted as yet, many would affect our members. Some, in additional installation cost, others affecting material used.

All in all, we need dealers, suppliers, regulators and everyone else involved in our industry to cooperate together to meet the increasing demands of our customers. This will allow us to continue to provide the safest, most efficient fuel possible - natural gas.

Thank you for your time and support!



Ron Wyckoff
INGA President

NFPA's National Fuel Gas Code is now available for free review online

The most trusted fuel gas and liquefied petroleum gas codes in the world are now available for free review online on the Web site of the National Fire Protection Association (NFPA).

The 2002 edition of NFPA 54, National Fuel Gas Code, and the 2004 edition of NFPA 58, Liquefied Petroleum Gas Code, are the most recent of NFPA's National Fire Codes® to be added to the organization's online collection of codes, standards and reference materials posted as a public service.

The National Fuel Gas Code, which covers the installation and operation of gas piping, equipment installations, and venting, is the basis for all gas codes in the United States. Adopted in more than 30 states, NFPA 54 is the most widely accepted document in the fuel gas industry.

Liquefied Petroleum Gas Code, is the only propane code in the United States and applies to most LP-gas systems. The code is also adopted outside the U.S. and is the basis of propane safety worldwide. NFPA 58 addresses issues that were previously regulated by the U.S. Environmental Protection Agency (EPA), but they were assigned to the document after Congress instructed the EPA to work with the NFPA 58 Technical Committee,

rather than promulgate its own requirements.

Both codes are part of the Comprehensive Consensus Codes® set (C3), which is the first set of construction-related codes developed through processes accredited by the American National Standards Institute (ANSI).

NFPA provides free online review of nearly two dozen consensus documents. Among these are NFPA 1, Uniform Fire Code™, NFPA 5000®, Building Construction and Safety Code®, NFPA 30, Flammable and Combustible Liquids Code, and NFPA 30A, Code for Motor Fuel Dispensing Facilities and Repair Garages, and several hazardous materials incident documents and supplements. All NFPA codes, standards and recommended practices can also be purchased online in electronic or print format.

NFPA has been a worldwide leader in providing fire, electrical, building, and life safety to the public since 1896. The mission of the international nonprofit organization is to reduce the worldwide burden of fire and other hazards on the quality of life by providing and advocating scientifically-based consensus codes and standards, research, training and education. NFPA headquarters is located in Quincy, MA, USA.

House Passage of Energy Bill Marks Important Step Toward Lower Natural Gas Prices, AGA Says

Washington, D.C. - Passage of national energy legislation by the U.S. House of Representatives marks an important step toward making natural gas more affordable for everyone, according to the American Gas Association (AGA), a trade group that represents 195 local natural gas utilities and their 56 million customers. "Homes and businesses who struggle with rising natural gas bills should be heartened that today's House passage of the energy bill should help to bring prices down by increasing natural gas supplies and encouraging energy efficiency," said David Parker, AGA president and CEO. "Hopefully, the U.S. Senate will pass its own energy bill soon."

Due to the tight balance between natural gas supply and demand, wholesale natural gas prices have risen from about \$2 per thousand cubic feet (during the 1990s) to about \$7 today. On average, Midwest households paid 55 percent more for natural gas heat this winter than they did in 2001-2002, the U.S. Energy Information Administration says.

Parker commended the three chairmen of energy-related committees who guided passage of the Energy Policy Act (H.R. 6): U.S. Reps. Joe Barton (R-Texas) of the Energy and Commerce Committee; Richard Pombo (R-

Calif.) of the Resources Committee and Bill Thomas (R-Calif.) of the Ways and Means Committee.

AGA supported passage of H.R. 6 because it would:

1. Boost natural gas supplies by encouraging greater production within the U.S., and by giving the Federal Energy Regulatory Commission stronger authority to grant permits for the siting and construction of terminals where LNG ships can unload.
2. Expand utility pipeline systems, thus helping local natural gas utilities to deliver more natural gas to more consumers at a lower cost, by changing the depreciation period for new natural gas distribution facilities from 20 years to 15 years (same depreciation period that exists for large gas transmission pipelines).
3. Assist low-income consumers by increasing the authorized spending limit for the Low-Income Home Energy Assistance Program from \$2 billion to \$5.1 billion.
4. Increase energy efficiency through the first federal tax incentives for residential and business fuel cells, and by encouraging a more diverse mix of fuels to generate electricity, including solar and wind power, as well as coal gasification.

Builders Fuel the Fireplace Market: 2004 Shipments Near 3 Million

Nearly 60 percent of all new single family homes feature at least one fireplace. Prospective homeowners list a fireplace among the most desirable features (along with a better kitchen, a new patio and enhanced landscaping). This increased consumer demand has resulted in a near tripling of fireplace and freestanding stove shipments during the past ten years. And, in 2004 shipments were just below 3 million units.

Current data from the National Association of Home Builders (NAHB), the National Association for the Remodeling Industry (NARI) and the Hearth, Patio & Barbecue Association (HPBA) point to a continuation of these patterns.

Savvy builders and contractors know that a fireplace (or two) makes a new home easier to sell - 75 percent of factory built fireplaces are installed during new construction. But there's more. Sales of outdoor hearth appliances (which include weatherproof built-in fireplaces) continue to set new records as the trend toward outdoor rooms remains strong. In fact, sixty percent of new homes have a patio, porch or deck attached. More than half the gas grill owners responding to a recent independent survey now have an 'outdoor room' and the number is rising.

Just what does this mean to you, the builder or remodeler? Every component of a new home must contribute to your bottom line, and manufacturers of hearth appliances often provide price benefits for volume orders, as they recognize the importance of getting their products into your planning phase. Selling an upgraded fireplace or enhancing an outdoor room with multiple elements can be an easy add-on sale in the pre-construction phase, assuring client satisfaction. Also, as a builder, you know the cost-per-foot for added outdoor space is a fraction of that for interior space. And, more buyers are now rolling the cost of this additional living space into their initial financing or home equity loans.

In its recent surveys of homeowner attitudes and usage of fireplaces, freestanding stoves and barbecue equipment, HPBA findings included the following:

- Gas fueled fireplaces accounted for two-thirds of the 2.8 million units shipped in 2004
- Thirty percent of gas grill owners intend to

upgrade their outdoor living area this year or next; most will add an outdoor hearth product

- New hearth and design have made it possible for homeowners to have a fireplace in literally any room in the house, in the type, size and style they want
- Shipments of modular cooking islands for outdoors have enjoyed double digit growth over the past three years - and are the high margin heart of outdoor rooms
- Fifty percent of fireplace owners see the appliance as a design feature in their home
- Three-quarters of homeowners believe the fireplace needs to fit into their home décor
- Thirty percent of hearth appliance owners contemplate a remodeling project in 2005 or 2006
- Each fireplace is estimated to add \$12,000 to the typical home's value

Client Satisfaction ... Incremental Dollars for You

This data clearly indicates that homeowners want and value upgraded new fireplaces and enhanced outdoor living areas. Barbecue appliances typically generate profit margins of 30 percent or more at retail, hearth products 40 percent. Buying in quantity will give you even greater profits.

According to a report from Harvard's Joint Center for Housing Studies, U.S. homeowners invested some \$233 billion on remodeling and renovation in 2003. Nearly a third of that amount went for outdoor amenities, including: \$21 billion for pools and spas, \$40 billion for new landscaping, paving and patio stone and upgraded gardening, plus another \$9 billion for grills, outdoor furnishings and lighting.

The math works for you as well as for your clients. The remodeling and renovation trend is huge and continuing. It's your market. For additional information please
e-mail: hpba@dhmg.com.

When Shopping for That Perfect Fireplace, Shop for the Installer As Well

Thanks to advances in the training and certification of fireplace professionals, homeowners can now be more selective about who installs their new fireplace. The Hearth, Patio & Barbecue Association (HPBA) advises homeowners to shop around for a local fireplace specialty retailer in order to get the most for their money. According to Carter Keithley, HPBA President & CEO,

"specialty retailers can help homeowners make the appropriate product selection and placement. And, retailers with National Fireplace Institute® Certified Specialists on staff can provide peace of mind by providing safe and efficient installations through their knowledgeable personnel.

Fireplace Specialty Retailers & NFI the Keys

There are more than 3,200 retail hearth product stores across the U.S.; many of them employing staff certified by NFI. Keithley says that these stores are where well-informed homeowners shop. "Specialty retailers with NFI Certified staff are there to help the homeowner understand the wide range of choices available to them as well as to determine the type of fuel that best meets their needs," he noted. "They advise consumers on the size, type and features of a new fireplace as well as installation requirements."

Passing Fireplace 101: Meeting Building Codes & Standards

The specialty retailer's role is more than just selling hearth products; it also includes knowledge of local codes and regulations, which can vary tremendously by area. These codes exist for good reasons, according to Susan Kalish, Executive Director of the National Fireplace Institute® (NFI), the organization managing the industry's credentialing program for planning and installing fireplaces. "Codes developed for public safety should be strictly adhered to at all times," she said. "A fireplace is a great product, but it is crucial that you make sure that your retailer has the right credentials to install it." The best way to ensure this is to find a retailer with NFI Certified Specialists on staff."

NFI Certified Installers

NFI Certified Specialists are essential in managing a project to meet local requirements as well as manufacturer's specifications. They are knowledgeable on everything from adequately insulating a home's walls and floors for heat protection to calculating the proper dimensions and configuration of the required venting system.

Dealing with a certified professional eliminates guesswork and provides comfort to the homeowner. To find a specialty retailer with NFI Certified staff, visit www.nficertified.org. The National Fireplace Institute® (NFI) is the professional certification division of the HEARTH Education Foundation, the

non-profit education arm of the Hearth, Patio & Barbecue Association (HPBA). NFI's objective is to increase public safety by establishing credentials for those involved in the planning and installation of residential hearth appliances and venting systems.

Want to learn more about NFI Certification or find a certified person near you? Visit www.nficertified.org to find top professionals in your area.

About the Hearth, Patio & Barbecue Association (HPBA)

The Hearth, Patio & Barbecue Association (HPBA), based in Arlington, Va., is the North American industry association for manufacturers, retailers, distributors, representatives, service firms and allied associates for all types of hearth, barbecue and patio appliances, fuels and accessories. The association provides professional member services and industry support in education, statistics, government relations, marketing, advertising and consumer education. There are more than 2,600 members in the HPBA.

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AGA Commends Senate Energy Leaders for Commencing Action on Energy Bill

Strong Supply Provisions Needed to Complement Energy Efficiency Provisions, AGA Says

Washington, D.C. - The kick-off by members of the U.S. Senate Committee on Energy and Natural Resources to draft a national energy plan marks an important step toward bringing down natural gas costs, promoting wiser use of energy and protecting people hit hardest by rising energy prices, according to the American Gas Association (AGA).

"It has been nearly 13 years since Congress has passed a major bill dealing with natural gas," said Rick Shelby, AGA executive vice president for public affairs. "Since then, demand for natural gas has increased dramatically - largely because most new electric-power plants are fueled with natural gas - thus confronting U.S. producers with the challenge of increasing production sufficiently to keep up. High, volatile natural gas prices have resulted."

He continued, "Today, the Senate Energy Committee will vote on a number of beneficial provisions designed to promote energy efficiency, diversify the mix of fuels used to generate electricity, and increase funding for the Low-Income Home Energy Assistance Program. Next

week, the committee will focus on provisions designed to help ease natural gas prices by boosting natural gas supplies. A recent study by the American Gas Foundation found that a failure to take aggressive action on increasing supplies while promoting efficiency could cost natural gas customers \$1 trillion by 2020."

Shelby commended the Senate for its bipartisan approach, and noted that AGA has worked for more than four years in support of legislation that lays out a blueprint for the future supply, delivery and efficient use of natural gas and other forms of energy.

***EDITOR'S NOTE:** The Senate Energy and Natural Resources Committee is scheduled to meet to review and revise ("mark up") various titles of its draft energy bill this week and next week. Debate by the full Senate could occur as early as June. The U.S. House of Representatives passed its version of energy legislation (H.R. 6) on April 21. Once the Senate acts, representatives of both bodies will meet to negotiate a final energy bill that would then be sent to President Bush for his signature into law.*

If you know of a company that you feel would benefit by being a member of the Iowa Natural Gas Association, please encourage them to call 515-278-8700 or email us for further information at info@iowanaturalgasassociation.org.