

# New Hampshire ECONOMIC CONDITIONS

Mt. Washington Observatory  
(image by Mike Theiss on Getty Images via sonurai.com)

Snowshoeing in NH (image by NH DTTD on Flickr)

February 2022

Heart in Snow (image by RitaE on Pixabay)

## Home Heating Fuels and Winter Fuel Prices For New Hampshire Households

According to the U.S. Census Bureau's 2015-2019 American Community Survey, the most common heating source for New Hampshire homes was fuel oil. Of the 532,000 homes in New Hampshire, 233,000, or 44 percent, used fuel oil as a primary heating source.<sup>1</sup> Utility gas (natural gas) was the second most common fuel, used by 21 percent of homes, followed by bottled, tank or LP gas (propane gas), used in 16 percent of homes. Electricity was the primary heating source for nine percent of homes, while seven percent primarily used wood and two percent used either coal, solar, or some other heating source. Less than one percent of homes used no heating source; these are most likely homes that are unoccupied during the winter months.

The type of heating fuel used varied by county. Fuel oil, also called number two heating oil, was the most frequently used fuel in every county other than Hillsborough County. Outside of Hillsborough County, the percentage of homes heated by fuel oil ranged between 38 percent in Merrimack County and 63 percent in Coös County. Fuel oil was the second-most used fuel in Hillsborough County, heating 31 percent of homes.

Utility gas, which is delivered to homes through pipes, is more cost-effective in densely populated areas. In Hillsborough County, with the highest population density in the state, 38 percent of homes used utility gas. In northern and western counties, where population density is much lower,

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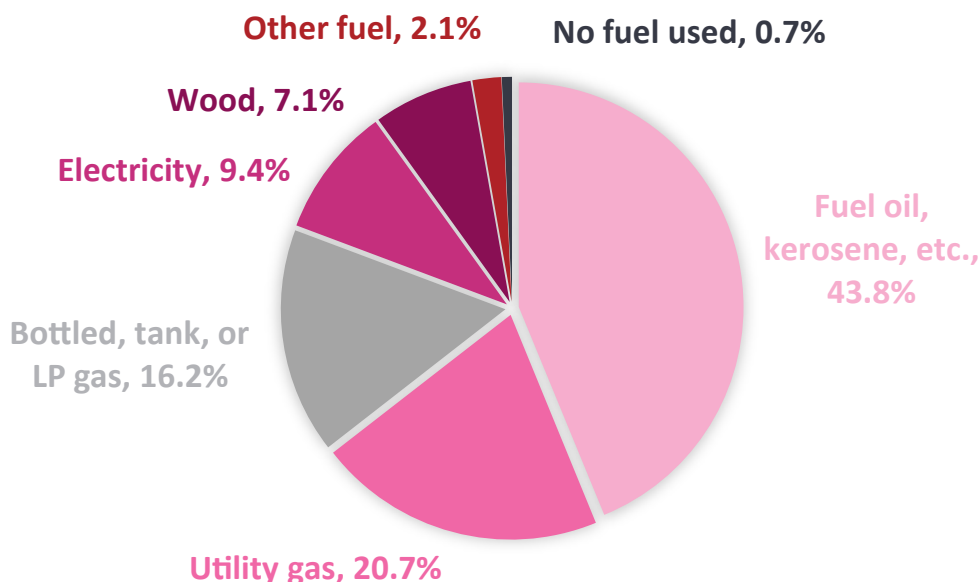
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the infrastructure required to deliver utility gas is not as cost-effective, and access is limited. Less than five percent of homes in these counties were heated with utility gas. Fuel oil and propane, which are typically delivered by fuel trucks and stored in tanks, were more widely used in rural areas.

Wood was a more prevalent heat source in less densely populated counties as well. In Carroll, Coös, Cheshire, Grafton, and Sullivan Counties, 14 percent of homes used wood as a primary heating source, while just four percent of homes in Hillsborough and Rockingham Counties used wood.

Propane was used in 25 percent of homes in Carroll County, with a high percentage of homes in Grafton (23 percent), Sullivan (21 percent), and Rockingham (19 percent) counties using propane as well. Just ten percent of homes in Coös County and nine percent of homes in Cheshire County used propane. Unlike most other fuel sources, use of propane did not appear to be related to population density.

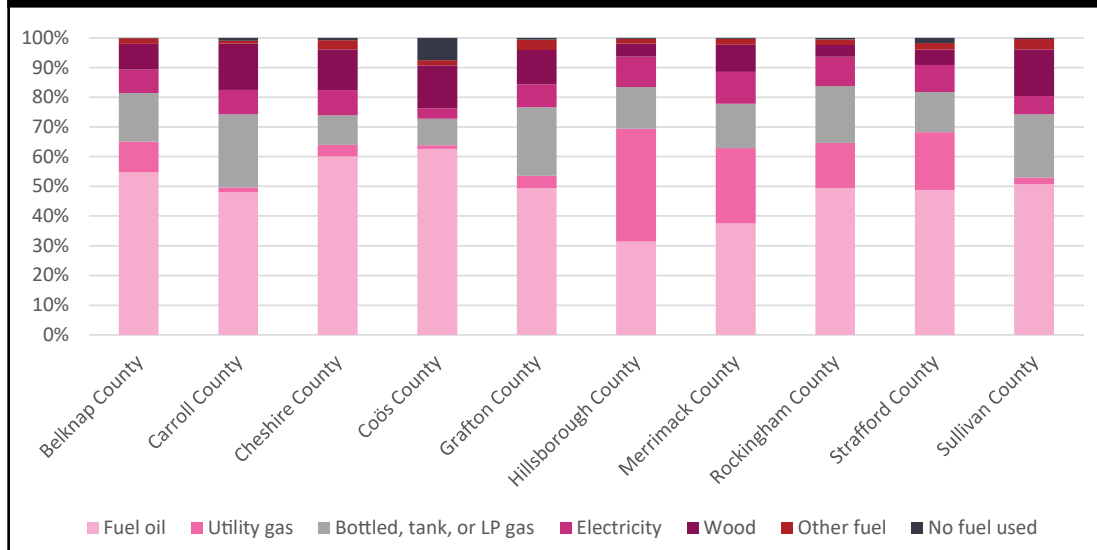
### Type of Heating Fuel for New Hampshire Homes



Source: U.S. Census Bureau, 2015-2019 American Community Survey

<sup>1</sup> Many homes have a secondary heat source, such as a fireplace, wood stove or space heater, which are not included in survey results.

## Heating Fuel Source by County



Source: U.S. Census Bureau, 2015-2019 American Community Survey

Electric heat was used by 9.4 percent of homes statewide. With the exception of Coös County, use of electric heating was close to the statewide average in every county, ranging from 6.1 percent in Sullivan County to 10.8 percent in Merrimack County. In Coös County, electric heat was used as a primary heat source in just 3.5 percent of homes.

### High Prices for Heating Fuels

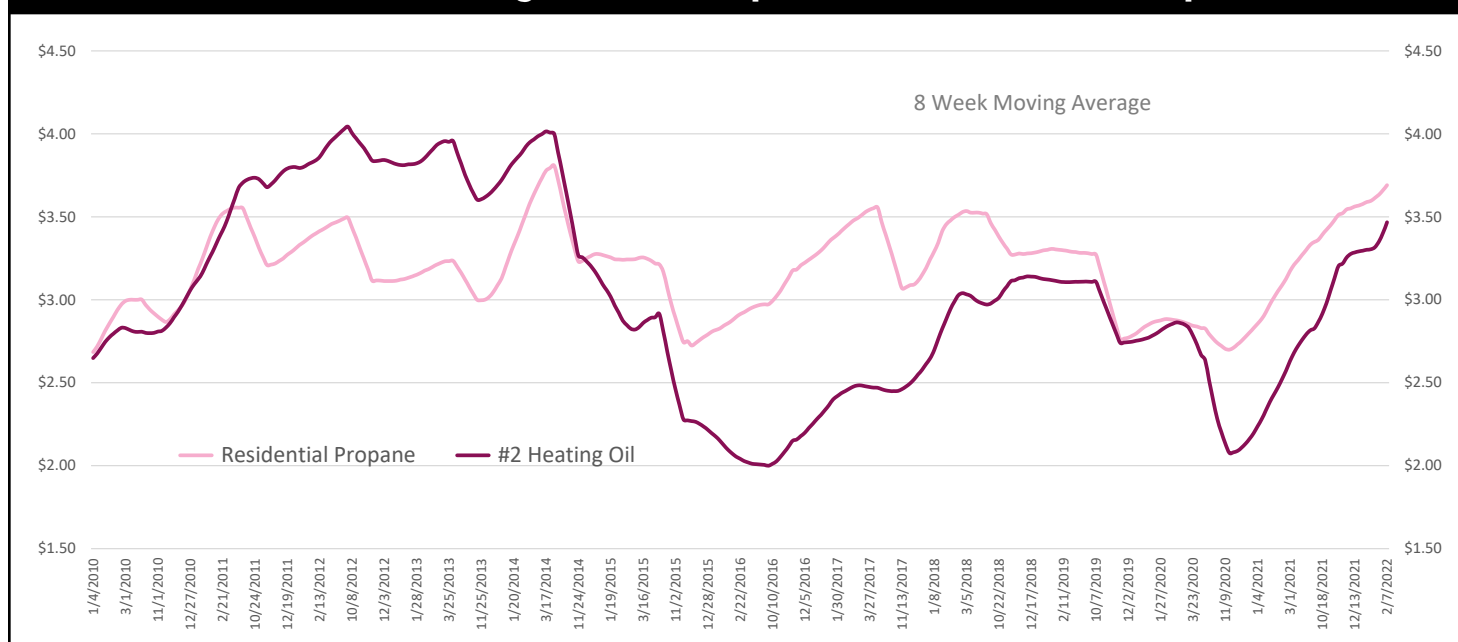
The U.S. Energy Information Administration (EIA) projects that the average household in the northeastern U.S. will pay more for heating fuel during the 2021-2022 heating

season than during the previous heating season (the EIA defines the winter heating season as October through March). While the 2021-2022 heating season is forecast to be slightly milder than the 2020-2021 season, increases in fossil fuel and electricity prices mean overall fuel expenditures will increase.<sup>2</sup>

Households using electric heat are projected to see fuel expenditures increase by six percent over the previous season. The increase is much larger for households using natural gas (21 percent), propane (27 percent), or heating oil<sup>3</sup> (37 percent). For New Hampshire residents, particularly lower-income residents, higher costs for home heating can strain household budgets.

The EIA tracks the price of fuel oil and propane on a weekly basis during the winter heating season. Propane prices began the 2021-2022 heating season at \$3.38 per gallon during the first week of October, and have increased nearly every week, reaching \$3.88 per gallon during the week of February 7th, 2022. During the 2020-2021 heating season, propane prices ranged between \$2.65 and \$3.39 per gallon. Heating oil

## Residential Heating Oil and Propane Prices in New Hampshire



Source: U.S. Energy Information Administration

<sup>2</sup> The EIA's cost estimate is for the entire northeast, which includes New England as well as New York, New Jersey, and Pennsylvania. For New Hampshire households, in the northern part of this region, fuel consumption and expenditures are likely higher than the regional average.

<sup>3</sup> Heating oil estimate is for the entire U.S. Although common in New Hampshire, heating oil is used by just five percent of U.S. households, and a regional forecast was not provided.

prices have also increased nearly every week, beginning the 2021-2022 heating season at \$3.04 per gallon and increasing to \$3.88 per gallon during the week of February 7th, 2022. During the previous heating season, heating oil prices ranged between \$2.05 and \$2.84 per gallon. Prices for both propane and heating oil have been the most expensive since the 2013-2014 heating season, when propane reached \$3.84 per gallon and heating oil reached \$4.04 per gallon.<sup>4</sup>

Natural gas prices also began the 2021-2022 heating season at historically high levels.<sup>5</sup> Natural gas prices, which are reported monthly, averaged \$21.97 per thousand cubic feet in October 2021. This was the most expensive price to begin the heating season since the 2017-2018 heating season, when one thousand cubic feet of natural gas cost \$22.75. The average price in November 2021, \$18.81 per thousand cubic feet, was the highest November price ever recorded for residential natural gas (the EIA data series begins in 1989).

### Energy Costs as a Component of Inflation

Since June 2021, the over-the-year increase in the Consumer Price Index (CPI) has exceeded five percent, reaching 7.0 percent in December 2021. The CPI measures the average change over time in the prices paid by consumers for goods and services. The 7.0 percent increase between December 2020 and December 2021 represented the largest over-the-year increase in the CPI in nearly 40 years. Energy prices, which include home heating fuels, as well as gasoline, electricity, and other energy commodities and services, were a major contributor to this increase.

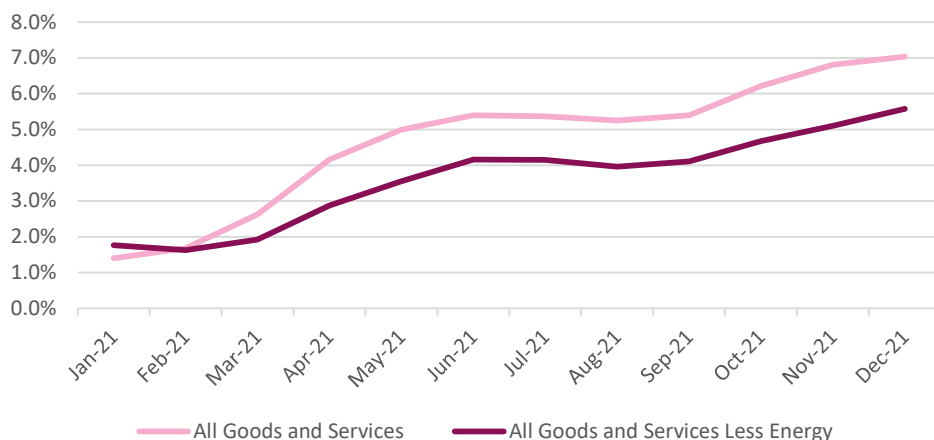
From April 2021 through December 2021, when energy goods and services were excluded from the consumer price index, the over-the-year increase was more than one percentage point lower than the total CPI. The over-the-year increase in December 2021 still exceeded five percent; the cost of other goods and services has increased over the

## Residential Natural Gas Price



Source: U.S. Energy Information Administration

## Over-The-Year Increase in Consumer Price Index



Source: U.S. Energy Information Administration

last year as well. But energy prices are one of the largest factors driving up overall costs for consumers.

Energy price increases in 2021 and 2022 have largely been a result of supply issues.<sup>6</sup> Production of liquid fuels<sup>7</sup> was disrupted by the coronavirus pandemic, and liquid fuel consumption exceeded production between 2020 Q3 and 2021 Q4, driving up prices. The EIA projects that production will surpass consumption in early 2022 and expects the price of most fuels to decline in 2022 and 2023.

– Greg David, Economist

<sup>4</sup> Propane prices for the week ending 2/7/2022 exceeded the price of any single week during the 2013-2014 heating season. However, when comparing the eight-week average, which reduces week-to-week price volatility, prices were slightly higher during a portion of the 2013-2014 season.

<sup>5</sup> Most natural gas consumed in the U.S. is used to generate electricity; residential heating uses a fraction of all natural gas consumed in the U.S. Unlike propane and heating oil, natural gas prices are highest in the summer, when demand for electricity is highest, and generally reach their lowest point around March or April.

<sup>6</sup> U.S. Energy Information Administration, Short-Term Energy Outlook. <https://www.eia.gov/outlooks/steo/report/prices.php>.

<sup>7</sup> Liquid fuels are defined as petroleum and products of petroleum refining, which include heating oil and propane.