

Prospectus

Consumer Energy Spending And The Demographics Of Over-Consumption

With Data On:

● Total Energy Use	● Natural Gas
● Electricity	● Heating Oil
● Motor Fuels	● Bottled Gas

Important Information about a new SMR Research Study

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Research Corporation

300 Valentine St. • Hackettstown, NJ 07840 • Phone 908-852-7677 • Fax 908-852-6884

WWW.SMRRESEARCH.COM

SUMMARY OF THE STUDY

This is the first modern research study to look in detail at the demographics of U.S. consumer energy spending – and energy waste.

Based on in-home interviews with more than 27,000 consumer households, the study looks at total energy spending by type of household, plus details in each of five categories: electricity, motor fuels, natural gas, heating oil, and bottled gas.

The key findings of this study are stark. They show that new programs must be developed to deal with energy over-consumption.

Conservation efforts of the past, like minimum auto fuel efficiency standards and increased home insulation, have failed to prevent massive energy waste – not because they were bad ideas, but because they have been overwhelmed by demographic counter-trends:

- The decline in U.S. household density, driven mainly by single-person household formation, continues unabated.

The interview data show that consumer energy usage per capita is 29.6% higher today than it would have been in 1960, based solely on the sharp decline in the number of people per household.

- Although much attention has focused on improving energy efficiency in older homes, it appears there is no longer much correlation between the age of a house and per-capita energy usage.

Instead, the size of a home mainly determines energy usage. The average square footage of newly constructed homes continues to rise.

- Energy spending and usage rises – both per-household and per-capita – along with incomes and levels of education.

The notion that high-income or highly educated people are more likely to be environmentally sensitive is disproved by usage data.

- Energy usage per capita is lowest among young adults, Hispanic households, and those living in the least expensive homes.

Households headed by two adults working full-time show little difference from the norm in total energy spending per capita, raising questions about the conservation focus on driving to commute to work.

This Prospectus tells more about the content of the study. An Order Form is enclosed. Thanks for your interest.

The Consumer Expenditures Survey

This study is based on SMR's work with the "micro-data files" of the Consumer Expenditures Survey (CES).

CES is the U.S. government's most aggressive regular survey of consumer spending habits on all sorts of products and services. CES is used to support the most important single federal economic data series, the Consumer Price Index.

CES interviews are conducted in person by Census Bureau personnel inside consumer homes. Spending amounts are checked against receipts. Interviewed households are designed to mirror the precise demographic composition of the U.S. SMR utilized data from 27,159 interviews conducted in equal numbers by month from April of 2006 through March of 2007, the most recent available.

CES micro-data files are detailed raw interview results, complex to work with. Most answers are coded, requiring use of an instruction book of 323 pages to de-code results. SMR has been working with CES data for a number of years.

For this study, SMR utilized CES spending data on electricity, gasoline, diesel fuel, natural gas, heating oil, and bottled gas. Total energy spending calculated per household and per capita within households was based on total expenditures for all of these products. Tables in the study also address each energy product separately.

Demographics Of Spending & Over-Consumption

The main thrust of this study was to determine energy spending levels based on the financial, demographic, and housing structure characteristics of the interviewees.

SMR broke out energy spending per household and per capita, in total and by type of energy product, according to:

- **Age of head of household**
- **Level of education**
- **Family size**
- **Family type**
- **Marital status**
- **Race and Hispanic ethnicity**
- **Income ranges**
- **Number of weeks worked by adults in households**
- **Size of the home**
- **Age of the home**
- **Home value ranges for home owners**
- **Number of vehicles owned**

Actionable Results

Statistical studies can be dry, and even meaningless when the numbers are not put in their proper context.

We added additional information to help with context, and plain-text analysis of the implications of each subject studied.

For example, we juxtaposed our findings on energy consumption by size of the home against SMR's own data on the average size of homes constructed over the last 25 years, gleaned from our national database of county courthouse property records.

We brought in data as well from Home Mortgage Disclosure Act (HMDA) federal regulatory reports, showing how single people became a majority of all new home buyers in the current decade – a major event in energy waste.

The findings of this study, we believe, also imply some new ideas in the field of energy conservation. **The last section of the study is devoted to exploring some of them.** Other ideas may occur to you after you see the numbers, many of which are sharply implicit of what's working and what's not on consumer energy conservation.

The study includes more than 75 tables with energy spending statistical results, plus substantial interpretive analysis.

A New Conservation Message

From 1960 to 2007, the average number of people per household in the USA declined from 3.33 to a record low of 2.56. The main cause: Single-person households grew by 350%.

Meanwhile, over just 25 recent years, the average size of newly built homes increased by 34.2%.

CES data show that these two events – by themselves – ruined other progress made in energy conservation.

Yet, in the debate over global warming and energy independence, these two events are almost never mentioned. **Our hope is that by showing the real numbers in this study, new and more effective ways can be found to make energy conversation work.**

See the enclosed Order Form to get a copy, and to learn more about SMR. **Nonprofit groups qualify for a large discount on the study price.** Thanks for your interest and support.