

STATE OF NEW YORK

Public Service Commission

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NATURAL GAS UTILITIES READY FOR WINTER HEATING SEASON

— Commission Implements Winter Outreach and Education Efforts —

Albany, NY—10/14/10—Based upon an annual review of local utilities’ winter preparedness, the New York State Public Service Commission (Commission) today announced that utilities providing natural gas service in the state have adequate supplies, delivery capacity, and storage inventory to satisfy customer demand under severe winter conditions. Meanwhile, to prepare for the coming cold-weather months, the Commission announced it will initiate a winter outreach program to alert New Yorkers of actions they can take to help control their winter heating bills.

“The availability, reliability, and price of natural gas supplies have been and continue to be of paramount concern to the Commission,” said Chairman Garry Brown. “In these challenging economic times, even with lower natural gas prices, many families are finding it difficult to cover the cost of their heating bills; therefore, I have directed staff to implement outreach and education efforts to provide customers with information and assistance to better manage energy and heating bills this winter.”

In New York State, there are about 3 million natural gas heating customers. About half of the households in the state use natural gas for heating purposes and residential customers constitute the majority of natural gas customers.

In a separate, but related matter, the Commission today approved several new initiatives designed to increase enrollment in a low-income discount natural gas program operated by National Grid-Long Island for which enrollment has been less than anticipated.

As part of the winter readiness review, staff of the Department of Public Service (staff) provided an oral report to the Commission regarding the arrangements utilities have made to obtain adequate commodity supply to meet expected customer demands under severe winter conditions.

Additionally, staff reviewed the utilities' compliance with Commission policy regarding gas purchasing practices. Special attention was given by staff to the methods utilized by the utilities for gas price risk management efforts, including the use of hedges (i.e., storage gas and fixed price contracts) and financial instruments, such as futures and options.

The Commission's assessment of natural gas supplies and prices is based on staff's monitoring of utilities' actions to prepare for the winter. Throughout the winter season, staff will monitor issues that could potentially affect the utilities' operations and their customers, such as weather and heating degree day data; storage inventory management; interstate pipeline operational issues; operational flow orders; utility operation issues; gas price levels and fluctuations; and customer interruptions. Staff will report to the Commission if a problem develops, or if action is warranted.

Nearly 90 percent of the natural gas used in New York State is imported from other regions of North America, principally from the Gulf States and Canada. The Commission only regulates natural gas delivery rates and not the price of natural gas itself, often referred to as the "commodity price." Natural gas as a commodity was deregulated by Congress in 1978; prices are determined by national and international markets, not the Commission or New York utilities.

The price of natural gas can be tracked on the New York Mercantile Exchange (NYMEX) as it changes daily and almost hourly. As the winter progresses, prices for November through March will change in response to changes in market conditions, such as weather and gas availability.

In an effort to help consumers, staff of the Department of Public Service will implement an extensive consumer awareness campaign to alert New Yorkers to the 2010-2011 natural gas outlook for the State and the actions they can take to help manage their winter heating bills. The program will include plain language publications, mailings to consumer leaders, radio, transit

and online advertising, grassroots outreach at consumer shows, speaking presentations, and partnerships with service organizations such as the American Association of Retired Persons and the Cornell Cooperative Extension.

For information on how to lower energy costs this winter, call the New York State Public Service Commission's information line at 1-888-Ask-PSC1 (1-888-275-7721), or visit the Commission's Web site at www.AskPSC.com and click the New York's Natural Gas Outlook link. Also, energy savings tips and programs are available from the New York State Energy Research and Development Authority (NYSERDA) by calling 518-862-1090 or toll-free at 1-877 NY-Smart or by visiting NYSEDA's www.GetEnergySmart.org Web site.

A copy of the Commission's written decision relating to National Grid-Long Island, when issued, may be obtained by going to the Documents Search section of the Commission's Web site at www.dps.state.ny.us and entering Case 06-G-1186 in the input box labeled "Search for Case/Matter Number." Many libraries offer free Internet access. A copy of the Commission's decision can also be obtained from the Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).