

STATE OF NEW YORK

Public Service Commission

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NATURAL GAS UTILITIES READY FOR WINTER HEATING SEASON

—Natural Gas Commodity Prices Expected to be Slightly Higher Than Last Year—

Albany, NY – 10/17/13 – Based on 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. While bill impacts will vary by utility company, customer bills in general are predicted to increase only slightly this winter; however, they remain much lower than what they were several years ago.

“As more and more customers turn to natural gas for their heating needs, ensuring a reliable gas supply remains a paramount concern of the Commission,” said Chair Audrey Zibelman. “Our analysis indicates that utilities serving New York have adequate supply and inventory to satisfy expected demand this winter.”

As part of the annual winter readiness review, Commission staff provided a 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 incentives, 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.

As of October 1, 2013, the price of flowing gas for the upcoming heating season, reported on the New York Mercantile Exchange, is projected to be higher than last year. In the current price environment, commodity costs make up between 25 to 45 percent of the customers' bill and as a result, total bills are expected to increase by slightly more than 3 percent, or about \$6 a month during the heating season. However, while average customer bills might be slightly higher than last year, bills are anticipated to be about 6 percent lower than the historic three-year average.

In New York, there are about 3.9 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. The Commission regulates natural gas delivery rates and not the price of natural gas itself, often referred to as the commodity price. Natural gas prices are determined by national markets, not the Commission or New York utilities.

For information on how to lower energy costs this winter, call the Commission's information line at 1-888-Ask-PSC1 (1-888-275-7721), or visit the Commission's Web site at www.AskPSC.com. If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.