

STATE OF NEW YORK

# Public Service Commission

Garry A. Brown, Chairman

Three Empire State Plaza, Albany, NY 12223

Further Details: James Denn, (518) 474-7080

<http://www.dps.state.ny.us>

FOR RELEASE: IMMEDIATELY

08107

## NATURAL GAS UTILITIES READY FOR HEATING SEASON

— Statewide “Heat Smart” Awareness Campaign Underway —

Albany, NY—10/15/08—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 demands under severe winter design conditions, although capacity remains temporarily tight in some areas.

“The availability, reliability, and price of gas supply are a high priority concern of the Commission,” said Commission Chairman Garry Brown. “Unfortunately during these financially difficult times, customers’ natural gas bills are projected to increase. Commission Staff is working with a multi-agency taskforce in implementing a statewide outreach and education campaign designed to provide consumers with information and assistance to better manage their energy and heating bills this winter.”

Staff of the Department of Public Service (Staff) today reported to the Commission that utilities have made arrangements to obtain adequate natural gas supply to meet expected customer demands under severe winter weather conditions. As part of their analysis, Staff reviewed utilities’ compliance with Commission policy regarding gas purchasing practices. Special attention was given to the methods utilized by utilities for gas price risk management efforts, including the use of physical hedges, such as 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 upcoming winter season Staff will monitor several issues that could potentially affect the utilities operations and their customers. These issues include, but are not limited to weather and accumulated heating degree day data; storage inventory management; interstate pipeline operational issues; operational flow orders; utility operational 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 95 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."

The commodity price of natural gas was deregulated by Congress beginning in 1978 and is determined by national and international markets, not the Commission or New York utilities. A key benchmark 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 deliveries will change in response to changes in market conditions, such as weather and gas availability.

In New York State, there are about 3 million natural gas heating customers. About 50 percent of the households in the state use natural gas for heating purposes and residential customers constitute the majority of natural gas customers.

**Statewide Smart Heating Campaign: [www.HeatSmartNY.org](http://www.HeatSmartNY.org)**

As noted in the briefing, NYMEX commodity costs for winter delivery are currently projected to be higher than last year. If normal weather conditions prevail then customer usage is also expected to be higher than last year since last year was slightly warmer than normal. This combination of higher prices and greater consumption results in residential heating customer bills that are expected to range from about 7 percent to approximately 16 percent higher, depending on the local gas distribution company, when compared to last winter's bills.

“Difficult financial times combined with expected higher natural gas bills this winter will be particularly burdensome on the elderly and people on fixed or low incomes, to manage their energy bills and stay warm this winter,” said Chairman Brown. “Recognizing the need for a statewide response, under the leadership of Governor Paterson, a multi-agency taskforce was convened to assist consumers in getting through the winter heating season. The Taskforce has implemented an outreach and education campaign — *HeatSmartNY* — to make consumers aware of ways to reduce energy use, as well as, the services and programs available to them to help manage energy bills.”

The multi-agency campaign includes a bi-lingual media campaign with collateral outreach publications, a “clearinghouse” Web site and toll-free hotline to direct residents to agencies, organizations and assistance programs, and a series of workshops and events to educate consumers. Agencies are also leveraging existing programs and infrastructures to promote the winter campaign and help customers prepare for the upcoming winter season.

Additionally, Staff are working closely with the state’s utilities, encouraging them to provide customer education programs this winter, particularly in working with local human service agencies, so that customers receive information and assistance they need to help reduce the impact of potentially higher bills this winter.

For information on how to lower energy costs this winter, call the *HeatSmartNY*’s toll-free hotline at 1-877-NY-Smart, or visit the [www.HeatSmartNY.org](http://www.HeatSmartNY.org) Web site.