

Natural Gas Winter Outlook

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Pipeline Capacity

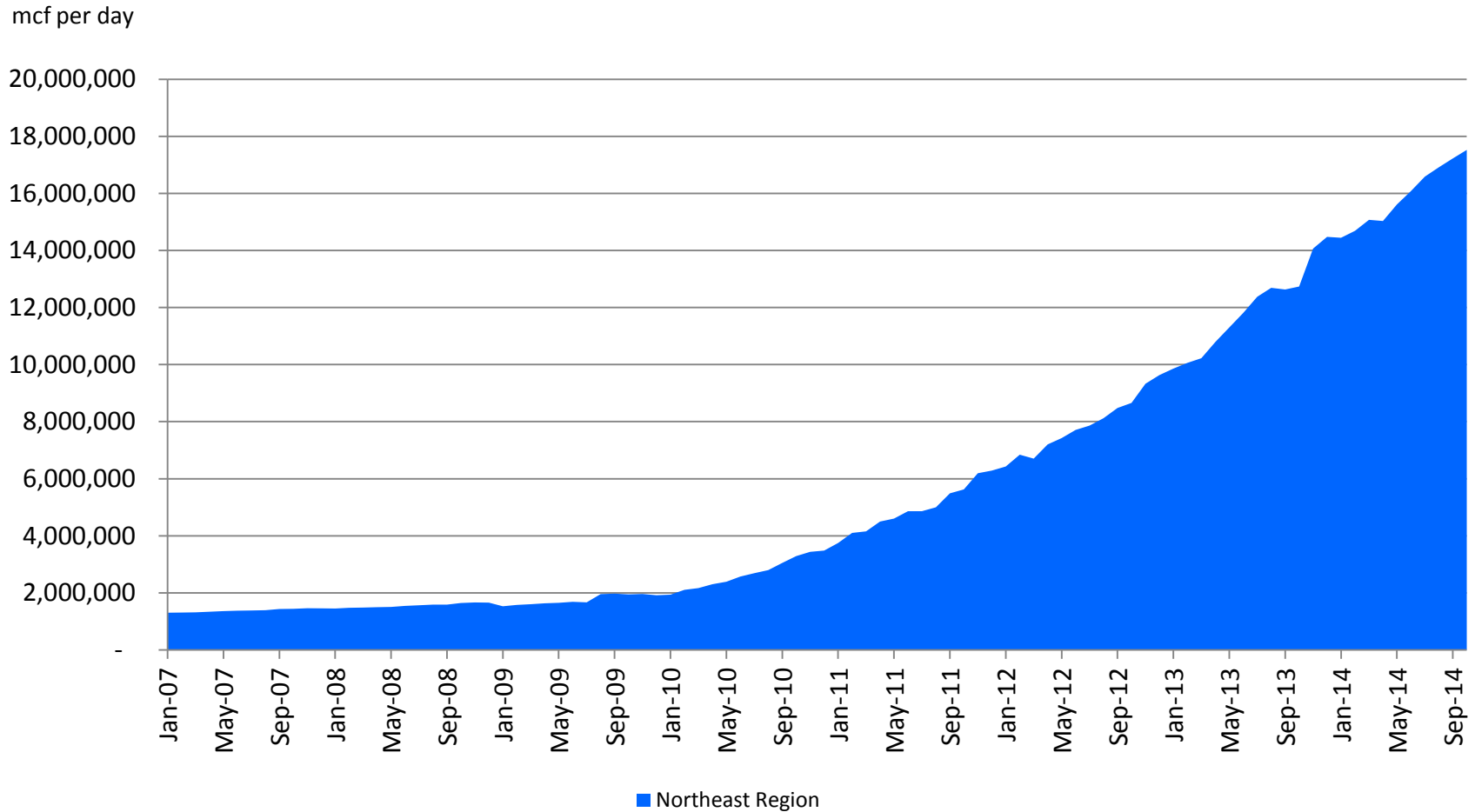
- LDCs have adequate interstate pipeline
- Pipeline capacity into the downstate region remains tight, due to increasing core customer demand.
 - Spectra Project
 - Transco Project
- Pipeline capacity into the Capital District Area continues to be tight due to increasing commercial demand.
 - Incremental capacity is planned for the 2015 winter season.

2013-14 Winter Gas Price Outlook

- There are three basic components of a gas utility's natural gas supply portfolio:
 - Storage Gas
 - Gas injected into storage during the summer to help meet the seasonal winter demand
 - Hedged Supply
 - Physical or financial hedges executed throughout the year
 - Un-hedged Supply
 - Gas purchased at market prices during the winter

Natural Gas Supply

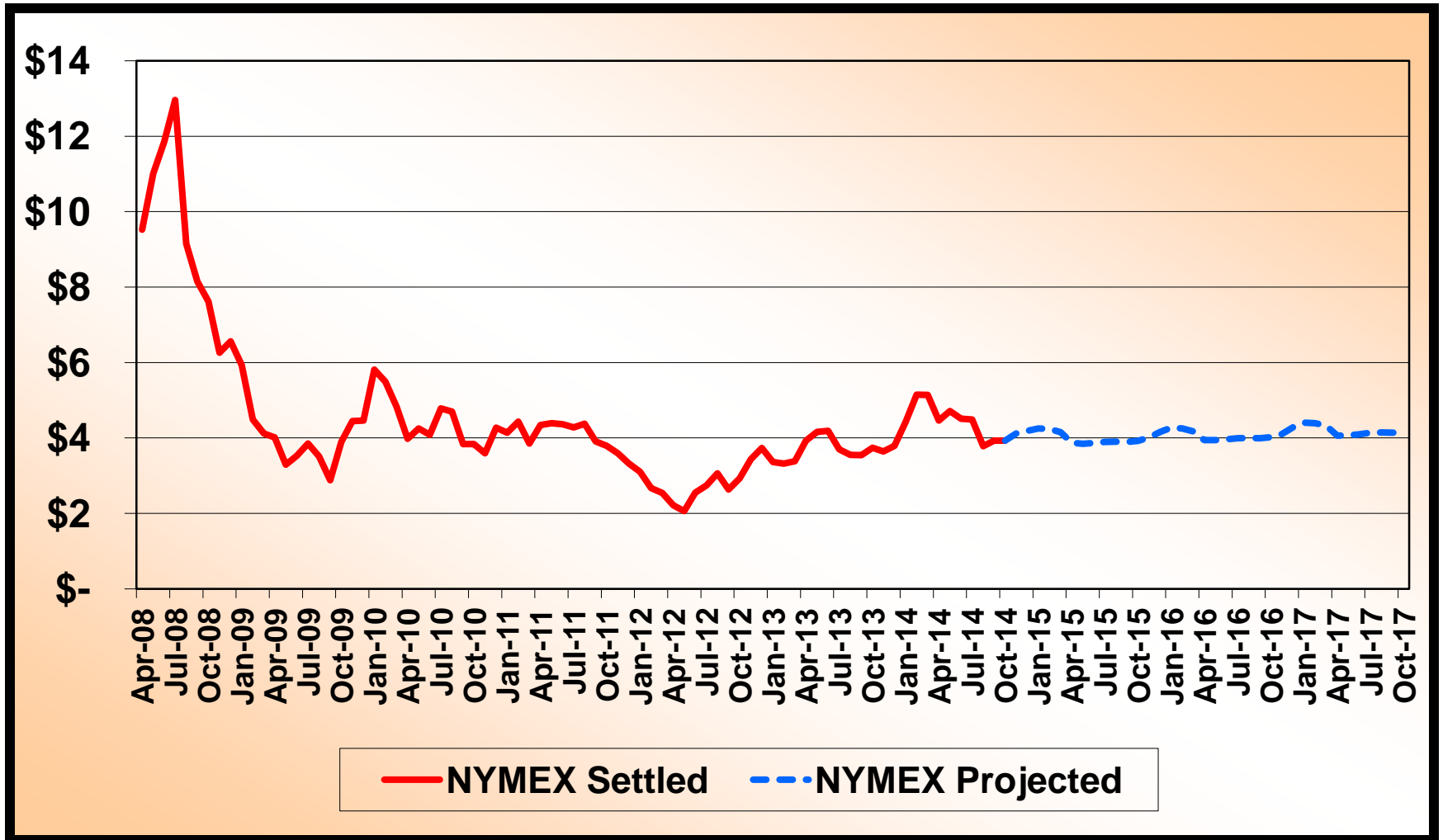
Northeast Region



Source: U.S. Energy Information Administration; Drilling Productivity Report; September 8, 2014.

NYMEX GAS FUTURES PRICES

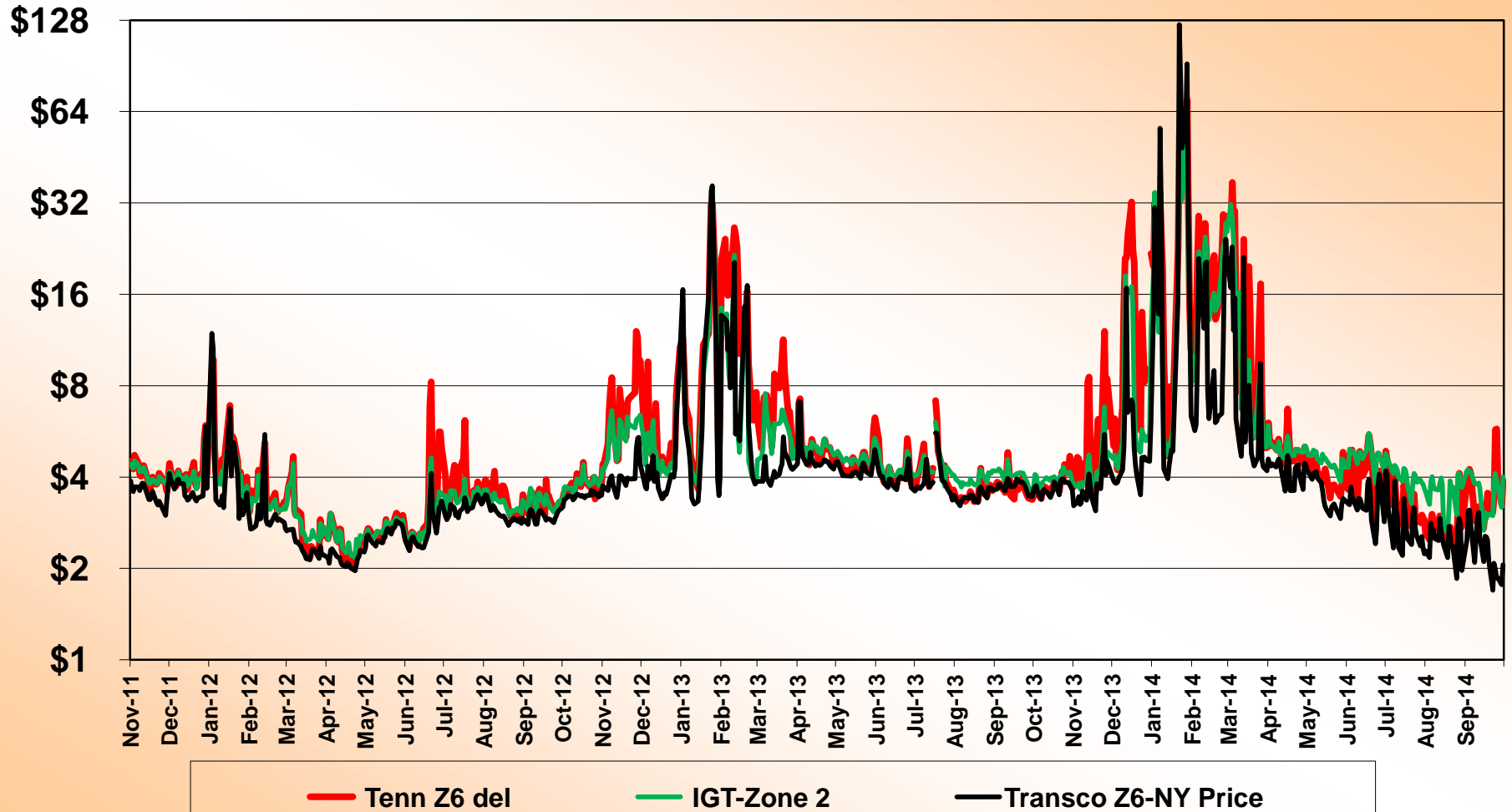
History vs. Futures (\$ per MMBTU)



NYMEX prices as of October 1, 2014

Daily Spot Price History

By Trading Point

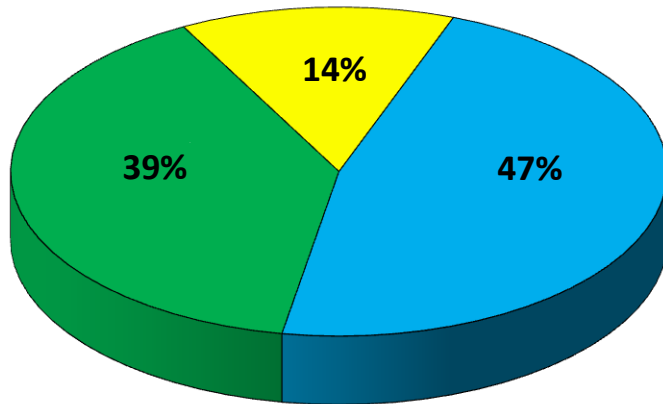


Statewide Average Bills Residential Heating Customer

2013-14 Actual Weather	2013-14 Normal Weather	2014-15 Normal Weather	% Change Actual 2013-14 vs. Normal 2014-15	% Change Normal 2013-14 vs. Normal 2014-15
\$936	\$861	\$794	-15%	-8%

LDC Commodity Portfolio

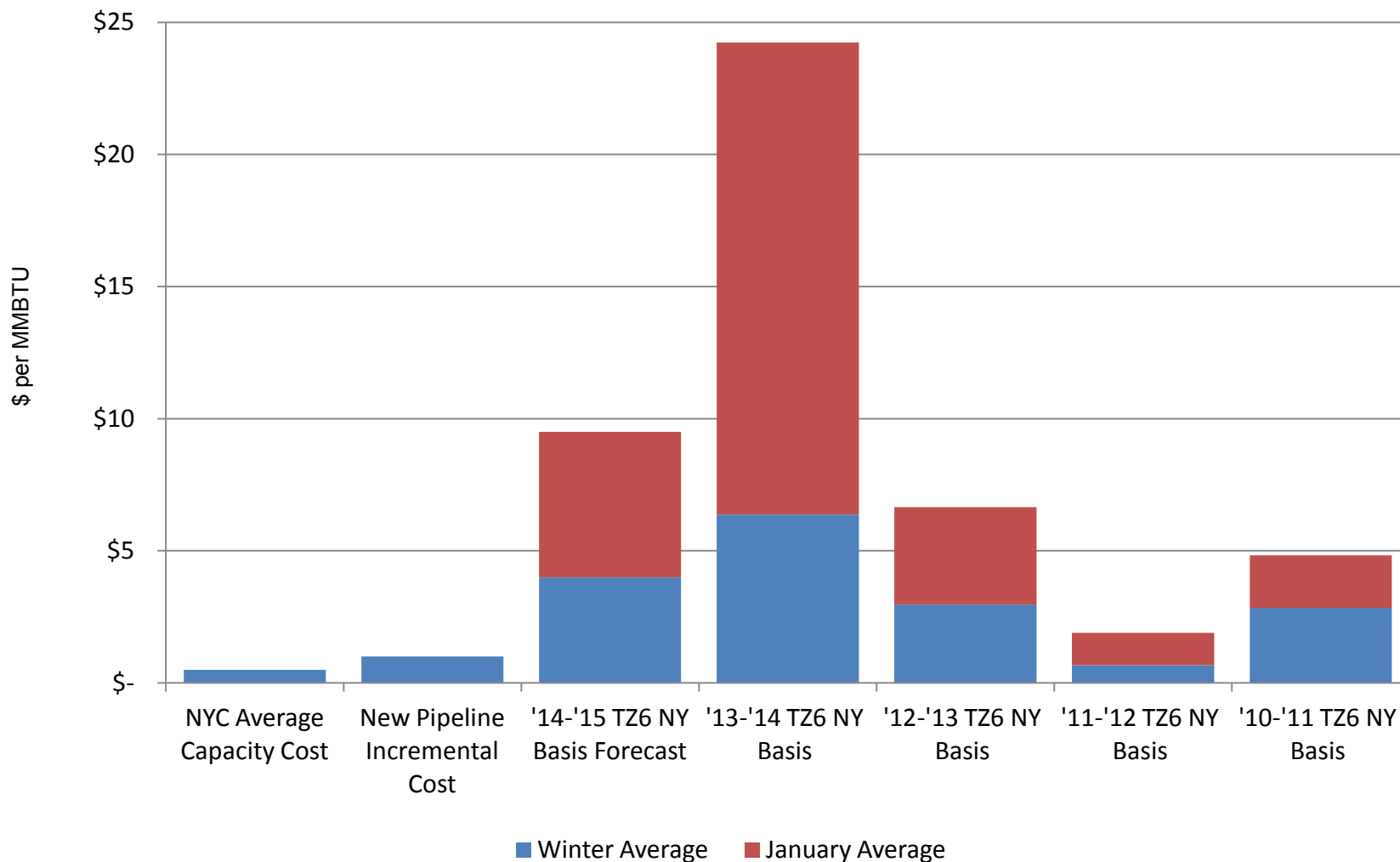
Firm Customers



■ Storage ■ Hedged ■ Unhedged

	2014-15 Typical Portfolio	2013 – 14 Winter Actual \$/dth	2014 – 15 Winter Forecast \$/dth
Physical Storage	39%	\$3.56	\$3.35
Hedged Supply	14%	\$3.83	\$4.30
Flowing Gas	47%	\$4.81	\$4.18
Average Winter Commodity Price		\$4.28	\$3.87
Percent Change			-9.6%

NYC's Capacity Demand Costs & Transco Zone 6 Basis



Transco Zone 6 New York (TZ6 NY) Basis Forecast based on October 4, 2014 "Gas Daily" Forward Curves

Coordination with the Oil Industry

- Interruptible customers tend to be interrupted during periods of peak consumption for petroleum products.
- Interruptible customers must meet certain requirements for alternate fuel inventories so that there are no anticipated problems with fuel switching
- LDCs will be conducting tests and inspecting alternate fuel burning equipment of interruptible customers where needed to ensure compliance with alternate fuel inventory requirements
- LDCs will notify all stakeholders of interruptions.
- We will meet with NYSERDA, representatives of the Empire State Petroleum Association and other state agencies to discuss this winter's forecast.

Winter Gas Outlook Summary

- Commodity prices are expected to be lower than last winter
- Customer bills are expected to be lower this year than last winter, due to this price decrease and a forecast of normal weather usage.
- NY gas utilities have contracted for adequate capacity and supplies and are ready to meet 2014-2015 winter conditions.
- Natural gas supply to electric generators remains an issue.