

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—10/15/09—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.

“The availability and price of gas supply remains a priority concern of the Commission,” said Commission Chairman Garry Brown. “Despite lower gas prices, low-income families or families on a fixed-income might still find it difficult to manage due to these challenging economic times. Therefore, I will direct staff to work with utilities, service organizations and other State agencies to assist consumers to better manage energy and heating bills this winter.”

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.

As part of the winter readiness review, staff of the Department of Public Service 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 weather conditions.

In addition, 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 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.

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.

Staff indicated that it believes the Department's and the utilities' outreach and education programs will provide consumers with the information they need to better manage their winter heating bills.

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 Web site at www.AskPSC.com and click on the 2009-10 Winter Preparedness link. Energy savings tips also 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.