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Winter Preparedness of the Natural Gas Supply

2016-2017 Winter Season

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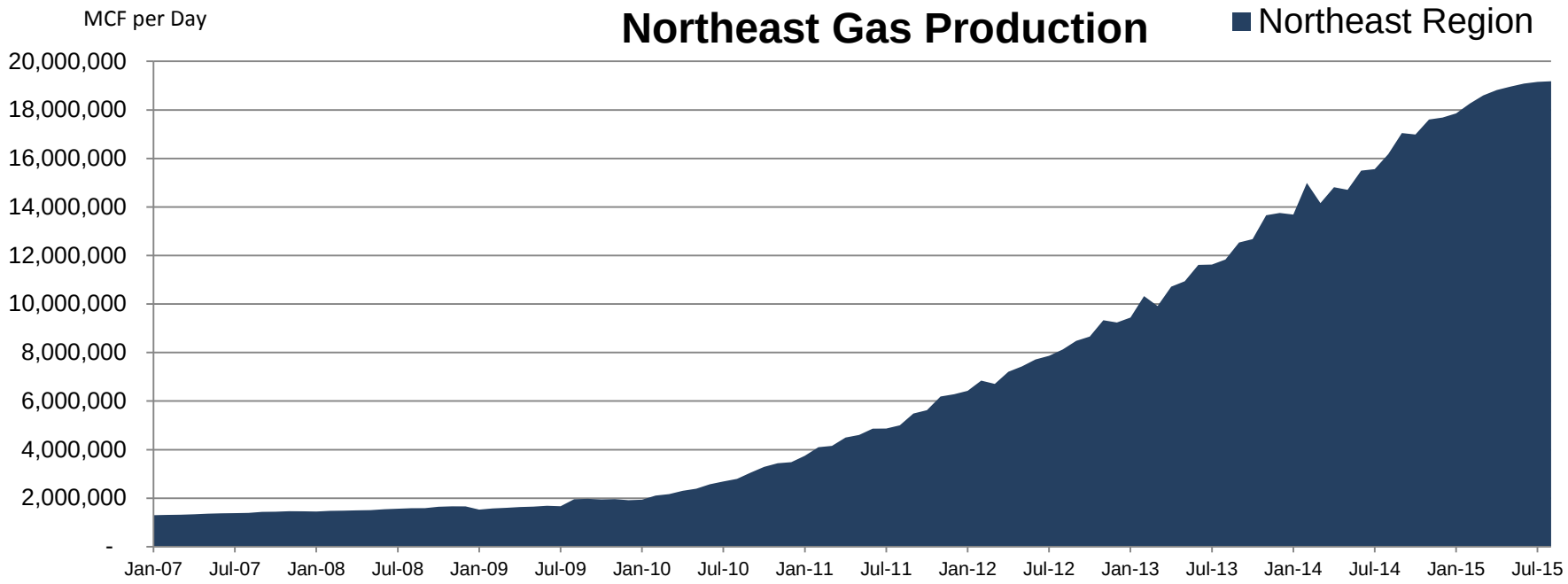
October 27, 2016
Albany, New York

Adequate Capacity and Supplies

- ❑ Review of expected customer requirements for design weather conditions for this winter.
- ❑ Review of supplies to meet expected customer requirements for design weather conditions for this winter.
- ❑ Staff will continue to monitor supply, prices and interruptible customers throughout the winter

Natural Gas Supply



Source: U.S. Energy Information Administration; Drilling Productivity Report; September 9, 2015.

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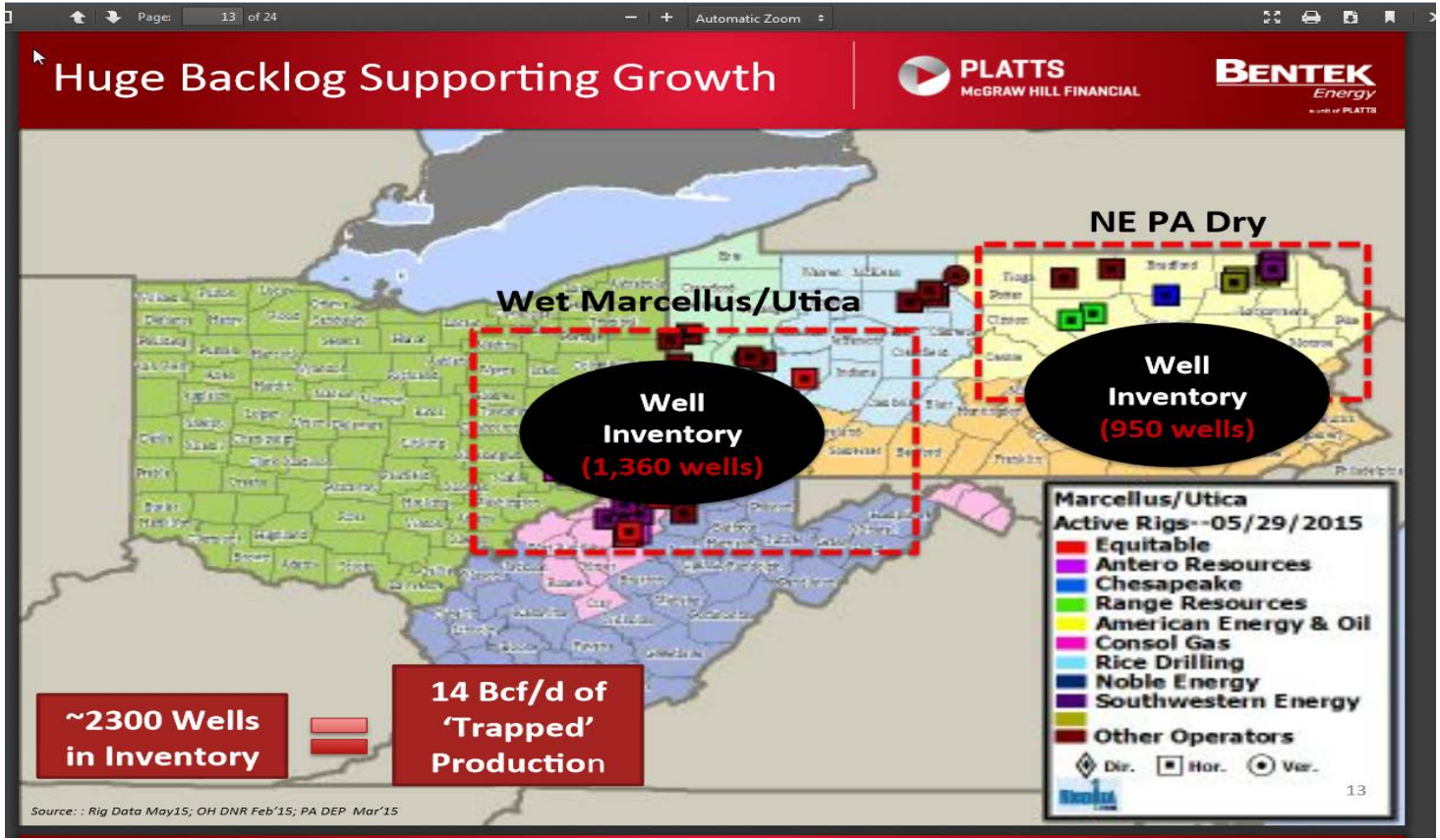
Natural Gas Supply



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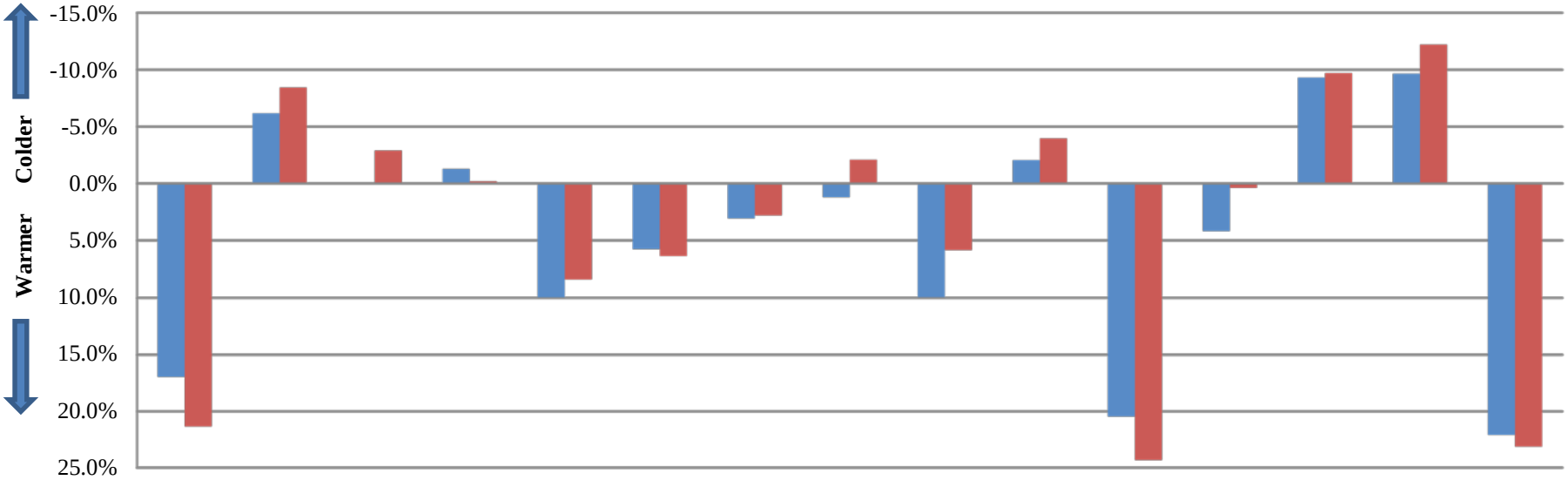
HDD % Warmer or (Colder) than Normal
(Heating Seasons Nov 1 - March 31)



	Winter 01-02	Winter 02-03	Winter 03-04	Winter 04-05	Winter 05-06	Winter 06-07	Winter 07-08	Winter 08-09	Winter 09-10	Winter 10-11	Winter 11-12	Winter 12-13	Winter 13-14	Winter 14-15	Winter 15-16
Albany	16.9%	-6.2%	0.0%	-1.3%	9.9%	5.7%	3.1%	1.2%	9.9%	-2.1%	20.5%	4.2%	-9.3%	-9.7%	22.1%
NYC	21.3%	-8.4%	-2.9%	-0.2%	8.4%	6.3%	2.8%	-2.1%	5.8%	-4.0%	24.3%	0.4%	-9.7%	-12.2%	23.1%

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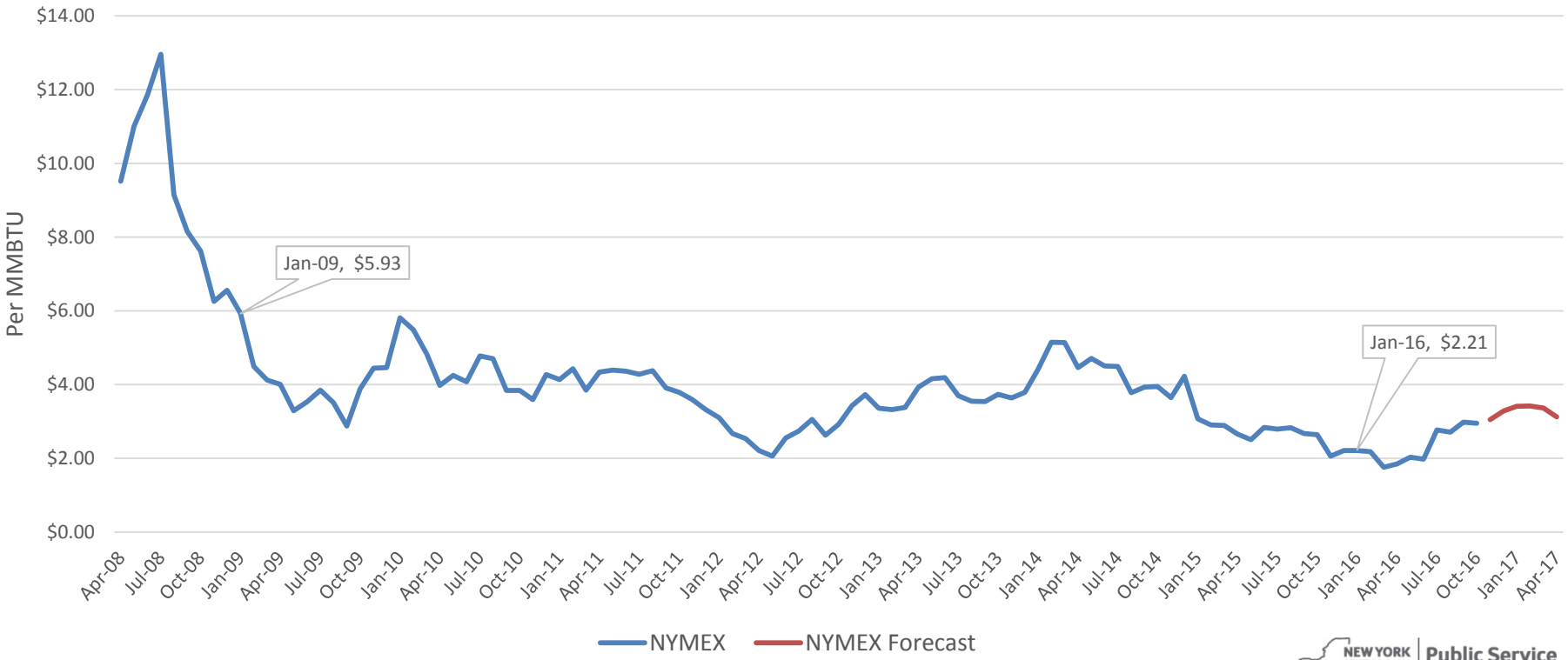
NYMEX Gas Futures Prices



Forecast for November 2016 and beyond as of October 7, 2016

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2016-17 Winter Gas Price Outlook

Components of a gas utility's natural gas supply portfolio:

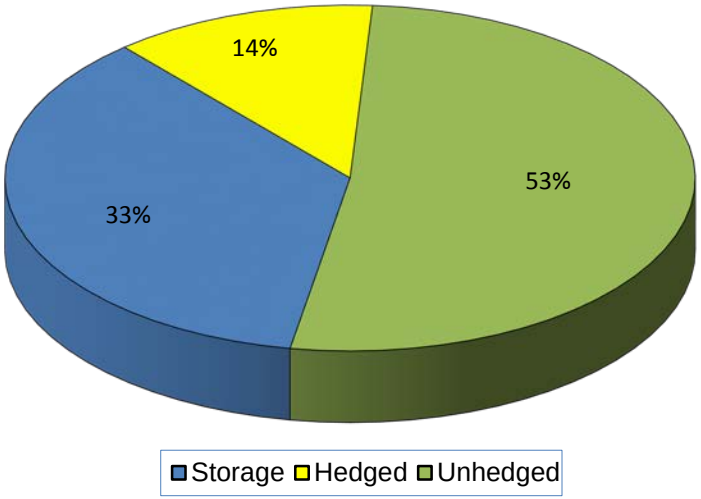
- Storage Gas
- Hedged Supply
- Un-hedged Supply

LDC Commodity Portfolio

	2016-17 Typical Portfolio	2015-16 Winter Forecast $/dth	2015-16 Winter Actual $/dth	2016-17 Winter Forecast $/dth
Physical Storage	33%	$2.01	$1.82	$1.79
Hedged Supply	14%	$3.10	$2.87	$2.56
Flowing Gas	53%	$2.05	$1.65	$2.44
Average Winter Commodity Price		$2.16	$1.88	$2.24

Firm Customers

New York State Gas Utility Typical 2016-17 Winter Supply Portfolio



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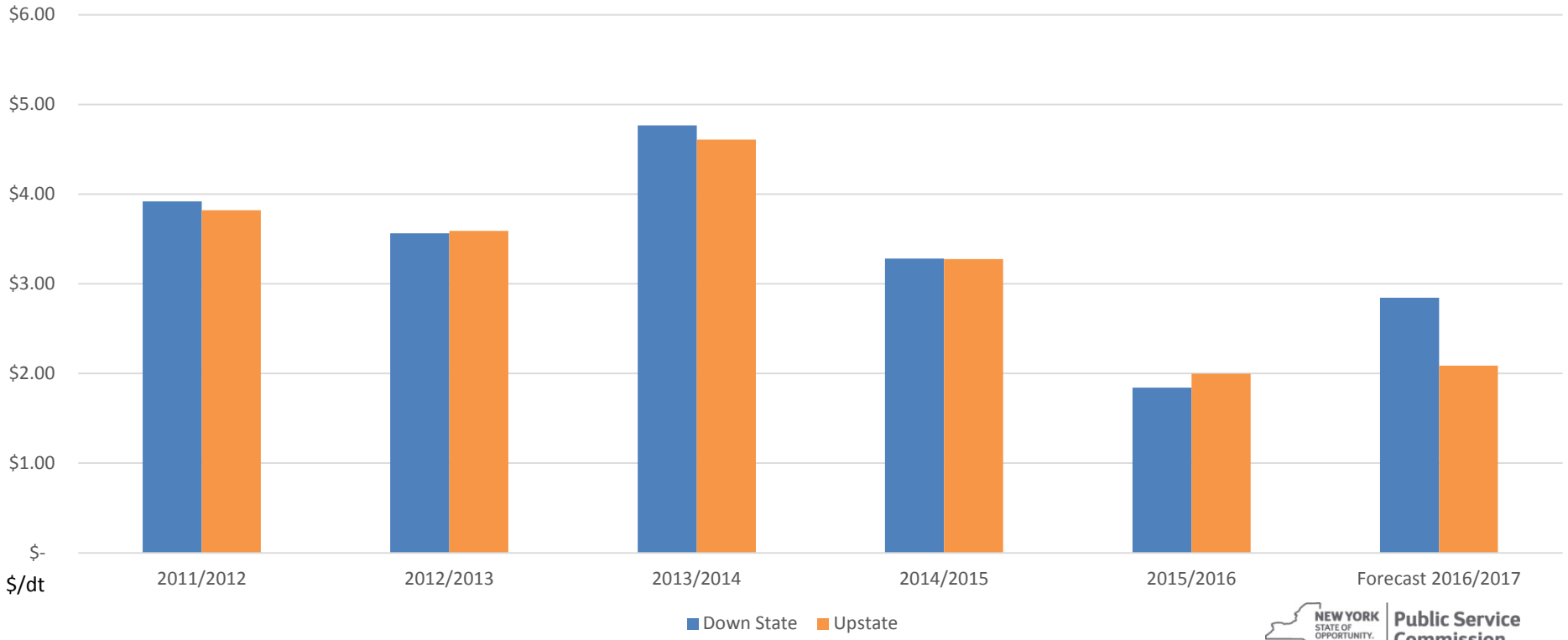
Statewide Avg. Winter Bills

Residential Heating Customer

2015-16 Actual Weather	2015-16 Normal Weather	2016-17 Normal Weather	% Change Actual 2015-16 vs. Normal 2016-17	% Change Normal 2015-16 vs. Normal 2016-17
$610	$650	$694	+13.7%	+6.7%

Typical Residential Customer Gas Supply Prices



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Coordination with Oil Industry

- Interruptible gas customers must meet certain requirements to maintain alternate fuel inventories so that there are no anticipated problems with fuel switching
- LDCs will be conducting tests and may inspect alternate fuel burning equipment of interruptible customers where needed to ensure compliance with alternate fuel inventory requirements
- Communications protocol was developed last winter season, and it will continue to be implemented. We have issued the protocols for comment and will bring it to the Commission by January to make them enforceable.

Summary

- NY gas utilities have contracted for adequate capacity and supplies and are ready to meet 2016-2017 winter conditions
- Commodity prices are in a downward trend compared to recent history
- Compared to the five year average, customer bills this winter are expected to be the same or lower

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2016-2017 Winter Preparedness

Questions?

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