

**Niagara Mohawk Power Corporation d/b/a National Grid**

**Attachment 1**

**Return Requirement on Gas Storage Inventory Rate - Effective June 1, 2011 to May 31, 2012**

**Year 3 - Forecasted Storage Inventory Commodity Costs: June 1, 2011 to May 31, 2012**

Projected Weighted Average Storage Inventory Cost is developed from Dispatch Simulation Model using 5/26/2011 NYMEX

	<b>Storage Inventory Balance (dt)</b>	<b>Wtd Avg Storage Inventory Cost (\$/dt)</b>	<b>Storage Inventory Costs (\$)</b>	
05/16/2011-05/31/2011	4,707,903	\$ 5.0783	\$ 11,954,072	for 1/2 of month
06/30/2011	7,630,050	\$ 5.0341	\$ 38,410,435	
07/31/2011	10,227,513	\$ 5.0243	\$ 51,386,094	
08/31/2011	12,824,977	\$ 5.0367	\$ 64,595,562	
09/30/2011	14,610,733	\$ 5.0406	\$ 73,646,861	
10/31/2011	15,379,079	\$ 5.0352	\$ 77,436,739	
11/30/2011	14,738,284	\$ 5.0352	\$ 74,210,208	
12/31/2011	11,213,912	\$ 5.0352	\$ 56,464,290	
01/31/2012	7,208,943	\$ 5.0352	\$ 36,298,470	
02/28/2012	3,844,770	\$ 5.0352	\$ 19,359,186	
03/31/2012	961,192	\$ 5.0352	\$ 4,839,794	
04/30/2012	1,948,098	\$ 5.3369	\$ 10,396,804	
05/1/2012-05/15/2012	4,707,903	\$ 5.5826	\$ 13,141,170	for 1/2 of month
	110,003,357		\$ 532,139,682	
Monthly Average Storage Inventory Costs (11 and 2/2 Months)			\$ 44,344,973	
Balance of storage not used by SC 3			99.0828212%	
Monthly Average Storage Inventory Costs (11 and 2/2 Months) excl SC 3			\$ 43,938,251	
Pre-Tax Weighted Average Cost of Capital			<b>10.69%</b>	
Return Requirement			\$ 4,696,999	
Forecasted SC 1,2 12 and 13 Sales - TME May 2012			464,282,904	Therms
<b>Year 3 Return Requirement on Gas Storage Inventory Rate</b>			<b>\$ 0.01012</b>	<b>\$/Therm</b>
<b>Year 1 Annual Imbalance Refund (September 2010 - August 2011)</b>			<b>\$ (0.00028)</b>	<b>\$/Therm</b>
<b>Total Rate Effective June 1st 2011</b>			<b>\$ 0.00984</b>	<b>\$/Therm</b>