



Kellie I. Smith
Manager – NY Gas Pricing

May 30, 2017

Honorable Kathleen H. Burgess, Secretary
State of New York
Public Service Commission
Office of the Secretary, 19th Floor
Three Empire State Plaza
Albany, New York 12223-1350

Dear Secretary Burgess:

Pursuant to Title 16 of the State of New York Official Compilation of Codes, Rules and Regulations (“16 NYCRR”) Section 720, Niagara Mohawk Power Corporation, d/b/a National Grid (“NMPC” or “Company”) hereby files the following statements which will take effect on [June 1, 2017](#):

<u>Statement</u>	<u>Number</u>	<u>Applicable to Service Classes</u>
Monthly Cost of Gas Statement	MCG-168	1, 2, 3, 12 & 13
Gas Transportation Rate Statement	TRA-168	1, 2, 5, 6, 7, 8, 9, 12 & 13
Statement of Natural Gas Vehicle Service Rate	NGV-168	10
Statement of Demand Transfer Recovery Rate	DTR-167	11
Merchant Function Charge Statement	MFC-99	1, 2, 3, 12 & 13

Effective June 1, 2017, NMPC is resetting the Merchant Function Charge to include prior period reconciliation adjustments on the: 1) Commodity Related Credit and Collection Charge, 2) Gas Supply Procurement Charge and 3) Return Requirement on Gas Storage Inventory

1. Commodity Related Credit and Collection

As shown on Attachment 1, the Commodity Related Credit and Collection Charge is reset as follows:

- Total rate effective June 1, 2017 (includes prior year imbalance):
 - Residential customers (SC 1 and SC 1MB) is \$0.00494 per therm
 - Non-Residential customers (SC2, 2MB, 3, 12, 12MB, 12 DB, 13MB, 5, 7 & 8) is \$0.00027 per therm.

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2. Gas Supply Procurement Charge

As shown on Attachment 2, the Gas Supply Procurement Charge is reset as follows:

- Total rate effective June 1, 2017 (includes prior year imbalance):
 - SC 1, 2, 3, 12 & 13 is \$0.00209 per therm

3. Return Requirement on Gas Storage Inventory

As shown on Attachment 3, the Return Requirement on Gas Storage Inventory (Storage Carry) is reset as follows:

- Total rate effective June 1, 2017 (includes prior year imbalance):
 - SC 1, 2, 3, 12 & 13 is \$0.00307 per therm

Questions pertaining to this filing may be directed to Rozita Shortell at (315) 460-1023.

Respectfully Submitted,

/s/ Kellie I. Smith

Kellie I. Smith
Manager, NY Gas Pricing

Niagara Mohawk Power Corporation d/b/a National Grid
Merchant Function Charge
Calculation of Commodity Related Credit and Collection Charge
Applicable to Customers taking Sales Service under Service Classification Nos. 1, 2, 3, 12 and 13
and to ESCOs Participating in the POR Program that serve Customers taking Transportation Service
under Service Classification Nos. 1MB, 2MB, 12MB, 12DB, 5, 7 and 8

	Residential SC 1, SC1 MB	Non-Residential SC 2, 2MB, 3, 12, 12MB, 12DB, 13, 5, 7 and 8	
1) Set Commodity Related Credit and Collection Expense Charge for Rate Year 5: April 1, 2017 - March 31, 2018			
a) Allowed Commodity Related Credit and Collection Annual Expense	\$2,600,935	\$145,782	
b) Forecasted Sales & Deliveries: April 1, 2017 - March 31, 2018 (Therms)			
i) Sales	436,425,545	107,861,215	Therms
ii) Daily Balancing and Monthly Balancing Transportation	112,222,153	436,902,433	Therms
- Percentage of Annual Deliveries for ESCOs in POR Program	98%	81%	
- Amt of Daily & Monthly Balancing Transportation in POR Program	109,715,356	353,004,312	Therms
iii) Total Therms	546,140,901	460,865,527	Therms
c) Commodity Related Credit and Collection Expense Charge (a / b) : Effective April 1, 2017 - March 31, 2018	\$0.00476	\$0.00032	\$/Therm
2) Annual Reconciliation Adjustment to be implemented 12-months Starting June 1, 2017 (Subject to Interest)			
a) Rate Year 4 Reconciliation for Period: April 1, 2016 to Mar 31, 2017 - Recoveries of Allowed Expenses			
Allowed Annual Expense	\$2,600,935	\$145,782	
Actual Recoveries	<u>\$2,472,943</u>	<u>\$161,142</u>	
Resulting Over Recovery (-) / Under Recovery (+)	\$127,992	(\$15,360)	
Prior Year Imbalance (RY2)	<u>(\$29,276)</u>	<u>(\$7,159)</u>	
Total Over Recovery (-) / Under Recovery (+)	\$98,716	(\$22,519)	
b) Forecasted Sales & Deliveries: June 1, 2017 - May 31, 2018			
i) Sales	436,683,507	107,873,960	Therms
ii) Daily Balancing and Monthly Balancing Transportation	112,289,555	437,008,629	Therms
- Percentage of Annual Deliveries for ESCOs in POR Program	98%	81%	
- Amt of Daily & Monthly Balancing Transportation in POR Program	109,781,253	353,090,116	Therms
iii) Total Therms	<u>546,464,761</u>	<u>460,964,076</u>	Therms
c) Resulting Over Recovery (-) / Under Recovery (+) Unit Rate	\$0.00018	(\$0.00005)	Therms
d) Interest	<u>\$0.00000</u>	<u>(\$0.00000)</u>	\$/Therm
e) Total Reconciliation Adjustments with Interest	\$0.00018	(\$0.00005)	\$/Therm
3) Commodity Related Credit and Collection Expenses Charge Effective June 1, 2017	\$0.00494	\$0.00027	\$/Therm

Niagara Mohawk Power Corporation d/b/a National Grid
 Merchant Function Charge
 Calculation of Gas Supply Procurement Expense Charge
 Applicable to Customers taking Sales Service under Service Classification Nos. 1, 2, 3, 12 and 13

1) Gas Supply Procurement Expense Charge for Rate Year 5: April 1, 2017 - March 31, 2018	
a) Allowed Gas Gas Supply Procurement Annual Expense	\$1,172,739
b) Forecasted SC 1, 2, 3, 12 and 13 Sales: April 1, 2017 - March 31, 2018	<u>544,286,760</u> Therms
c) Gas Supply Procurement Expense Charge effective April 1, 2017 - March 31, 2018	\$0.00215 \$/Therm
2) Annual Reconciliation Adjustment to be implemented 12-months Starting June 1, 2017 (Subject to Interest)	
Reconciliation of Rate Year 4 (April 1, 2016 to Mar 31, 2017) Recoveries vs Allowed Expenses	
a) Allowed Annual Expense	\$1,172,739
b) Actual Gas Supply Procurement Recoveries	<u>\$1,213,384</u>
c) Resulting Over Recovery (-) / Under Recovery (+)	(\$40,645)
d) Prior Year Imbalance (RY2)	<u>\$ 7,194</u>
e) Total Over Recovery (-) / Under Recovery (+)	(\$33,451)
f) Forecasted SC 1, 2, 3, 12 and 13 Sales - June 1, 2017 - May 31, 2018	<u>544,557,467</u>
g) Resulting Over Recovery (-) / Under Recovery (+) Unit Rate	(\$0.00006) \$/Therm
h) Interest	<u>(\$0.00000)</u> \$/Therm
i) Total Reconciliation Adjustments with Interest	(\$0.00006) \$/Therm
3) Gas Supply Procurement Expense Charge With Reconciliation Adjustments Effective June 1, 2017	\$0.00209 \$/Therm

Niagara Mohawk Power Corporation d/b/a National Grid
Merchant Function Charge
Calculation of Return Requirement on Gas Storage Inventory Charge
Applicable to Customers taking Sales Service under Service Classification Nos. 1, 2, 3, 12 and 13

1) Set Rate Year 5 (April 1, 2017 - March 31, 2018) Return Requirement on Gas Storage Inventory Charge Applicable to SC 1, 2, 3, 12 and 13	
a) Estimated total Storage Inventory Costs (12 Months): April 2017 - March 2018	\$217,748,362
b) Estimated Monthly Average Storage Inventory Costs (12 Months)	\$18,145,697
c) Pre-Tax Weighted Average Cost of Capital	<u>9.79%</u>
d) Estimated Return Requirement on Gas Storage Inventory (1b x 1c)	\$1,776,464
e) Forecasted SC 1, 2, 3, 12 and 13 Sales: April 1, 2017 - March 31, 2018	544,286,760 Therms
f) Return Requirement on Gas Storage Inventory Charge (1d / 1e) : Effective April 1, 2017 - March 31, 2018	\$0.00326 \$/Therm
2) Annual Reconciliation Adjustment to be implemented 12-months Starting June 1, 2017 (Subject to Interest) Reconciliation of Rate Year 4 (April 1, 2016 to Mar 31, 2017) Recoveries vs Allowed Expenses	
a) 12 Months Storage Inventory Costs	\$178,400,861
b) Monthly Average Storage Inventory Costs (12 Months)	\$14,866,738
c) Pre-Tax Weighted Average Cost of Capital	<u>9.79%</u>
d) Return Requirement on Gas Storage Inventory (2b x 2c) Rate Year 4 Target	\$1,455,454
e) Actual Recoveries	<u>\$1,616,358</u>
f) Resulting Over Recovery (-) / Under Recovery (+)	(\$160,904)
g) Prior Year Imbalance (RY2)	<u>\$60,158</u>
h) Total Over Recovery (-) / Under Recovery (+)	(\$100,746)
i) Forecasted SC 1, 2, 3, 12 and 13 Sales - June 1, 2017 - May 31, 2018	544,557,467
j) Resulting Over Recovery (-) / Under Recovery (+) Unit Rate	(\$0.00019) \$/Therm
k) Interest	<u>(\$0.00000)</u> \$/Therm
l) Total Reconciliation Adjustments with Interest	(\$0.00019) \$/Therm
3) Return Requirement on Gas Storage Inventory Charge With Reconciliation Adjustments Effective June 1 , 2017	\$0.00307 \$/Therm