



Kellie I. Smith
Manager – NY Gas Pricing

August 30, 2018

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 [September 1, 2018](#):

<u>Statement</u>	<u>Number</u>	<u>Applicable to Service Classes</u>
Monthly Cost of Gas Statement	MCG-183	1, 2, 3, 12 & 13
Gas Transportation Rate Statement	TRA-183	1, 2, 5, 6, 7, 8, 9, 12 & 13
Statement of Natural Gas Vehicle Service Rate	NGV-183	10
Statement of Demand Transfer Recovery Rate	DTR-182	11
Merchant Function Charge Statement	MFC-114	1, 2, 3, 12 & 13

Pursuant to PSC 219 Rule 33, the Company is resetting the rates for several components of the Merchant Function Charge on the Merchant Function Charge Statement (MFC 114) effective September 1, 2018: 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:

- Residential customers for SC 1 and SC 1MB - is reset to \$0.00207 per therm effective September 1, 2018 – August 31, 2019.
- Non-residential customers for SC2, 2MB, 3, 12, 12MB, 12 DB, 13MB, 5, 7 & 8 – is reset to \$0.00009 per therm effective September 1, 2018 – August 31, 2019.

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2. Gas Supply Procurement Charge

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

- Rates effective September 1, 2018 – August 31, 2019 is reset to \$0.00247 per therm for SC 1, 2, 3, 12 & 13.

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:

- Rates effective September 1, 2018 – August 31, 2019 is reset to \$0.00312 per therm for SC 1, 2, 3, 12 & 13.

Pursuant to the Joint Proposal approved in case 17-G-0239, the Lost and Unaccounted for Gas (“LAUF”) and Factor of Adjustment will be updated effective September 1, 2018. The LAUF target effective September 1, 2018 will be 1.516% and the Factor of Adjustment will be 1.01539. The updated factors are reflected in Rule 17 of PSC 219.

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, 13MB, 5, 7 and 8

	Residential SC 1, SC1 MB	Non-Residential SC 2, 2MB, 3, 12, 12MB, 12 DB, 13MB, 5, 7 and 8	
1) Set Commodity Related Credit and Collection Expense Charge for September 1, 2018 - August 31, 2019			
a) Allowed Commodity Related Credit and Collection Annual Expense (Case 17-G-0239)	\$1,085,005	\$45,130	
b) Forecasted Sales & Deliveries: September 1, 2018 - August 31, 2019 (Therms)			
i) Sales	441,903,540	121,572,733	Therms
ii) Total Daily & Monthly Balancing Transportation	85,030,730	462,435,703	Therms
- Percentage of Annual Deliveries for ESCOs in POR Program	97%	79%	
- Amt of Daily & Monthly Balancing Transportation in POR Program	<u>82,553,591</u>	<u>364,252,080</u>	
iii) Total Therms	524,457,131	485,824,814	Therms
c) Commodity Related Credit and Collection Expense Charge (a / b) :	\$0.00207	\$0.00009	\$/Therm
Effective September 1, 2018 - August 31, 2019			

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) Set Gas Supply Procurement Expense Charge for : September 1, 2018 - August 31, 2019

a) Allowed Gas Gas Supply Procurement Annual Expense (Case 17-G-0239)	\$1,391,056
b) Forecasted SC 1, 2, 3, 12 and 13 Sales: September 1, 2018 - August 31, 2019	<u>563,476,273</u> Therms
c) Gas Supply Procurement Expense Charge effective September 1, 2018 - August 31, 2019 for SC 1, 2, 3, 12 & 13 = (1a / 1b)	\$0.00247 \$/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 for September 1, 2018 - August 31, 2019 : Return Requirement on Gas Storage Inventory Charge
Applicable to SC 1, 2, 3, 12 and 13

	Estimated Storage Inventory Balance	Estimated Wtd Avg Storage Inventory Cost	Estimated Storage Inventory Costs
	(based on 7/27/2018 NYMEX)		
	(dt)	(\$/dt)	(\$)
9/30/2018	15,049,516	\$2.34756	\$35,329,680
10/31/2018	16,125,415	\$2.34949	\$37,886,531
11/30/2018	15,176,861	\$2.35267	\$35,706,132
12/31/2018	13,107,289	\$2.35267	\$30,837,115
1/31/2019	8,795,681	\$2.35267	\$20,693,327
2/28/2019	4,484,073	\$2.35267	\$10,549,538
3/31/2019	2,414,501	\$2.35267	\$5,680,521
4/30/2019	2,414,501	\$2.35267	\$5,680,521
5/31/2019	5,225,669	\$2.25658	\$11,792,166
6/30/2019	7,415,966	\$2.23932	\$16,606,687
7/31/2019	10,306,057	\$2.22718	\$22,953,403
8/31/2019	<u>12,883,086</u>	<u>\$2.22105</u>	<u>\$28,613,923</u>
	113,398,614		\$262,329,544

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|--------------------------------------------------------------------------------|--------------------|
| a) Estimated Monthly Average Storage Inventory Costs (12 Months) | \$21,860,795 |
| b) Pre-Tax WACC (7 months of Rate Year 1 and 5 months of Rate Year 2) | 8.05% |
| c) Estimated Return Requirement on Gas Storage Inventory (1a x 1b) | \$1,759,612 |
| d) Forecasted SC 1, 2, 3, 12 and 13 Sales: September 1, 2018 - August 31, 2019 | 563,476,273 Therms |
| e) Return Requirement on Gas Storage Inventory Charge (1c / 1d) : | |
| Effective September 1, 2018 - August 31, 2019 | \$0.00312 \$/Therm |

Notes:

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RY 1	8.07% April 2018 – March 2019
RY 2	8.02% April 2019 – March 2020