



Melissa R. Nairn  
Manager – NY Gas Pricing

March 31, 2015

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 April 1, 2015:

<u>Statement</u>	<u>Number</u>	<u>Applicable to Service Classes</u>
Monthly Cost of Gas Statement	MCG-142	1, 2, 3, 12 & 13
Gas Transportation Rate Statement	TRA-142	1, 2, 5, 6, 7, 8, 9, 12 & 13
Statement of Natural Gas Vehicle Service Rate	NGV-142	10
Statement of Demand Transfer Recovery Rate	DTR-141	11
Merchant Function Charge Statement	MFC-73	1, 2, 3, 12 & 13

Pursuant to PSC 219 Gas Rule 33, the Company is resetting the rates for several components of the Merchant Function Charge on the Merchant Function Charge Statement (MFC-73) effective April 1, 2015: 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 will reset as follows:

- Residential customers served under SC 1 and 1MB will reset to \$0.00452 per therm effective April 1, 2015 (includes prior year imbalance).
- Non-residential customers served under SC 2, 2MB, 3, 12, 12MB, 12DB, 13MB, 5, 7 and 8 will reset to \$0.00121 per therm effective April 1, 2015 (includes prior year imbalance).

Honorable Kathleen H. Burgess, Secretary  
Page 2 of 2

**2. Gas Supply Procurement Charge**

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

- Firm customers served under SC 1, 2, 12 and 13 will reset to \$0.00255 per therm effective April 1, 2015 (includes prior year imbalance).
- Firm customers served under SC 3 will reset \$0.00246 per therm effective April 1, 2015 (includes prior year imbalance).

**3. Return Requirement on Gas Storage Inventory**

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

- Firm customers served under SC 1, 2, 12 and 13 will reset to \$0.00511 per therm effective April 1, 2015 (includes prior year imbalance).
- Firm customers served under SC 3 will reset to \$0.00522 per therm effective April 1, 2015 (includes prior year imbalance).

Questions pertaining to this filing may be directed to Jennifer Tang at (929) 324-4590.

Respectfully Submitted,

*/s/ Melissa R. Nairn*

Melissa R. Nairn  
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, 12MB, 12 DB, 13MB, 5, 7 and 8	
1) Set Commodity Related Credit and Collection Expense Charge for April 1, 2015 - March 31, 2016			
a) Allowed Commodity Related Credit and Collection Annual Expense	\$2,600,935	\$145,782	
b) Forecasted Sales & Deliveries: April 1, 2015 - March 31, 2016 (Therms)			
i) Sales	367,744,743	87,336,623	Therms
ii) Total Daily & Monthly Balancing Transportation	147,154,115	465,962,408	Therms
- Percentage of Annual Deliveries for ESCOs in POR Program	97%	10%	
- Amt of Daily & Monthly Balancing Transportation in POR Program	<u>143,069,097</u>	<u>46,026,799</u>	
iii) Total Therms	510,813,841	133,363,422	Therms
c) Commodity Related Credit and Collection Expense Charge ( a / b ) :	\$0.00509	\$0.00109	\$/Therm
Effective April 1, 2015 - March 31, 2016			
2) Prior Year Annual Reconciliation Factors : Rates Effective June 1, 2014 - May 31, 2015			
a) Rate Year 1 Imbalance	(\$0.00057)	\$0.00012	\$/Therm
3) Total Commodity Related Credit and Collection Charge With Reconciliation Factors =			
a) Rates Effective April 1, 2015: (1c + 2a)	<b>\$0.00452</b>	<b>\$0.00121</b>	<b>\$/Therm</b>

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 Rate Year 3: April 1, 2015 - March 31, 2016

a) Allowed Gas Gas Supply Procurement Annual Expense	\$1,172,739
b) Forecasted SC 1, 2, 3, 12 and 13 Sales: April 1, 2015 - March 31, 2016	<u>455,081,367</u> Therms
c) Gas Supply Procurement Expense Charge effective April 1, 2015 - March 31, 2016 for SC 1, 2, 3, 12 & 13 = ( 1a / 1b)	\$0.00258 \$/Therm

2) Prior Year Annual Reconciliation Factors : Rates Effective June 1, 2014 - May 31, 2015

a) Prior Year Imbalance for SC1, 2, 12 & 13	(\$0.00003) \$/Therm
b) Rate Year 1 Imbalance for SC1, 2, 3, 12 & 13	(\$0.000119) \$/Therm

3) Gas Supply Procurement Expense Charge With Reconciliation Factors

a) Rates Effective April 1, 2015	
<b>For SC 1, 2, 12 &amp; 13 : (1c + 2a)</b>	<b>\$0.00255 \$/Therm</b>
<b>For SC 3 : (1c + 2b)</b>	<b>\$0.00246 \$/Therm</b>

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 3 (April 1, 2015 - March 31, 2016) 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 (based on 2/25/2015 NYMEX)	Estimated Storage Inventory Costs
	(dt)	(\$/dt) (\$)	
4/30/2015	5,177,845	\$3.36583	\$17,427,771
5/31/2015	6,086,187	\$3.19873	\$19,468,074
6/30/2015	8,309,702	\$2.87903	\$23,923,896
7/31/2015	10,392,675	\$2.75943	\$28,677,866
8/31/2015	12,278,890	\$2.66192	\$32,685,425
9/30/2015	13,835,202	\$2.57198	\$35,583,807
10/31/2015	14,350,028	\$2.55957	\$36,729,853
11/30/2015	13,654,331	\$2.55957	\$34,949,170
12/31/2015	12,085,684	\$2.55957	\$30,934,113
1/31/2016	6,852,341	\$2.55957	\$17,539,024
2/29/2016	5,791,729	\$2.55957	\$14,824,317
3/31/2016	<u>\$1,750,433</u>		<u>\$13,253,040</u>
	113,992,457		\$305,996,357

a) Estimated Monthly Average Storage Inventory Costs (12 Months)	\$25,499,696
b) Pre-Tax Weighted Average Cost of Capital (@ Rate Year 3)	<u>9.79%</u>
c) Estimated Return Requirement on Gas Storage Inventory (1a x 1b)	\$2,496,420
d) Forecasted SC 1 Rate Year 1 Imbalance	455,081,367 Therms
e) Return Requirement on Gas Storage Inventory Charge (1c / 1d) : Effective April 1, 2015 - March 31, 2016	\$0.00549 \$/Therm

2) Prior Year Annual Reconciliation Factors : Rates Effective June 1, 2014 - May 31, 2015

a) Prior Year Imbalance for SC1, 2, 12 & 13	(\$0.00038) \$/Therm
b) Rate Year 1 Imbalance for SC1, 2, 3, 12 & 13	(\$0.00027) \$/Therm

3) Return Requirement on Gas Storage Inventory Charge With Reconciliation Adjustments

a) <b>Rates Effective April 1, 2015</b>	
<b>For SC 1, 2, 12 &amp; 13 (1e + 2a)</b>	<b>\$0.005110 \$/Therm</b>
<b>For SC 3 (1e + 2b)</b>	<b>\$0.005220 \$/Therm</b>