



May 30, 2013

Honorable Jeffrey C. Cohen, Acting Secretary
State of New York
Public Service Commission
Office of the Secretary, 19th Floor
Three Empire State Plaza
Albany, New York 12223-1350

Dear Acting Secretary Cohen:

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") hereby files the following statements which will take effect on June 1, 2013:

<u>Statement</u>	<u>Number</u>	<u>Applicable to Service Classes</u>
Monthly Cost of Gas Statement	MCG-120	1, 2, 3, 12 & 13
Transportation Rate Statement	TRA-120	1, 2, 5, 6, 7, 8, 9 & 13
NGV Rate Statement	NGV-120	10
Statement of Demand Transfer Recovery Rate	DTR-119	11
Merchant Function Charge Statement	MFC-51	1, 2, 3, 12 & 13

Attachment 1 - Pursuant to Rule 33.1.1 of NMPC's tariff, the Gas Supply Procurement Charge set forth on the Merchant Function Charge Statement ("MFC-51") for SC 1, 2, 12 and 13 is reset to \$0.00262 per therm to include prior period reconciliation adjustments. The Gas Supply Procurement Charge for SC 3 is remains unchanged from April 1, 2013 at \$0.00238 per therm.

Attachment 2 - Pursuant to Rules 33.1.4 of NMPC's tariff, the Return Requirement on Gas Storage Inventory (Storage Carry) Charge set forth on ("MFC-51") for SC 1, 2, 12 and 13. The Storage Carry Charge for SC 3 is reset to \$0.00849 per therm. The Return Requirement on Gas Storage Inventory (Storage Carry) Charge for SC 3 is remains unchanged from April 1, 2013 at \$0.00584 per therm.

Honorable Jaclyn A. Brillling, Secretary
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Questions pertaining to this filing may be directed to Jennifer Tang at (718) 403-2560.

Sincerely,

Melissa R. Nairn
Manager, NY Gas Pricing

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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

I. Set Rate Year 1 (April 1, 2013 - March 31, 2014) Gas Supply Procurement Expense Charge Applicable to SC 1, 2, 3, 12 and 13

a) Allowed Gas Gas Supply Procurement Annual Expense	\$1,172,739
b) Forecasted SC 1, 2, 3, 12 and 13 Sales: April 1, 2013 - March 31, 2014	493,515,530 Therms
c) Gas Supply Procurement Expense Charge effective April 1, 2013 - March 31, 2014 = (a / b)	\$0.00238 \$/Therm

II. Reconciliation Adjustments Applicable to SC 1, 2, 12 and 13 to be implemented June 1, 2013 (Subject to Interest)

1) Reconciliation of Recoveries for Period: June 1, 2011 to May 31, 2012	
a) Allowed Annual Expense	\$1,064,825
b) Actual Gas Supply Procurement Recoveries	<u>\$1,051,418</u>
c) Resulting Over Recovery (-) / Under Recovery (+)	\$13,407
2) Reconciliation of Recoveries for Stub Period: June 1, 2012 to March 31, 2013	
a) Allowed Stub Period Expense	\$887,354
b) Actual Gas Supply Procurement Recoveries	<u>\$814,534</u>
c) Resulting Over Recovery (-) / Under Recovery (+)	\$72,820
3) Reconciliation of 2009/10 Annual Imbalance Factor Implemented for Period: June 1, 2011 to May 31, 2012	
a) 2009/2010 Under Recovery Imbalance	\$155,274
b) Actual Recoveries June 1, 2011 - May 31, 2012	<u>\$133,807</u>
a) Total under recovery	\$21,467
4) Total Reconciliation Adjustments to be Implemented for Period June 1, 2013 - May 31, 2014	
a) Total Over Recovery (-) / Under Recovery (+)	\$107,694
b) Forecasted SC 1, 2, 12 and 13 Sales - June 1, 2013 - May 31, 2014	460,815,494
c) Reconciliation Adjustment	\$0.000234 \$/Therm
d) Interest	<u>\$0.000004</u> \$/Therm
e) Total Reconciliation Adjustments with Interest	\$0.00024 \$/Therm

III. Gas Supply Procurement Expense Charge With Reconciliation Adjustments Effective June 1, 2013

1) For SC1,2,12 & 13	\$0.00262 \$/Therm
2) For SC 3	\$0.00238 \$/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

I. Set Rate Year 1 (April 1, 2013 - March 31, 2014) Return Requirement on Gas Storage Inventory Charge Applicable to SC 1, 2, 3, 12 and 13

	Estimated Storage Inventory Balance (dt)	Estimated Wtd Avg Storage Inventory Cost (\$/dt)	Estimated Storage Inventory Costs (\$)
04/30/2013	2,189,060	\$3.57594	\$7,827,948
05/31/2013	4,375,932	\$3.62078	\$15,844,299
06/30/2013	7,289,573	\$3.64488	\$26,569,600
07/31/2013	9,471,706	\$3.66171	\$34,682,667
08/31/2013	11,651,656	\$3.67694	\$42,842,491
09/30/2013	13,101,559	\$3.68330	\$48,256,981
10/31/2013	13,829,423	\$3.68757	\$50,996,964
11/30/2013	13,392,705	\$3.68757	\$49,386,533
12/31/2013	11,645,830	\$3.68757	\$42,944,811
01/31/2014	7,715,362	\$3.68757	\$28,450,938
02/28/2014	3,930,468	\$3.68757	\$14,493,874
03/31/2014	<u>1,164,001</u>	<u>\$3.68757</u>	<u>\$4,292,334</u>
	99,757,274		\$366,589,439
a) Estimated Monthly Average Storage Inventory Costs (12 Months)			\$30,549,120
b) Pre-Tax Weighted Average Cost of Capital			9.44%
c) Estimated Return Requirement on Gas Storage Inventory (a x b)			\$2,883,837
d) Forecasted SC 1, 2, 3, 12 and 13 Sales: April 1, 2013 - March 31, 2014			493,515,530 Therms
e) Return Requirement on Gas Storage Inventory Charge (c / d) :			
Effective April 1, 2013 - March 31, 2014			\$0.00584 \$/Therm

II. Reconciliation Adjustments Applicable to SC 1, 2, 12 and 13

A. Not Subject to Interest

1) Annual Imbalance Reconciliation for Case 08-G-0609 Rate Year 3 (Jun 1, 2011 to May 31, 2012) Implemented for Recovery Period Sept 1, 2012 to Aug 31, 2013	\$0.00182 \$/Therm
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B. Subject to Interest

1) Reconciliation of Storage Inventory Commodity Costs for Stub Period: June 1, 2012 to March 31, 2013

	Estimated Storage Inventory Balance (dt)	Estimated Wtd Avg Storage Inventory Cost (\$/dt)	Estimated Storage Inventory Costs (\$)	
05/16/2012-05/31/2012	4,707,903	\$4.0167	\$9,455,151	Half Month
06/30/2012	7,630,050	\$3.7241	\$28,415,187	
07/31/2012	10,227,513	\$3.5977	\$36,795,484	
08/31/2012	12,824,977	\$3.5434	\$45,443,648	
09/30/2012	14,610,733	\$3.4629	\$50,596,046	
10/31/2012	15,379,079	\$3.4518	\$53,086,103	
11/30/2012	14,738,284	\$3.4981	\$51,555,490	
12/31/2012	11,213,912	\$3.4988	\$39,234,875	
01/31/2013	7,208,943	\$3.4988	\$25,222,885	
02/28/2013	3,844,770	\$3.4988	\$13,452,207	
03/31/2013	961,192	\$3.4988	\$3,363,050	
	<u>103,347,356</u>		<u>\$356,620,124</u>	
a) Monthly Average Storage Inventory Costs (10 and 1/2 Months)			\$33,963,821	
b) Balance of Storage that Excludes SC3 Usage			99.0828212%	
c) Monthly Average Inventory Costs w/o SC3			\$33,652,312	
d) Pre-Tax Weighted Average Cost of Capital			10.69%	
e) Adjust Pre-Tax Weighted Average Cost of Capital for 10-Month Stub Period (10/12)			0.83	
Allowed Return Requirement on Gas Storage Inventory (c x d x e)			\$2,997,860	
f) Return Requirement on Gas Storage Inventory Charge Recoveries (June 2012 - March 2013)			\$2,429,787	
g) Resulting Over Recovery (-) / Under Recovery (+) = (e - f)			\$568,073	
2) Reconciliation of 2009/10 and 2010/11 Annual Imbalance Factors				
a) Reconciliation of 2009/10 Imbalance Factor Implemented for Period Sept 1, 2010 to Aug 31, 2011			-\$131,078	
Total Recoveries of Imbalance Factor			<u>-\$139,989</u>	
Resulting Over Recovery (-) / Under Recovery (+)			\$8,910	
b) Reconciliation of 2010/11 Imbalance Factor Implemented for Period Sept 1, 2011 to Aug 31, 2012			-\$522,470	
Total Recoveries of Imbalance Factor			<u>-\$323,687</u>	
Resulting Over Recovery (-) / Under Recovery (+)			-\$198,783	
4) Reconciliation Adjustments to be Implemented for Period June 1, 2013 - May 31, 2014				
a) Total Over Recovery (-) / Under Recovery (+)			\$378,200	
b) Forecasted SC 1, 2, 12 and 13 Sales - June 1, 2013 - May 31, 2014			460,815,494	
c) Reconciliation Adjustment			\$0.000821	\$/Therm
d) Interest			<u>\$0.000014</u>	\$/Therm
e) Total Reconciliation Adjustments with Interest			\$0.00083	\$/Therm

III. Return Requirement on Gas Storage Inventory Charge With Reconciliation Adjustments Effective June 1, 2013

- 1) For SC1,2,12 & 13 **\$0.00849** \$/Therm
- 2) For SC 3 **\$0.00584** \$/Therm