



Melissa R. Nairn  
Manager – NY Gas Pricing

June 27, 2014

**VIA E-FILING**

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

**RE: Case No. 09-M-0311 – Implementation of Chapter 59 of the Laws of 2009  
Establishing a Temporary Annual Assessment Pursuant to Public Service Law  
§18-a(6), Order Implementing Revised Temporary State Assessment; Niagara  
Mohawk Power Corporation (Gas) – Annual Changes to Temporary Assessment  
Surcharge**

Dear Secretary Burgess:

This filing is submitted by Niagara Mohawk Power Corporation d/b/a National Grid (“Company”) with respect to its gas operations in compliance with the New York State Public Service Commission’s (“Commission”) Order of June 18, 2014 in the above proceeding (“Order”).<sup>1</sup>

On April 7, 2009, New York State enacted the budget for 2009-2010, which required the Department of Public Service to collect a Temporary State Energy and Utility Service Conservation Assessment (Public Service Law (“PSL”) §18-a(6)) (“TSA”), effective from April 1, 2009 to March 31, 2014. On April 13, 2013, the New York State Legislature extended the TSA through March 2017, while decreasing the percentage associated with the assessment over time. In 2014, the Legislature further amended PSL §18-a(6) and the rate of the decrease was further accelerated.

In the Order, the Commission authorized recovery of the necessary revenues required to pay the TSA, including carrying charges, subject to reconciliation, from July, 1, 2014 through June 30, 2017 (or December 31, 2017, if applicable per the Order). The Commission required the affected utilities to implement collection methodologies that will: (i) eliminate any current deferral balance by June 30, 2015; (ii) factor in the reductions to the assessment in accordance with the amendments to PSL §18-a(6); and (iii) ensure that future deferral balances are minimized. The Commission imposed three different collection methodologies that consider whether the utility has over- or under-collected its assessment as of June 30, 2014 and, to the

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<sup>1</sup> Case 09-M-0311, *Implementation of Chapter 59 of the Laws of 2009 Establishing a Temporary Annual Assessment Pursuant to Public Service Law §18-a(6)*, “Order Implementing Revised Temporary State Assessment” (issued June 18, 2014)

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extent the utility has over-collected, the amount over-collected exceeds the estimated March 2015 assessment payment.

The Commission directed the affected utilities to file any necessary tariff amendments and tariff statements within ten (10) days of the issuance of the Order to become effective July 1, 2014, authorizing the collection, and in some case refunding, of the TSA for the periods outlined in the Order. Accordingly, the Company hereby submits tariff leaves and statements as listed in Attachment 4. These statements will become effective only a temporary basis until approved by the Commission.

For the period from July 1, 2015 through June 30, 2017 (or December 31, 2017, if applicable per the Order), each utility is authorized to file annual changes to its Incremental State Assessment Surcharge ("ISAS") on fifteen (15) days' notice.

The Company's computation of the Fiscal Year 2014/2015 Temporary State Assessment is shown in Attachment 1 to this filing. This calculation is an estimate pending completion of the Company's Annual Report.<sup>2</sup> The Company will file a revised estimated assessment within thirty (30) days of the submission of the Annual Report. Attachment 1 also shows the Company's computation of its estimated March 2015 assessment payment.

The Company also includes as Attachment 2 to this filing the Company's reconciliation of the TSA payments to estimated ISAS recoveries plus applicable carrying charges net of taxes for the collection period July 1, 2013 through June 30, 2014 and the cumulative balance from 2009.

Finally, Attachment 3 to this filing shows the calculation of ISAS/Credit for the period July 1, 2014 to June 30, 2015 using the Commission's methodology for "Over-Collections Greater Than March 2015 Assessment Payments" in accordance with the Order.

Included with this filing are the following attachments:

Attachment 1

Page 1: Estimated Temporary State Assessment for State Fiscal Year 2014/2015 and Estimated Incremental State Assessment Surcharge including Working Capital and Bad Debt for Recovery July 1, 2014 to June 30, 2015

Page 2: Estimated Temporary State Assessment for State Fiscal Year 2015/2016 and Estimated Incremental State Assessment Surcharge including Working Capital and Bad Debt for Recovery First Half of State Fiscal Year 2015/16

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<sup>2</sup> On March 13, 2014, the Company received from the Secretary an extension to September 30, 2014 to file the Annual Report.

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Attachment 2: Reconciliation of State Fiscal Year 2013/14 Temporary State Assessment  
Payments and Estimated Recoveries of Incremental State Assessment  
Surcharge: July 1, 2013 to June 30, 2014

Attachment 3: Computation of Incremental State Assessment Surcharge / Credit,  
Collection Period: July 1, 2014 to June 30, 2015

Attachment 4: Tariff Leaves to PSC No. 219 Gas  
Statement of Incremental State Assessment Surcharge / Credit No. 4

In accordance with Ordering Clause Four of Order, the provisions of PSL §66(12)(b) and  
Commission rules (16 NYCRR §720-8.1) that require publication of tariff changes are waived.

Any questions regarding this filing should be directed to me at (929) 324-4587 or at  
[Melissa.Nairn@nationalgrid.com](mailto:Melissa.Nairn@nationalgrid.com).

Thank you for your assistance and cooperation.

Sincerely,

Melissa R. Nairn, Manager  
New York Gas Pricing

CC: Denise Gerbsch, DPS Staff  
Carol Gnacik, Office of Administration – Finance & Budget Section  
JoAnn Dollar, Office of Administration – Finance & Budget Section  
Active Parties (via DMM)

**NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID**  
**Estimated Temporary State Assessment for State Fiscal Year 2014/15 and**  
**Estimated Incremental State Assessment Surcharge including Working Capital and Bad Debt for Recovery July 1, 2014 to June 30, 2015**

Calculation of Calendar Year 2013 Assessable Revenues:

(1) Total Gas Operating Revenues	Estimated Revenues	\$	624,409,624
Adjustments:			
(2) Less Sales for Resale	Estimated Revenues	\$	(15,053,157)
(3) Less Transportation for Power Generation	Estimated Revenues	\$	(10,202,303)
(4) Less Exempt Revenues @ \$500,000			(500,000)
(5) Total Adjustments	Sum of Lines (2) through (4)	\$	(25,755,460)
(6) Assessable Gas Utility Revenues	Line (1) + Line (5)	\$	598,654,164
(7) Estimated ESCO Energy Revenues	Estimated Revenues	\$	331,948,843
(8) Total Gas Assessable Revenue Estimate	Line (6) + Line (7)	\$	930,603,007

Calculation of Estimated Temporary State Assessment:

(9) Combined General & Temporary State Assessment	Line (8) x 1.63%	1.63%	\$	15,168,829
(10) Less: Amount of General Assessment in Base Rates	a\		\$	(2,564,646)
(11) Estimated Temporary State Assessment	Line (9) + Line (10)		\$	12,604,183

Basis for Determination of Incremental State Assessment Surcharge

(12) Carrying Charges on Cash Working Capital	Line (11) x: 6.24%	6.24%	\$	786,382
(13) Bad Debt Allowance		2.69%	\$	369,556
(14) Estimated Incremental State Assessment Surcharge including Working Capital and Bad Debt	Sum of Lines (11) through (13)		\$	13,760,121

a\ - Approved in Case No. 12-G-0202, for Rate Year ending March 31, 2015

**NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID**  
**Estimated Temporary State Assessment for State Fiscal Year 2015/16 and**  
**Estimated Incremental State Assessment Surcharge including Working Capital and Bad Debt for Recovery First Half of State Fiscal Year 2015/16**

Calculation of Calendar Year 2013 Assessable Revenues:

(1) Total Gas Operating Revenues	Estimated Revenues	\$	624,409,624
Adjustments:			
(2) Less Sales for Resale	Estimated Revenues	\$	(15,053,157)
(3) Less Transportation for Power Generation	Estimated Revenues	\$	(10,202,303)
(4) Less Exempt Revenues @ \$500,000			(500,000)
(5) Total Adjustments	Sum of Lines (2) through (4)	\$	(25,755,460)
(6) Assessable Gas Utility Revenues	Line (1) + Line (5)	\$	598,654,164
(7) Estimated ESCO Energy Revenues	Estimated Revenues	\$	331,948,843
(8) Total Gas Assessable Revenue Estimate	Line (6) + Line (7)	\$	930,603,007

Calculation of Estimated Temporary State Assessment:

(9) Combined General & Temporary State Assessment	Line (8) x 1.00%	1.00%	\$	9,306,030
(10) Less: Amount of General Assessment in Base Rates	a\		\$	(2,564,646)
(11) Estimated Temporary State Assessment	Line (9) + Line (10)		\$	6,741,384

Basis for Determination of Incremental State Assessment Surcharge

(12) Carrying Charges on Cash Working Capital	Line (11) x: 2.7%	2.70%	\$	182,072
(13) Bad Debt Allowance		2.69%	\$	191,075
(14) Estimated Incremental State Assessment Surcharge including Working Capital and Bad Debt	Sum of Lines (11) through (13)		\$	7,114,531
(15) First Half of State Fiscal Year 2015/16	Line (14) ÷ 2		\$	3,557,266

a\ - Approved in Case No. 12-G-0202, for Rate Year ending March 31, 2015

**NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID**  
**Reconciliation of State Fiscal Year 2013/14 Temporary State Assessment Payments and**  
**Estimated Recoveries of Incremental State Assessment Surcharge: July 1, 2013 to June 30, 2014**

Estimated Over Recovery of Temporary State Assessment

(1)	Temporary State Assessment & General Assessment Payments: State Fiscal Year 2013/14		\$17,474,104
(2)	Estimated Recoveries of Incremental State Assessment Surcharge and General Assessment: July 1, 2013 to June 30, 2014		<u>\$30,510,186</u>
(3)	Estimated Over Recovery	Line (1) - Line (2)	(\$13,036,082)
(4)	Plus Carrying Charges		<u>(\$164,355)</u>
(5)	Total Estimated Over Recovery July 1, 2013 to June 30, 2014	Line (3) + Line (4)	(\$13,200,436)
(6)	Cumulative Over Recovery July 1, 2009 through June 30, 2014		<u>(\$8,056,035)</u>
(7)	Estimated Cumulative Over Recovery July 1, 2009 through June 30, 2014	Line (5) + Line (6)	(\$21,256,472)

**NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID**  
**Computation of Incremental State Assessment Surcharge / Credit**  
**Collection Period: July 1, 2014 to June 30, 2015**

Service Class	Cumulative Over Recovery of Temporary State Assessment 7/1/09 to 6/30/14		Incremental State Assessment Surcharge <sup>1</sup>				Net Surcharge or (Credit)	Projected Sales (dt) (8)	Incremental State Assessment Surcharge/ (Credit)	
	<u>Allocator</u>		<u>Allocator</u>	<u>Fiscal Year 2014/15</u>	<u>First Half of Fiscal Year 2015/16</u>	<u>Total</u>			<u>\$/dt</u>	<u>\$/therm</u>
	(1)	(2)	(3)	(4)	(5)	(6) = (4) + (5)	(7) = (2) + (6)		(9) = (7) ÷ (8)	(10) = (9) ÷ 10
SC 1 Non Heat & Heat	53.9%	(\$11,449,500)	53.3%	\$7,338,110	\$1,897,048	\$9,235,158	(\$2,214,342)	49,593,974	(\$0.0446)	(\$0.0045)
SC 2 Res, Comm & Indus Non Heat & Heat	18.8%	(\$3,988,400)	17.3%	\$2,380,004	\$615,279	\$2,995,283	(\$993,118)	19,509,618	(\$0.0509)	(\$0.0051)
SC 3 Comm Non Heat & Heat, & Industrial	0.3%	(\$63,728)	0.5%	\$74,687	\$19,308	\$93,995	\$30,267	788,999	\$0.0384	\$0.0038
SC 5 Firm Transport	4.3%	(\$909,883)	4.6%	\$636,638	\$164,584	\$801,222	(\$108,661)	8,390,677	(\$0.0130)	(\$0.0013)
SC 6 Interpt Transport	6.3%	(\$1,348,404)	4.6%	\$629,432	\$162,721	\$792,152	(\$556,252)	9,106,195	(\$0.0611)	(\$0.0061)
SC 7 Firm Transport	4.5%	(\$946,965)	4.6%	\$626,533	\$161,971	\$788,504	(\$158,461)	5,887,390	(\$0.0269)	(\$0.0027)
SC 8 Firm Transport & Standby	9.1%	(\$1,943,378)	11.0%	\$1,514,087	\$391,422	\$1,905,508	(\$37,869)	20,810,385	(\$0.0018)	(\$0.0002)
SC 9 Special Contracts (excl Cogen)	2.8%	(\$602,760)	3.7%	\$510,122	\$131,877	\$641,999	\$39,239	5,594,982	\$0.0070	\$0.0007
SC 10 NGV	0.0%	(\$48)	0.0%	\$30	\$8	\$37	(\$11)	722	(\$0.0154)	(\$0.0015)
SC 12 Non Res Dist Gen	0.0%	(\$3,406)	0.4%	\$50,410	\$13,032	\$63,442	\$60,036	694,728	\$0.0864	\$0.0086
SC 13 Res Dist Gen	0.0%	\$0	0.0%	\$68	\$17	\$85	\$85	683	(\$0.0446)	(\$0.0045)
Total	100.0%	(\$21,256,472)	100.0%	\$13,760,121	\$3,557,266	\$17,317,387	(\$3,939,085)	120,378,355		

1\ Includes Working Capital and Bad Debt

**Tariff Leaves to PSC No. 219 Gas**

Fifth Revised Leaf No. 112  
Ninth Revised Leaf No. 122.2  
Eighth Revised Leaf No. 122.7  
Sixth Revised Leaf No. 122.8  
Twelfth Revised Leaf No. 124  
Eighth Revised Leaf No. 130  
Eighth Revised Leaf No. 134  
Eighteenth Revised Leaf No. 141  
Second Revised Leaf No. 144  
Tenth Revised Leaf No. 145  
Sixteenth Revised Leaf No. 150  
Eleventh Revised Leaf No. 155  
Eighth Revised Leaf No. 160  
Sixth Revised Leaf No. 167  
Sixth Revised Leaf No. 215.2  
Fourteenth Revised Leaf No. 216.1

Statement of Incremental State Assessment Surcharge/Credit No. 4