



May 29, 2014

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") hereby files the following statements which will take effect on June 1, 2014:

<u>Statement</u>	<u>Number</u>	<u>Applicable to Service Classes</u>
Monthly Cost of Gas Statement	MCG-132	1, 2, 3, 12 & 13
Transportation Rate Statement	TRA-132	1, 2, 5, 6, 7, 8, 9, 12 & 13
NGV Rate Statement	NGV-132	10
Statement of Demand Transfer Recovery Rate	DTR-131	11
Merchant Function Charge Statement	MFC-63	1, 2, 3, 12 & 13

Effective June 1, 2014, 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, 2014 – May 30, 2015 (includes prior year imbalance):
 - Residential customers (SC 1 and SC 1MB) is \$0.00466 per therm
 - Non-Residential customers (SC2, 2MB, 3, 12, 12MB, 12 DB, 13MB, 5, 7 & 8) is \$0.00038 per therm.

Honorable Kathleen H. Burgess, Secretary
Page 2 of 2

2. Gas Supply Procurement Charge

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

- Total rate effective June 1, 2014 – May 30, 2015 (includes prior year imbalance):
 - SC 1, 2, 12 & 13 is \$0.00238 per therm
 - SC 3 is \$0.00242 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, 2014 – May 30, 2015 (includes prior year imbalance):
 - SC 1, 2, 12 & 13 is \$0.00624 per therm
 - SC 3 is \$0.00662 per therm.

Questions pertaining to this filing may be directed to Jennifer Tang at (718) 403-2560.

Sincerely,

/s/ Melissa R. Nairn

Melissa R. Nairn
Manager, NY Gas Pricing

(S:\tariffs\219tariff\docfile\letters\lett523)

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, 12DB, 13MB, 5, 7 and 8	
1) Set Commodity Related Credit and Collection Expense Charge for Rate Year 1: April 1, 2014 - March 31, 2015			
a) Allowed Commodity Related Credit and Collection Annual Expense	\$2,600,935	\$145,782	
b) Forecasted Sales & Deliveries: April 1, 2014 - March 31, 2015 (Therms)			
i) Sales	365,574,246	96,778,031	Therms
ii) Daily Balancing and Monthly Balancing Transportation	132,115,237	456,436,030	Therms
iii) Total Therms	497,689,483	553,214,061	Therms
c) Commodity Related Credit and Collection Expense Charge (a / b) : Effective April 1, 2014 - March 31, 2015	\$0.00523	\$0.00026	\$/Therm
2) Reconciliation Adjustments for Rate Year 1 to be implemented June 1, 2014 (Subject to Interest) Reconciliation of Recoveries for Period: April 1, 2013 to Mar 31, 2014			
a) Allowed Annual Expense	\$2,600,935	\$145,782	
b) Actual Recoveries	<u>\$2,877,649</u>	<u>\$82,729</u>	
c) Resulting Over Recovery (-) / Under Recovery (+)	-\$276,714	\$63,053	
d) Forecasted Sales & Deliveries: June 1, 2014 - May 31, 2015			
i) Sales	364,886,435	95,744,836	Therms
ii) Daily Balancing and Monthly Balancing Transportation	132,676,703	458,825,865	Therms
iii) Total Therms	497,563,137	554,570,701	Therms
e) Resulting Over Recovery (-) / Under Recovery (+) Unit Rate	-\$0.00056	\$0.00011	Therms
f) Interest	<u>(\$0.000014)</u>	<u>\$0.000003</u>	\$/Therm
g) Total Reconciliation Adjustments with Interest	(\$0.00057)	\$0.00012	\$/Therm
3) Commodity Related Credit and Collection Expenses Charge Effective June 1, 2014	\$0.00466	\$0.00038	\$/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

I. Reconciliation Adjustments for Gas Supply Procurement Expense Charge Applicable to SC 1, 2, 3, 12 and 13

1) Gas Supply Procurement Expense Charge for Rate Year 2: April 1, 2014 - March 31, 2015	
a) Allowed Gas Gas Supply Procurement Annual Expense	\$1,172,739
b) Forecasted SC 1, 2, 3, 12 and 13 Sales: April 1, 2014 - March 31, 2015	462,352,276 Therms
c) Gas Supply Procurement Expense Charge effective April 1, 2014 - March 31, 2015	\$0.00254 \$/Therm
2) Reconciliation Adjustments for Rate Year 1 to be implemented June 1, 2014 (Subject to Interest)	
Reconciliation of Recoveries for Period: April 1, 2013 to Mar 31, 2014	
a) Allowed Annual Expense	\$1,172,739
b) Actual Gas Supply Procurement Recoveries	<u>\$1,226,175</u>
c) Resulting Over Recovery (-) / Under Recovery (+)	-\$53,436
d) Forecasted SC 1, 2, 3, 12 and 13 Sales - June 1, 2014 - May 31, 2015	460,631,271
e) Resulting Over Recovery (-) / Under Recovery (+) Unit Rate	(\$0.000116) \$/Therm
f) Interest	<u>(\$0.000003)</u> \$/Therm
g) Total Reconciliation Adjustments with Interest	(\$0.00012) \$/Therm

II. Reconciliation Adjustments Applicable to SC 1, 2, 12 and 13 to be implemented June 1, 2014 (Subject to Interest)

1) Reconciliation of Recoveries for Period: June 1, 2012 to May 31, 2013	
a) Residual Imbalance (Case 08-G-0608 RY 2)	-\$86,813
b) Residual Imbalance Recoveries	<u>-\$71,426</u>
c) Resulting Over Recovery (-) / Under Recovery (+)	-\$15,387
2) Total Reconciliation Adjustments to be Implemented for Period June 1, 2014 - May 31, 2015	
a) Total Over Recovery (-) / Under Recovery (+)	-\$15,387
b) Forecasted SC 1, 2, 12 and 13 Sales - June 1, 2014 - May 31, 2015	452,707,695
c) Reconciliation Adjustment	(\$0.000034) \$/Therm
d) Interest	<u>(\$0.000001)</u> \$/Therm
e) Total Reconciliation Adjustments with Interest	(\$0.00003) \$/Therm

III. Gas Supply Procurement Expense Charge With Reconciliation Adjustments Effective June 1, 2014

1) For SC1,2,12 & 13	\$0.00238 \$/Therm
2) For SC 3	\$0.00242 \$/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. Reconciliation Adjustments for Return Requirement on Gas Storage Inventory Charge Applicable to SC 1, 2, 3, 12 and 13

1) Set Rate Year 2 (April 1, 2014 - March 31, 2015) 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 2014 - March 2015	\$398,572,851
b) Estimated Monthly Average Storage Inventory Costs (12 Months)	\$33,214,404
c) Pre-Tax Weighted Average Cost of Capital (@ Rate Year 2)	<u>9.59%</u>
d) Estimated Return Requirement on Gas Storage Inventory (1b x 1c)	\$3,185,261
e) Forecasted SC 1, 2, 3, 12 and 13 Sales: April 1, 2014 - March 31, 2015	462,352,276 Therms
f) Return Requirement on Gas Storage Inventory Charge (1d / 1e) : Effective April 1, 2014 - March 31, 2015	\$0.00689 \$/Therm

2) Reconciliation Adjustments for Rate Year 1 to be implemented June 1, 2014 (Subject to Interest)

Reconciliation of Recoveries for Period: April 1, 2013 to Mar 31, 2014

	Actual Storage Inventory Costs (\$)
4/30/2013	\$ 8,220,268
5/31/2013	\$ 17,942,351
6/30/2013	\$ 26,840,924
7/31/2013	\$ 34,211,422
8/31/2013	\$ 40,715,728
9/30/2013	\$ 47,508,521
10/31/2013	\$ 52,683,612
11/30/2013	\$ 51,685,871
12/31/2013	\$ 43,713,623
1/31/2014	\$ 30,557,294
2/28/2014	\$ 19,459,682
3/31/2014	<u>\$ 7,673,623</u>
a) Actual total Storage Inventory Costs (12 Months): April 2013 - March 2014	\$381,212,919
b) Actual Monthly Average Storage Inventory Costs (12 Months)	\$31,767,743
c) Pre-Tax Weighted Average Cost of Capital	<u>9.44%</u>
d) Actual Return Requirement on Gas Storage Inventory (2b x 2c)	\$2,998,875
e) Actual Recoveries	<u>\$3,121,931</u>
f) Resulting Over Recovery (-) / Under Recovery (+)	-\$123,056
g) Forecasted SC 1, 2, 3, 12 and 13 Sales - June 1, 2014 - May 31, 2015	460,631,271
h) Resulting Over Recovery (-) / Under Recovery (+) Unit Rate	(\$0.000267) \$/Therm
i) Interest	<u>(\$0.000006) \$/Therm</u>
j) Total Reconciliation Adjustments with Interest	(\$0.00027) \$/Therm

II. Reconciliation Adjustments Applicable to SC 1, 2, 12 and 13 to be implemented June 1, 2014 (Subject to Interest)

1) Reconciliation of Recoveries for Period: September 1, 2012 to August 31, 2013

a) Residual Imbalance (Case 08-G-0608 RY 3)	\$541,269
b) Residual Imbalance Recoveries	<u>\$711,202</u>
c) Resulting Over Recovery (-) / Under Recovery (+)	-\$169,934
d) Forecasted SC 1, 2, 12 and 13 Sales - June 1, 2014 - May 31, 2015	452,707,695
e) Reconciliation Adjustment	(\$0.000375) \$/Therm
f) Interest	<u>(\$0.000009) \$/Therm</u>
g) Total Reconciliation Adjustments with Interest	(\$0.00038) \$/Therm

III. Return Requirement on Gas Storage Inventory Charge With Reconciliation Adjustments Effective June 1, 2014

1) For SC1,2,12 & 13	\$0.00624 \$/Therm
2) For SC 3	\$0.00662 \$/Therm