



Kellie I. Smith
Manager – NY Gas Pricing

March 30, 2016

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, 2016:

<u>Statement</u>	<u>Number</u>	<u>Applicable to Service Classes</u>
Monthly Cost of Gas Statement	MCG-154	1, 2, 3, 12 & 13
Gas Transportation Rate Statement	TRA-154	1, 2, 5, 6, 7, 8, 9, 12 & 13
Statement of Natural Gas Vehicle Service Rate	NGV-154	10
Statement of Demand Transfer Recovery Rate	DTR-153	11
Merchant Function Charge Statement	MFC-85	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 85) effective April 1, 2016: 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 \$0.00463 per therm effective April 1, 2016 - March 31, 2017 (includes prior year imbalance).
- Non-residential customers for SC2, 2MB, 3, 12, 12MB, 12 DB, 13MB, 5, 7 & 8 – is reset to \$0.00184 per therm effective April 1, 2016 - March 31, 2017 (includes prior year imbalance).

Honorable Kathleen H. Burgess, Secretary
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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 April 1, 2016 – March 31, 2017 (includes prior year imbalance) is \$0.00198 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 April 1, 2016 – March 31, 2017 (includes prior year imbalance) is \$0.001860 per therm for SC 1, 2, 3, 12 & 13.

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, 12MB, 12 DB, 13MB, 5, 7 and 8	
1) Set Commodity Related Credit and Collection Expense Charge for April 1, 2016 - March 31, 2017			
a) Allowed Commodity Related Credit and Collection Annual Expense	\$2,600,935	\$145,782	
b) Forecasted Sales & Deliveries: April 1, 2016 - March 31, 2017 (Therms)			
i) Sales	386,720,445	95,572,954	Therms
ii) Total Daily & Monthly Balancing Transportation	122,888,723	468,376,034	Therms
- Percentage of Annual Deliveries for ESCOs in POR Program	97%	10%	
- Amt of Daily & Monthly Balancing Transportation in POR Program	119,331,331	48,238,786	
iii) Total Therms	506,051,776	143,811,740	Therms
c) Commodity Related Credit and Collection Expense Charge (a / b) : Effective April 1, 2016 - March 31, 2017	\$0.00514	\$0.00101	\$/Therm
2) Prior Year Annual Reconciliation Factors : Rates Effective June 1, 2015 - May 31, 2016			
a) Rate Year 2 Imbalance	(\$0.00051)	\$0.00083	\$/Therm
3) Total Commodity Related Credit and Collection Charge With Reconciliation Factors :			
a) Rates Effective April 1, 2016: (1c + 2a)	\$0.00463	\$0.00184	\$/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

1) Set Gas Supply Procurement Expense Charge for : April 1, 2016 - March 31, 2017		
a) Allowed Gas Gas Supply Procurement Annual Expense		\$1,172,739
b) Forecasted SC 1, 2, 3, 12 and 13 Sales: April 1, 2016 - March 31, 2017		<u>482,293,399</u> Therms
c) Gas Supply Procurement Expense Charge effective April 1, 2016 - March 31, 2017 for SC 1, 2, 3, 12 & 13 = (1a / 1b)		\$0.00243 \$/Therm
2) Prior Year Annual Reconciliation Factors : Rates Effective June 1, 2015 - May 31, 2016		
a) Rate Year 2 Imbalance		(\$0.000447) \$/Therm
3) Gas Supply Procurement Expense Charge With Reconciliation Factors :		
a) Rates Effective April 1, 2016 (1c + 2a)		\$0.00198 \$/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 April 1, 2016 - March 31, 2017 : 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 2/25/2016 NYMEX)	Estimated Storage Inventory Costs
	(dt)	(\$/dt)	(\$)
4/30/2016	5,300,985	\$2.04545	\$10,842,903
5/31/2016	7,279,363	\$1.77226	\$12,900,913
6/30/2016	8,810,352	\$1.65801	\$14,607,661
7/31/2016	9,612,621	\$1.61445	\$15,519,057
8/31/2016	11,438,270	\$1.54420	\$17,662,930
9/30/2016	13,579,340	\$1.46037	\$19,830,803
10/31/2016	14,292,749	\$1.42593	\$20,380,407
11/30/2016	14,018,930	\$1.40998	\$19,766,480
12/31/2016	13,803,786	\$1.40998	\$19,463,131
1/31/2017	9,547,557	\$1.40998	\$13,461,910
2/28/2017	5,876,577	\$1.40998	\$8,285,885
3/31/2011	<u>4,027,546</u>	\$1.40999	<u>\$5,678,780</u>
	117,588,074		\$178,400,861

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| a) Estimated Monthly Average Storage Inventory Costs (12 Months) | \$14,866,738 |
| b) Pre-Tax Weighted Average Cost of Capital | <u>9.79%</u> |
| c) Estimated Return Requirement on Gas Storage Inventory (1a x 1b) | \$1,455,454 |
| d) Forecasted SC 1, 2, 3, 12 and 13 Sales: April 1, 2016 - March 31, 2017 | 482,293,399 Therms |
| e) Return Requirement on Gas Storage Inventory Charge (1c / 1d) :
Effective April 1, 2016 - March 31, 2017 | \$0.00302 \$/Therm |
- 2) Prior Year Annual Reconciliation Factors : Rates Effective June 1, 2015 - May 31, 2016
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| a) Rate Year 2 Imbalance | (\$0.00116) \$/Therm |
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- 3) Return Requirement on Gas Storage Inventory Charge With Reconciliation Factors :
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|---|----------------------------|
| a) Rates Effective April 1, 2016
For SC 1, 2, 3, 12 & 13 (1e + 2a) | \$0.001860 \$/Therm |
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