



March 15, 2011

Honorable Jaclyn A. Brilling
Secretary
State of New York
Public Service Commission
Three Empire Plaza
Albany, New York 12223

RE: CASE 06-G-1186 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York – Revenue Decoupling Mechanism

Dear Secretary Brilling:

In accordance with the Commission's "Order Concerning Proposed Revenue Decoupling Mechanism" dated December 22, 2009 in the above-captioned proceeding ("December 22 Order"), KeySpan Gas East Corporation d/b/a National Grid ("Company") hereby submits:

Statement No. 1 – Statement of Revenue Decoupling Mechanism
Statement No. 4 – Statement of System Benefits Charge
Schedule to Gas Service, P.S.C. No. 1-GAS
Effective Date: May 1, 2011

The Order adopted the Joint Proposal ("JP") filed by the Company on September 25, 2009 to implement a Revenue Decoupling Mechanism. In compliance with the JP, Section VI.1.B., the Company is submitting its Revenue Decoupling Mechanism Reconciliation (Attachment A). Pursuant to the JP, Section VI. 2. A., recovery of Lost Revenue is to be included with the RDM reconciliation. Additionally, the Company is submitting a "Customer Count Proxy Analysis" (Attachment B), as directed by JP, Section VI.3.

The reconciliation shows an overage of the anticipated Allowed Delivery Service Revenues of \$2,381,673.50, including interest. The Company has not sought to recover lost revenues in any previous filings. Pursuant to the JP, lost revenues plus interest associated with energy efficiency programs for residential heating for the period August 2007 through December 2009 (prior to the inception of revenue decoupling in January 2010) in the amount of \$523,832.59 have been netted against this overage. This results in a net reconciliation of \$1,857,840.91 and a Revenue Decoupling Mechanism factor credit of \$.0039 per therm. The credit will be included in the Delivery Rate Adjustment for Service Classification Nos. 1B, 1BR, 5-1B, and 5-1BR effective May 1, 2011.

Hon. Secretary Brilling
Page 2
March 15, 2011

The Customer Count Proxy Analysis compares 30-day equivalent bills to the average annual number of residential heating customers measured by open and active meters. This comparison results in a 1% difference in the customer counts.

In addition, the Company will be updating its System Benefits Charge ("SBC") to recover lost revenues plus interest for all other firm service classifications excluding the residential heating class. Lost revenues plus interest associated with energy efficiency programs for the period August 2007 through December 2010 for the Company's firm service classifications other than residential heating totaled \$1,585,904.84. This equates to an adjustment of \$.0040 per therm to the current SBC factor of \$.0213 per therm. The resultant SBC factor applicable to all firm service classifications other than residential heating, effective May 1, 2011, is \$.0253 per therm. The workpaper developing this adjustment to the SBC factor is contained in Attachment C. At this time, the Company will not be recovering lost revenues from gas SBC-funded energy efficiency programs administered by NYSERDA. Participation levels have been relatively small in these programs. The Company is working with NYSERDA to develop monthly reporting that will capture the timing, nature and number of installation from NYSERDA utilizing the energy savings for each installation as established by the Commission.

Please contact the undersigned if you have questions or require further information.

Yours truly,

Dawn Herrity
Lead Analyst

Enclosures

cc: Active Parties – Case 06-G-1186