



August 26, 2011

Honorable Jaclyn A. Brillling, Secretary  
New York State Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223-1350

Dear Secretary Brillling:

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 September 1, 2011:

<u>Statement</u>	<u>Number</u>	<u>Applicable to Service Classes</u>
Monthly Cost of Gas Statement	MCG-100	1, 2, 3, 12 & 13
Interruptible Rate Statement	IRS-100	4
Transportation Rate Statement	TRA-100	1, 2, 5, 6, 7, 8, 9 & 13
NGV Rate Statement	NGV-100	10
Statement of Demand Transfer Recovery Rate	DTR-99	11
Merchant Function Charge Statement	MFC-30	1, 2, 12 & 13
Statement of Late Payment Charge	LPC-28	1, 2 & 3
Refund/Surcharge		

Pursuant to Rule 33.1.4.3 of NMPC's tariff, we have performed an annual reconciliation of the Return Requirement on Gas in Storage for the period June 1, 2010 through May 31, 2011 and have determined that the Company over recovered \$391,117. An annual imbalance refund of (\$0.0008) per therm, calculated by dividing the over recoveries by forecasted sales for Service Classification Nos. 1, 2, 12 and 13 customers for the period September 1, 2011 through August 31, 2012, will take effect for the 12-month period commencing September 1, 2011. The Company will roll-in this annual imbalance refund to the existing Return Requirement on Gas Storage Inventory Rate of \$0.01012 per therm to compute a net rate of \$0.00932 per therm that will take effect September 1, 2011. The backup workpapers are enclosed.

Workpapers detailing our calculations are included in this filing. Questions pertaining to this filing may be directed to Jennifer Tang at (718) 403-2560.

Sincerely,

Melissa R. Nairn  
Principal Analyst, Gas Pricing

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## Niagara Mohawk Power Corporation d/b/a National Grid

Attachment 1

## Return Requirement on Gas Storage Inventory Rate - Effective September 1, 2011 to August 31, 2012

<u>Year 2 Annual Reconciliation</u>	Dekatherm (dt)	Actual Rate Per Dth for Plan Year (\$/dt) 07/27/2011 NYMEX	Calculated Inventory Dollars (\$)
05/16/2010-05/31/2010	4,707,903	\$ 5.4468	\$ 12,821,503
06/30/2010	7,630,050	\$ 5.2837	\$ 40,314,895
07/31/2010	10,227,513	\$ 5.2872	\$ 54,074,907
08/31/2010	12,824,977	\$ 5.2579	\$ 67,432,447
09/30/2010	14,610,733	\$ 5.1470	\$ 75,201,443
10/31/2010	15,379,079	\$ 5.1146	\$ 78,657,837
11/30/2010	14,738,284	\$ 5.1200	\$ 75,460,014
12/31/2010	11,213,912	\$ 5.1203	\$ 57,418,594
01/31/2011	7,208,943	\$ 5.1203	\$ 36,911,951
02/28/2011	3,844,770	\$ 5.1203	\$ 19,686,376
03/31/2011	961,192	\$ 5.1200	\$ 4,921,303
04/30/2011	1,948,098	\$ 5.0539	\$ 9,845,492
05/1/2011-05/15/2011	4,707,903	\$ 5.0494	\$ 11,886,043
	110,003,357		\$ 544,632,804
11 and 2/2 Average			\$ 45,386,067
Balance of storage not used by SC 3			99.0828212%
Avg inventory dollars w/o SC3 (actual)			\$ 44,969,796
Pre-Tax Weighted Average Cost of Capital			10.69%

## Rate Year 2 Allowed Carrying Charges

\$ 4,807,271

## Rate Year 2 Actual Recoveries of Carrying Charges

\$ 5,198,388

## Rate Year 2 Under / (Over) Recovery - Allowed Charges less Recoveries

\$ (391,117)

## Forecast SC 1, 2, 12 and 13 Sales - TME August 2012

491,721,800 Therms

## Annual Imbalance Refund (September 1, 2011 - August 31, 2012)

\$ (0.00080)

Year 3 - Forecasted Storage Inventory Commodity Costs: June 1, 2011 to May 31, 2012

Projected Weighted Average Storage Inventory Cost is developed from Dispatch Simulation Model using 5/26/2011 NYMEX

	Storage Inventory Balance (dt)	Wtd Avg Storage Inventory Cost (\$/dt)	Storage Inventory Costs (\$)	
05/16/2011-05/31/2011	4,707,903	\$ 5.0783	\$ 11,954,072	for 1/2 of month
06/30/2011	7,630,050	\$ 5.0341	\$ 38,410,435	
07/31/2011	10,227,513	\$ 5.0243	\$ 51,386,094	
08/31/2011	12,824,977	\$ 5.0367	\$ 64,595,562	
09/30/2011	14,610,733	\$ 5.0406	\$ 73,646,861	
10/31/2011	15,379,079	\$ 5.0352	\$ 77,436,739	
11/30/2011	14,738,284	\$ 5.0352	\$ 74,210,208	
12/31/2011	11,213,912	\$ 5.0352	\$ 56,464,290	
01/31/2012	7,208,943	\$ 5.0352	\$ 36,298,470	
02/28/2012	3,844,770	\$ 5.0352	\$ 19,359,186	
03/31/2012	961,192	\$ 5.0352	\$ 4,839,794	
04/30/2012	1,948,098	\$ 5.3369	\$ 10,396,804	
05/1/2012-05/15/2012	4,707,903	\$ 5.5826	\$ 13,141,170	for 1/2 of month
	110,003,357		\$ 532,139,682	

## Monthly Average Storage Inventory Costs (11 and 2/2 Months)

\$ 44,344,973

## Balance of storage not used by SC 3

99.0828212%

## Monthly Average Storage Inventory Costs (11 and 2/2 Months) excl SC 3

\$ 43,938,251

## Pre-Tax Weighted Average Cost of Capital

10.69%

## Return Requirement

\$ 4,696,999

## Forecasted SC 1,2 12 and 13 Sales - TME May 2012

464,282,904 Therms

## Year 3 Return Requirement on Gas Storage Inventory Rate (June 1, 2011 - May 31, 2012)

\$ 0.01012 \$/Therm

## Year 2 Annual Imbalance Refund (September 1, 2011 - August 31, 2012)

\$ (0.00080) \$/Therm

## Total Rate Effective September 1, 2011

\$ 0.00932 \$/Therm