

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: NATIONAL GRID GAS - ANNUAL DISTRIBUTION ADJUSTMENT CLAUSE
FILING & ANNUAL GAS COST RECOVERY FILING - DOCKET NOS. 4339 & 4346

NOTICE OF HEARING

Pursuant to the provisions of RI General Laws §§ 39-1-1 and 39-3-11, as amended, the Public Utilities Commission (“Commission”) will conduct a public hearing on **Monday, October 29, 2012 @ 9:30 A.M.** in Hearing Room A of the Public Utilities Commission, located at 89 Jefferson Boulevard, Warwick, Rhode Island. In these dockets, the Commission will examine the propriety of filings submitted by National Grid (“NGrid”) seeking to implement revised rates and charges effective November 1, 2012.

In Docket No. 4339, National Grid filed to increase the Distribution Adjustment Clause (“DAC”) rate. The DAC is designed to provide for the recovery and reconciliation of the costs of identifiable special programs. A DAC rate of \$.0062 per therm was approved for effect November 1, 2011. It includes an annual System Pressure (“SP”) factor, an Advanced Gas Technology (“AGT”) factor, a Low Income Assistance Program (“LIAP”) factor, an Environmental Response Cost (“ERC”) factor, Pension Costs and Post-retirement Benefits Other than Pensions (“PBOP”) factor, a Capital Expenditures Tracker (“CapX”) factor, an On-System Margin Credit (“MC”) factor, a Service Quality Performance (“SQP”) factor, a Weather Normalization (“WN”) factor, an Earnings Sharing Mechanism (“ESM”) factor, and a Reconciliation (“R”) factor for the previous year. The current DAC rate includes an Infrastructure Safety and Reliability (“ISR”) rate-class-specific component approved for effect on April 1, 2012 in Docket 4306 and that was added to the then-existing DAC rate. The DAC rate proposed for effect November 1, 2012 incorporates additional factors that were approved April 1, 2012. They are an ISR rate-class specific component along with the proposed ISR reconciliation factors and new “base” DAC rate components that include a Revenue Decoupling Adjustment (“RDA”) factor which reconciling mechanism was approved in Docket No. 4206, and eliminates the Weather Normalization factor. The ISR and RDA factors allow National Grid to recover an under-collection of \$393,028 and \$10,704,374, respectively, for the FY 2012. The proposed DAC factors on a per therm cost basis are: \$0.1211 for Residential Non-Heat customers; \$0.0770 for Residential Heating; \$0.0740 for Small C&I; \$0.0665 for Medium C&I; \$0.0249 for Large LL; \$0.0204 for Large HL; \$0.0147 for Extra Large LL; and \$0.0122 for Extra Large HL. This represents for the average residential heating customer an annual increase of \$40 as compared to the currently effective DAC rates.

In Docket No. 4346, National Grid filed to decrease the Gas Cost Recovery (“GCR”) charge for all customer classes. The GCR charge allows the Company to reconcile and recover its estimated costs for gas supplies for the period November 1, 2012 through October 31, 2013. The proposed GCR factors on a per therm cost basis are: \$0.6193 for Residential Non-Heat customers and both Large and Extra Large High Load customers; and \$0.6675 for Residential Heat customers, Small and Medium C&I customers and both Large Low Load and Extra Large Low Load customers; and a demand rate of \$7.3770 per MDCQ in dekatherm for FT-2 Marketers. This represents for the

average residential heating customer an annual reduction of \$113 as compared to the currently effective GCR rates.

If approved, the combined net bill impact of the GCR and DAC charges on a typical residential heating customer using 922 therms per year would be an annual decrease of \$72 or 5.68% from \$1,281 to \$1,209. The Commission may approve different rates that may be higher or lower than those proposed by National Grid. The filings may be examined at the Commission's office. The filings can also be accessed on the Commission's Docket Menu at www.ripuc.org, Dockets 4339 & 4346. Reference is made to Chapters 39-1, 39-3 & 42-35 of the RI General Laws.

The Public Utilities Commission is accessible to the handicapped. Individuals requesting interpreter services for the hearing impaired must notify the Commission Clerk's office at 401-780-2107, seventy-two hours in advance of hearing date.

Luly E. Massaro, Commission Clerk
October 19, 2012