

January 24, 2013

VIA HAND DELIVERY & ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: Docket 4339 - Revised Distribution Adjustment Charge Filing

Dear Ms. Massaro:

Concurrent with implementation of new base distribution rates pursuant to the Rhode Island Public Utilities Commission (“Commission”) approved Settlement Agreement in Docket 4323, National Grid¹ hereby files revised Distribution Adjustment Charge (“DAC”) rates to incorporate changes approved in Docket 4323.

The specific changes approved in Docket 4323 that impact the calculation of DAC rates are an updated level of non-growth capital spending incorporated in the development of base rates and an updated uncollectible percentage.

Enclosed please find ten (10) copies of Attachment MCS-1R2 which is a revised exhibit from the Company’s rebuttal DAC filing to show the development of the DAC rates with the Capital Expenditures Tracker (“CAPX”) component and ISR components at zero and the updated uncollectible percentage. The impact of the revised DAC rates on customer’s bills is included in the Company’s Docket 4323 Compliance filing.

Thank you for your attention to this filing. If you have any questions, please do not hesitate to contact me at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

Enclosures

cc: Leo Wold, Esq.
Steve Scialabba
Bruce Oliver

¹ The Narragansett Electric Company d/b/a National Grid (“National Grid” or the “Company”).

Certificate of Service

I hereby certify that a copy of the cover letter and/or any materials accompanying this certificate were electronically transmitted to the individuals listed below. Copies of this filing were hand delivered to the RI Public Utilities Commission.



Joanne M. Scanlon
National Grid

January 24, 2013

Date

**Docket No. 4339 – National Grid –2012 Annual Distribution Adjustment
Charge Filing (“DAC”) - Service List as of 10/17/12**

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File an original & nine (9) copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick RI 02888	Lmassaro@puc.state.ri.us	401-780-2107
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**National Grid - RI Gas
Summary of DAC Factors
Effective February 1, 2013**

DAC factor (not including annual ISR component) February 1, 2013 - October 31, 2013				
Line No.	Description	Reference	Factor	
			Residential/ Small/ Medium C&I	Large/ X-Large
1	System Pressure (SP)		\$0.0030	\$0.0030
2	Advanced Gas Technology Program (AGT)		\$0.0000	\$0.0000
4	Low Income Assistance Program (LIAP)			
5	Environmental Response Cost (ERC)		(\$0.0019)	(\$0.0019)
6	Pension and Post-Retirement Benefits (PBOP)		\$0.0056	\$0.0056
7	Capital Expenditures Tracker (CAPX)*		\$0.0000	\$0.0000
8	On-System Margin Credits (MC)		(\$0.0021)	(\$0.0021)
9	Service Quality Performance (SQP)		(\$0.0004)	(\$0.0004)
11	Reconciliation Factor (R)		\$0.0014	\$0.0020
12	Earnings Sharing Mechanism (ESM)		\$0.0000	\$0.0000
13	Subtotal	sum ([1];[12])	\$0.0056	\$0.0062
14	Uncollectible Percentage**	Dkt 4323	3.18%	3.18%
15	DAC factors grossed up for uncollectible	[13]/(1-[14])	0.0058	0.0064 per therm
16	Revenue Decoupling Mechanism (RDM)		\$0.0413	\$0.0000
17	DAC factor	[15]+[16]	\$0.0471	\$0.0064 per therm

* Capital Tracker set to \$0 as a result of Rate Case, Docket No. 4323
**Uncollectible Percentage updated per Rate Case, Docket No. 4323

DAC factors including annual ISR component							
	ISR Reconciliation w/o uncollectible (therms)	Uncollectible Percentage	ISR Reconciliation* (therms) (A)	Base DAC Component** (therms) (B)	DAC Component Subtotal Rates* (therms) (C) = (A) + (B)	ISR Component** (therms) (D)	February 1, 2012 DAC Rates* (therms) (E) = (C)+(D)
Res-NH	\$0.0047	3.18%	\$0.0048	\$0.0471	\$0.0519	\$0.0000	\$0.0519
Res-NH-LI	\$0.0047	3.18%	\$0.0048	\$0.0471	\$0.0519	\$0.0000	\$0.0519
Res-H	\$0.0017	3.18%	\$0.0018	\$0.0471	\$0.0489	\$0.0000	\$0.0489
Res-H-LI	\$0.0017	3.18%	\$0.0018	\$0.0471	\$0.0489	\$0.0000	\$0.0489
Small	\$0.0009	3.18%	\$0.0009	\$0.0471	\$0.0480	\$0.0000	\$0.0480
Medium	\$0.0005	3.18%	\$0.0005	\$0.0471	\$0.0476	\$0.0000	\$0.0476
Large LL	\$0.0006	3.18%	\$0.0006	\$0.0064	\$0.0070	\$0.0000	\$0.0070
Large HL	\$0.0008	3.18%	\$0.0008	\$0.0064	\$0.0072	\$0.0000	\$0.0072
XL-LL	(\$0.0001)	3.18%	(\$0.0001)	\$0.0064	\$0.0063	\$0.0000	\$0.0063
XL-HL	(\$0.0002)	3.18%	(\$0.0002)	\$0.0064	\$0.0062	\$0.0000	\$0.0062

*Factors Include Uncollectible Allowance

¹ National Grid proposed Base DAC factor for February 1, 2013 - October 31, 2013 from above
² ISR component set to \$0 as recoveries captured in Rate Base approved in Docket No. 4323