

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

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The Narragansett Electric Company)
d/b/a National Grid)
Annual Gas Cost Recovery)
("GCR") Filing)

Docket No. 4346

The Division of Public Utilities and Carriers
Settlement of GCR Issues

The Rhode Island Division of Public Utilities and Carriers ("Division") and National Grid¹ have agreed to resolve the outstanding issues that exist between them relative to the above-referenced proceeding. This agreement would become effective with approval from the Rhode Island Public Utilities Commission.

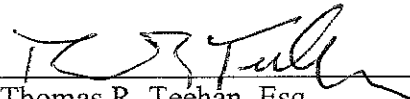
1. The parties agree that any revenue sharing amounts that the Company receives from Tennessee Gas Pipeline will be specifically identified, treated as "refunds," and credited to ratepayers through the GCR reconciliation process.
2. In light of the Company's use of third-party asset managers, the Company and the Division agree to re-open discussions regarding the NGPMP incentive structure and the changes, if any, that should be adopted for implementation effective April 1, 2014.
3. Subject to the status of contract negotiations with Distrigas, the Company will endeavor to provide greater documentation of the levels of the Distrigas FLS Call Payments included in its projected GCR in future GCR proceedings in terms of forward commitments based on signed contracts and/or actual prior experience.
4. The Company will allocate LNG costs to the DAC in accordance with the Settlement Agreement in Docket No. 4339.
5. The Company agrees to move the Annual GCR Reconciliation filing date from August 1st to July 1st of each year.

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

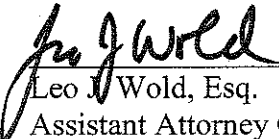
6. The Company agrees to reallocate \$1.1 million of the Tennessee Refund received in March 2012 from the variable cost to fixed costs.

7. The parties agree that the rates contained in Attachments 1 and 2 hereto, which were contained in the Company's September 4, 2012 GCR filing, be approved for effect November 1, 2012.

The Narragansett Electric Company
d/b/a National Grid:

By: 
Thomas R. Teehan, Esq.
Senior Counsel

The Division of Public Utilities and Carriers
Staff Advocacy Section,

By: 
Leo J. Wold, Esq.
Assistant Attorney General

Date: October 30, 2012

Attachments
Agreement in Settlement of GCR Issues
Docket No. 4346

Attachment I

**National Grid - RI Gas
Gas Cost Recovery (GCR) Filing
Factors Effective November 1, 2012**

Line No.	Description (a)	Source Reference (b)	Line #	High Load ¹ (c)	Low Load ² (d)	FT-2 Mktcr ³ (e)
1	Fixed Cost Factor	AEL-1 pg 2	Line 17	\$1.3509	\$1.8206	
2	Variable Cost Factor	AEL-1 pg 3	Line 14	\$4.6898	\$4.6898	
3	Total Gas Cost Recovery Charge	(1)+(2)		\$6.0407	\$6.5104	
4	Uncollectible %	Docket 3943		2.46%	2.46%	
5	Total GCR Charge adjusted for Uncollectibles	(3) / [(1 - (4))]		\$6.1930	\$6.6746	
6	GCR Charge on a per therm basis	(5) / 10		\$0.6193	\$0.6675	
	Current rate effective 11/01/11 difference			\$0.7464 (\$0.1271) -17.0%	\$0.7896 (\$0.1221) -15.5%	

¹ Includes: Residential Non Heating, Large High Load and Extra Large High Load

² Includes: Residential Heating, Small C&I, Medium C&I, Large Low Load, Extra Large Low Load

³ See AEL-5 for calculation of FT-2 rate

Attachment 2

National Grid - RI Gas Gas Cost Recovery (GCR) Filing Summary of Marketer Transportation Factors

Item	Reference	Proposed	Billing Units
FT-2 Demand	AEL-5 pg 2	\$7.3770	Dth/Mth
Weighted Average Upstream Pipeline Transportation Cost	EDA - 4	\$0.8601	Per Therm of capacity