

June 16, 2015

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 4520 - 2014 Gas Cost Recovery Filing
Gas Procurement Incentive Plan Hedge Proposal – June 2015
Responses to PUC Data Requests – Set 2**

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's¹ responses to the second set of data requests, containing only one data request within the set, issued by the Rhode Island Public Utilities Commission in the above-referenced matter.

Thank you for your attention to this filing. If you have any questions, please contact me at (401) 784-7288.

Very truly yours,



Jennifer Brooks Hutchinson

Enclosures

cc: Docket 4520 Service List
Leo Wold, Esq.
Steve Scialabba
Bruce Oliver

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

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4520
2014 Gas Cost Recovery Filing
In Re: Gas Procurement Incentive Plan (GPIP) Hedge Proposal – June 2015
Responses to the Commission’s Second Set of Data Requests
Issued on June 5, 2015

PUC 2-1

Request:

In Docket No. 3868, the Commission approved changes proposed by the Company to the Gas Procurement Incentive Plan to accommodate required purchase quantities. The Company represented that hedge purchases require contract volumes of 10,000 Dth and requested inclusion of this language in the Plan. Please explain in detail why the Company is proposing elimination of this language in its June 2, 2015 filing?

Response:

The Company proposes eliminating the requirement to execute in exact 10,000 Dth increments. The requirement to execute in exact 10,000 Dth increments was a function of the Company’s past practice of using only NYMEX Henry Hub futures contracts to fix the price of supply. At one time NYMEX Henry Hub futures minimum contract size was 10,000 Dth and, therefore, this was the smallest execution volume. Today the Company has the ability to execute in smaller increments through the use of bi-lateral over the counter (OTC) agreements or in the newer NYMEX mini contract size of 2,500 Dth. The Company is recommending eliminating the minimum requirement to allow for a more evenly monthly distribution. There are no incremental costs when using the OTC agreements to execute volumes not in even 10,000 Dth contract sizes. The Company does not anticipate using NYMEX mini contracts, but if used the cost per Dth using the standard NYMEX contract is \$0.002 per Dth and it is \$0.008 per Dth when using the mini NYMEX contract. The elimination of this requirement is not linked to the Company’s request for approval of the hedge proposal in the instant filing; however, the Company believes this change provides greater flexibility in the execution of the Plan.

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

Paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.

Joanne M. Scanlon

June 16, 2015

Date

Docket No. 4514 – National Grid –2014 Annual Distribution Adjustment Charge Filing (“DAC”) - Service List as of 8/27/14

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