National Grid   **Calculation of Deferred Gas Cost Responsibility**

Customer: [   ]   Account #: [   ]

The price National Grid charges customers for natural gas - the commodity itself - is based on cost projections for a future period. Any difference between that price and the actual cost of gas experienced during a given period is considered deferred gas cost. When National Grid files for a price change, any deferral - positive or negative - is added to the latest cost projection and becomes part of the revised price for sales customers.

When a customer chooses to purchase gas from a third party supplier, we charge the customer for distribution services only. Thus the customers who migrate to transportation avoid their share of the deferred gas cost, leaving the sales service customers to absorb the balance. A more equitable treatment for all customers is to assign costs to the customers who incurred those costs.

Calculation of the customer's deferred gas cost balance consists of two components: (1) the prior period deferred gas cost reconciliation amount reflected in the Company's current GCR rates; and (2) any incremental underrecovery or overrecovery of actual costs versus projected costs that accrue while the current rates are in effect.

Prior Period Component
The PPF factor times the net of the customer's prior year's total sales service Dth minus current year's sales service usage where the current year's usage reflects the period the customer has paid the current GCR

Customer's expected (Nov 13 - Oct 14)	Therms	(using Nov 12 - Oct 13 usage as current year's expected)
Current Year's Usage (Nov 13 - Oct 14)	Therms	**Estimate**
	0 Therms	

PPF $0.0456 per Therm
Prior Period Component   **$0**

note: calculation based on customer migrating __, and assumes __ usage this year equals last year's usage, this would be adjusted once actual usage is available

Current Period Component
The IDF factor times the customer's sales service Therms over the quarter(s) covered by the IDF - in this case, ____ - ____

IDF $0.1681 per Therm
Customer Volumes __ - __   Therms
Current Period Component   **$0**

Customer Deferred Gas Cost Responsibility

Prior Period Component	$0	Estimate
Current Period Component	$0	Estimate
	$0	