

THE BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY
One MetroTech Center
Brooklyn, NY 11201

August 30, 2018

Honorable Kathleen H. Burgess, Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Dear Secretary Burgess:

Pursuant to Title 16 of the State of New York Official Compilation of Codes, Rules and Regulations ("16 NYCRR") Section 720, The Brooklyn Union Gas Company d/b/a/ National Grid NY ("the Company") hereby files the following statements which will take effect on September 1, 2018

Statement of Monthly Cost of Gas and Adjustments No. 241 which sets forth the gas cost adjustments applicable to monthly usage under Service Classification Nos. 1A, 1AR, 1B, 1BR, 1BI, 1B-DG, 2-1, 2-2, 3, 4A, 4A-CNG, 4B, 7, 14 and 21 of PSC No. 12-GAS.

Statement of Transportation Adjustment Charges No. 108 which sets forth the transportation cost adjustments applicable to monthly usage under Service Classification Nos. 17-1A, SC17-1AR, SC17-1B, SC17-1BI, SC17-1BR, SC17-2-1, 17-2-2, SC17-3, SC17-4A, SC17-4A-CNG, SC17-4B, SC17-7, and SC17-21 of PSC No. 12-GAS.

In addition, the following tiered floor prices will take effect on September 1, 2018 unless otherwise revised by a supplemental filing to account for major changes in gas prices and supplies, as follows:

\$	2.6326	per dth for sales to Service Classification Nos. 5A.
\$	2.6326	per dth for sales to Service Classification Nos. 6C, 6G, and 6M.

The first tier price of \$2.6326/dth represents the Company's incremental cost of gas to serve S.C. No. 5A plus an allowance for unaccounted for gas.

The second tier price of \$2.6326/dth represents the Company's firm weighted average cost of gas to serve S.C. No. 6C, 6G and 6M customers plus an allowance for lost-and unaccounted-for-gas and an allocated demand charge.

Please see Attachment 1 for the fixed cost allocation by Service Class.

The Company reserves the right to revise the floor price, as may be necessary to reflect significant changes in the components of this calculation. In addition, the Company fully intends to reflect the current floor price on the Statement of Standard Offer Price - S.C. 5A as filed with the Commission.

Secretary Burgess
August 30, 2018
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Pursuant to PSC 12 Rule 34, the Company is resetting the rates for several components of the Merchant Function Charge on the Statement of Monthly Cost of Gas and Adjustments (GAC Statement No. 241) effective September 1, 2018: 1) Gas Procurement and Commodity-Related Sales Promotion Expenses; 2) Commodity Related Credit and Collection Expenses and 3) Return Requirement on Gas in Storage.

1. Gas Procurement and Commodity-Related Sales Promotion Expenses

As shown on Attachment 2, the Gas Procurement and Commodity-Related Sales Promotion Expenses is reset as follows:

- Rates effective September 1, 2018 – August 31, 2019 is reset to \$0.01274/Dt or 0.1274 cents per therm.

2. Commodity Related Credit and Collection Expenses

As shown on Attachment 3, the Commodity Related Credit and Collection Expenses is reset as follows:

- Rates effective September 1, 2018 – August 31, 2019 is reset to \$0.03104/Dt or 0.3104 cents per therm.

3. Return Requirement on Gas in Storage

As shown on Attachment 4, the Return Requirement on Gas Storage Inventory is reset as follows:

- Rates effective September 1, 2018 – August 31, 2019 is reset to
 - o \$0.03233/Dt or 0.3233 cents per therm for firm sales
 - o \$0.02852/Dt or 0.2852 cents per therm for firm transportation

Questions pertaining to this filing may be directed to Alenka V. Kain at (929) 324-4587.

Sincerely,

Kellie Smith
Kellie Smith
Manager, NY Gas Pricing

THE BROOKLYN UNION GAS COMPANY
INITIAL EFFECTIVE DATE: 09/01/2018

Attachment 1

Fixed Cost Allocation

SC1,2,3,21	109.78%
SC 4A High Load Factor	40.98%
SC 4A CNG Whole Sale NGV	43.40%
SC 4B Yr-Round Space Conditioning	65.37%
SC 6 Temperature Controlled	19.65%
SC 7 Seasonal Off Peak	8.14%

The Brooklyn Union Gas Company d/b/a National Grid, NY
Calculation Gas Procurement and Commodity-Related Sales Promotion Expenses
Applicable to Firm Sales Customers under SC 1, 2, 3, 4A, 4A-CNG, 4B, 7, 14 ,21, TC Sales and Interruptible Sales

1) Set Gas Procurement and Commodity Related Sales Promotion Expenses for:

Sept 1, 2018 - Aug 31, 2019

a) Allowed Expenses /1	\$1,306,561
b) Forecasted SC 1, 2, 3, 4A, 4A-CNG, 4B, 7, 14 , 21 & TC Sales	102,526,322 Dt
c) Unit Rate effective September 1, 2018 - August 31, 2019 = (1a / 1b)	\$0.01274 \$/Dt 0.1274 ¢ Cents/Therr

Notes:

/1 Leaf 79.2

The Brooklyn Union Gas Company d/b/a National Grid, NY
 Calculation of Credit and Collection Expenses
 Applicable to Firm Sales, Firm Transportation, TC & IT
 under SC 1, 2, 3, 4A, 4A-CNG, 4B, 7, 14, 21, 17, TC & IT

1) Set Credit and Collection Expenses for:

Sept 1, 2018 - Aug 31, 2019

a) Allowed Expenses /1	\$5,016,348		
b) Forecasted Firm Sales & Firm Transportation & TC: SC 1, 2, 3, 4A, 4A-CNG, 4B, 7, 14, 21, 17, TC & IT	161,617,409 Dt		
c) Unit Rate effective September 1, 2018 - August 31, 2019 = (1a / 1b)	\$0.03104 \$/Dt		
	0.3104 ¢ Cents/Therm		

Allocation Between Sales Customers & Transportation Customers ESCOs

SC 1, 2, 3, 4A, 4A-CNG, 4B, 7, 14, 21, TC & IT Sales	102,526,322	63%	\$3,182,254
ESCOs (SC 17) and TC & IT Transportation	<u>59,091,087</u>	<u>37%</u>	<u>\$1,834,094</u>
	161,617,409	100%	\$5,016,348

Notes:

/1 Leaf 79.3

The Brooklyn Union Gas Company d/b/a National Grid, NY
Calculation of Return Requirement on Gas in Storage
Applicable to Firm Sales Customers under SC 1, 2, 3, 4A, 4A-CNG, 4B, 7, 14 & 21
and Firm Transportation under SC 17

Effective September 1, 2018 - August 31, 2019

1) Set Return Requirement on Gas in Storage:

	Estimated Storage Inventory Balance (less Capacity Release) (dt)	Estimated Wtd Avg Storage Inventory Cost (based on 7/27/2018 NYMEX) (\$/dt)	Estimated Storage Inventory Costs (\$)
9/30/2018	59,935,330	\$2.27	\$136,218,894
10/31/2018	65,923,426	\$2.29	\$150,999,590
11/30/2018	64,538,926	\$2.29	\$148,033,193
12/31/2018	54,500,963	\$2.30	\$125,111,395
1/31/2019	33,775,168	\$2.30	\$77,591,441
2/28/2019	17,788,167	\$2.30	\$40,986,323
3/31/2019	6,167,020	\$2.32	\$14,307,716
4/30/2019	9,003,731	\$2.33	\$20,986,247
5/31/2019	19,593,245	\$2.27	\$44,391,601
6/30/2019	29,799,264	\$2.25	\$66,958,069
7/31/2019	38,494,688	\$2.24	\$86,188,297
8/31/2019	<u>47,475,167</u>	\$2.23	<u>\$106,086,423</u>
	446,995,095		\$1,017,859,188
a) Estimated Monthly Average Storage Inventory Costs (12 Months)			\$84,821,599
b) Allocation between KEDNY and KEDLI (based on Forecasted Sales)			
KEDNY (Firm Sales and Firm Transportation)	146,251,626	59%	\$49,728,723
KEDLI (Firm Sales and Firm Transportation)	<u>103,207,760</u>	<u>41%</u>	<u>\$35,092,876</u>
Total	249,459,386	100%	\$84,821,599
c) Pre-Tax WACC (4 months of Rate Year 2 and 8 months of Rate Year 3) /1			9.08%
d) Target Return Requirement on Gas Storage Inventory (1b x 1c)			\$4,515,368

2) Allocate Return Requirement on Gas Storage Inventory to Firm Sales & Firm Transportation Customers

	Firm Sales (i)	Firm Transportation (ii)	Total (iii)
a) Total Storage Capacity (dt)	41,516,793	25,684,702	67,201,495
b) Less Storage Capacity Release (dt)	<u>0</u>	<u>3,028,202</u>	<u>3,028,202</u>
c) Net Storage Inventory	41,516,793	22,656,500	64,173,293
d) % Breakdown on Storage Inventory	<u>65%</u>	<u>35%</u>	<u>100%</u>
e) Allocated Return Requirement on Gas Storage Inventory : (1d * 2d)	\$2,921,209	\$1,594,159	\$4,515,368
f) Forecasted Firm Sales and Firm Transport Vols (9/1/2017 - 8/31/2018) dt	90,353,622	55,898,004	146,251,626
g) % Breakdown on Vols:	62%	38%	100%
h) Return Requirement on Gas Storage Inventory Charge (\$/dt)			
Effective September 1, 2017 - August 31, 2018 (\$/Dt)	\$0.03233	\$0.02852	
Cents/Therm	0.3233 ¢	0.2852 ¢	

Notes:

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Pre-Tax WACC

RY1	9.08% Jan 1, 2017 - Dec 31, 2017
RY2	9.08% Jan 1, 2018 - Dec 31, 2018
RY3	9.08% Jan 1, 2019 - Dec 31, 2019