
NATIONAL GRID RATE POLICY

POLICY: CUSTOMER RESPONSIBILITY FOR DEFERRED GAS COST, DOCKET. 3347

DATE: EFFECTIVE JULY 24, 2001

THEORY

The price we charge 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 we file 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 ratepayers is to assign costs to the customers who incurred those costs. This policy establishes that a customer switching to transportation service will be assigned their share of the deferred gas cost at the time transportation service is initiated.

POLICY

If a customer requesting [transportation] service hereunder who has been a sales service customer of the Company at the same service location within the preceding twelve month period, any under recovered or over recovered gas costs attributable to such prior service under the Gas Charge Clause in Section 2, Schedule A, shall be determined and paid by Customer or credited to Customer's account. (Transportation Terms and Conditions, Section 5, Schedule E)