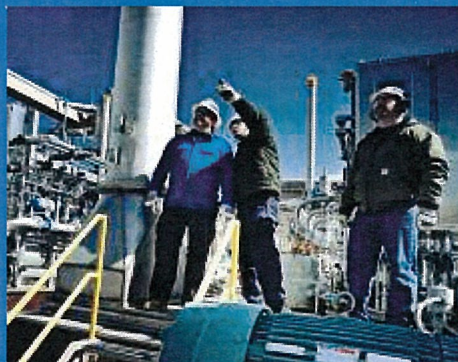


ORIGINAL
N.H.P.U.C. Case No. <u>DG 11-046</u>
Exhibit No. <u>#5</u>
Witness <u>Panel'</u>
DO NOT REMOVE FROM FILE

nationalgrid
THE POWER OF ACTION

Tennessee Gas Pipeline section 4 rate case filing RP11-1566 NH PUC Status Report



March 31, 2011

TGP rate case filing RP11-1566

- Background
 - Tennessee Gas Pipeline (TGP) FERC rate case filing
 - Filed Nov.30, 2010
 - FERC suspended rates maximum period (six months)
 - Rates go into effective Jun. 01,2011 subject to refund
 - Procedural schedule established
 - Technical conference – non rate issues
 - Discovery
 - Testimony
 - Hearing to begin January 2012

TGP rate case filing highlights

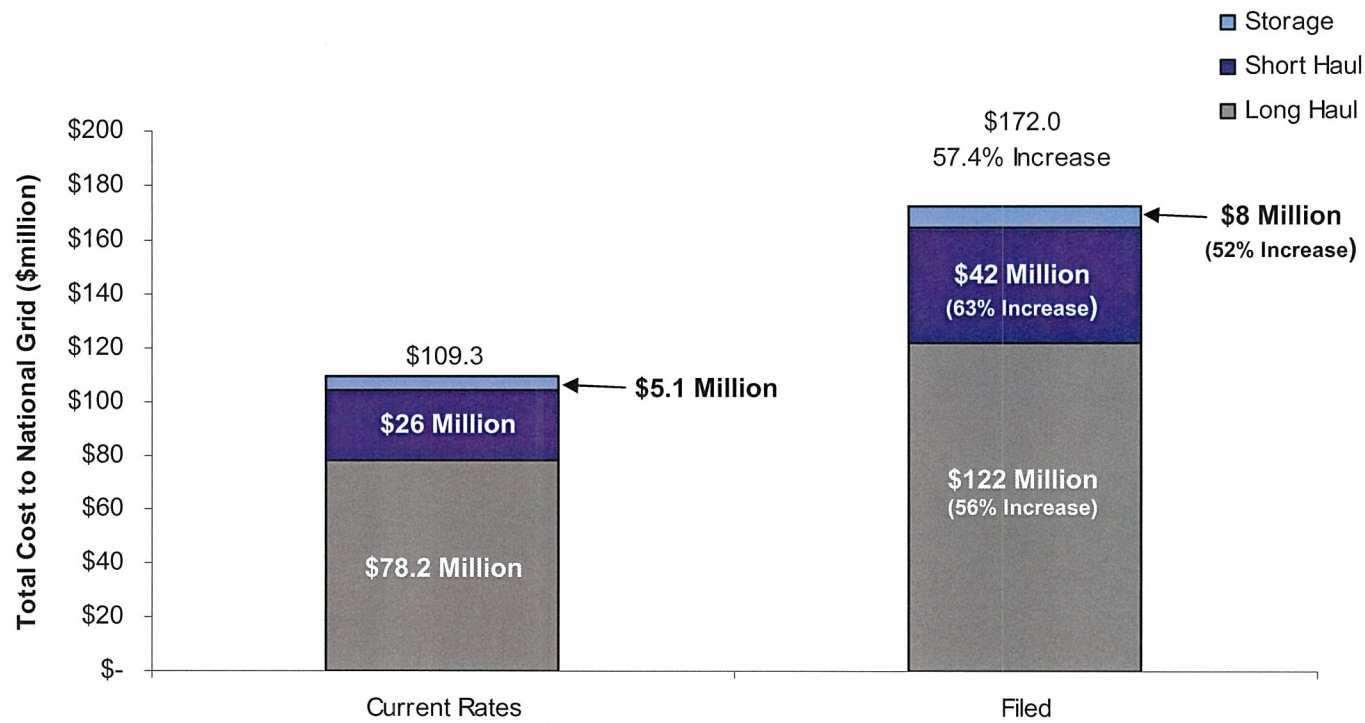
- SFV rate design
- 13.5% ROE, 7.81% cost of debt
- Actual capital structure - 45.5%:54.5% D:E
- Changes in depreciation rates for onshore/offshore transmission and storage
- Change in negative salvage rate for offshore transmission
- Proposed negative salvage rate for onshore transmission
- Roll-in of certain incremental facilities - Boundary, NET and ConneXion NE
- No changes to zone structure
- Updated classification of non-mileaged costs
- Discount adjustment recognition for certain discounted and negotiated rate contracts
- Trackers
 - Fuel tracker – volumetric in-kind
 - Electric Power Cost tracker – volumetric \$ surcharge
 - Hurricane cost tracker – volumetric \$ surcharge

Highlights of Service and Tariff changes

- Imbalance management enhancements
 - Regional daily imbalance charge imposition
 - Market area reference prices for cashout
 - Carrying charges on cashout balance with refund in excess of \$4MM
- Scheduling priority
 - Secondary in Path (SIP) receipts to Primary Delivery given equal priority to Primary to Primary (PIP)
 - Secondary out of Path (SOP) restricted on price
 - Interruptible services given equal priority and restricted on price
- Zone 1 and 4 pooling point enhancements
- Optional open season process
- Storage cycling requirement of 70% of maximum storage quantity
- Elimination of certain unutilized interruptible services, IT-X and PAT, swing on storage on third party providers

National Grid Estimated Dollar Impacts for all LDC's

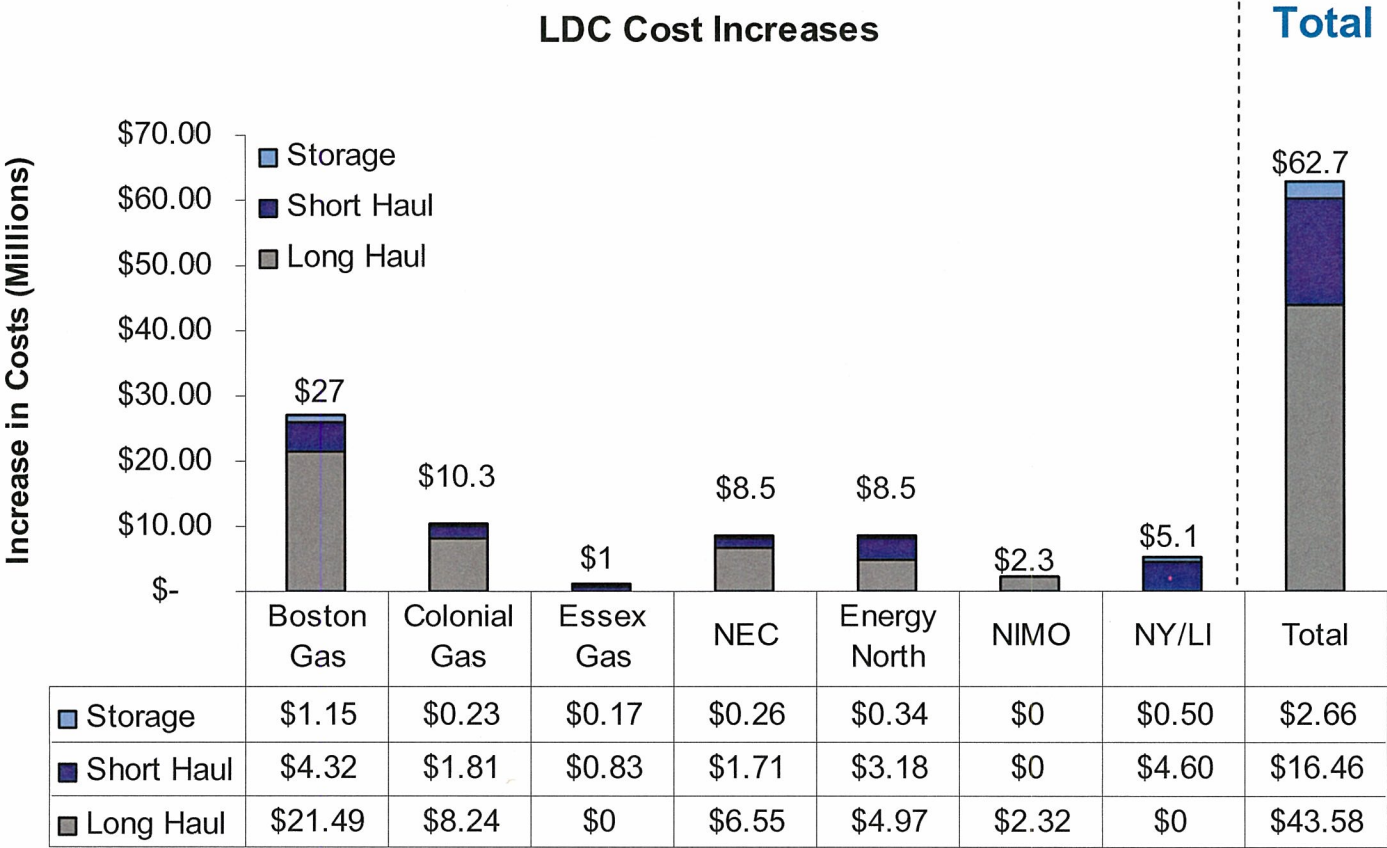
- Total annual demand cost increase of \$62.7 million or 57.4% overall increase



Note: Company negotiated rate contracts have been held constant.

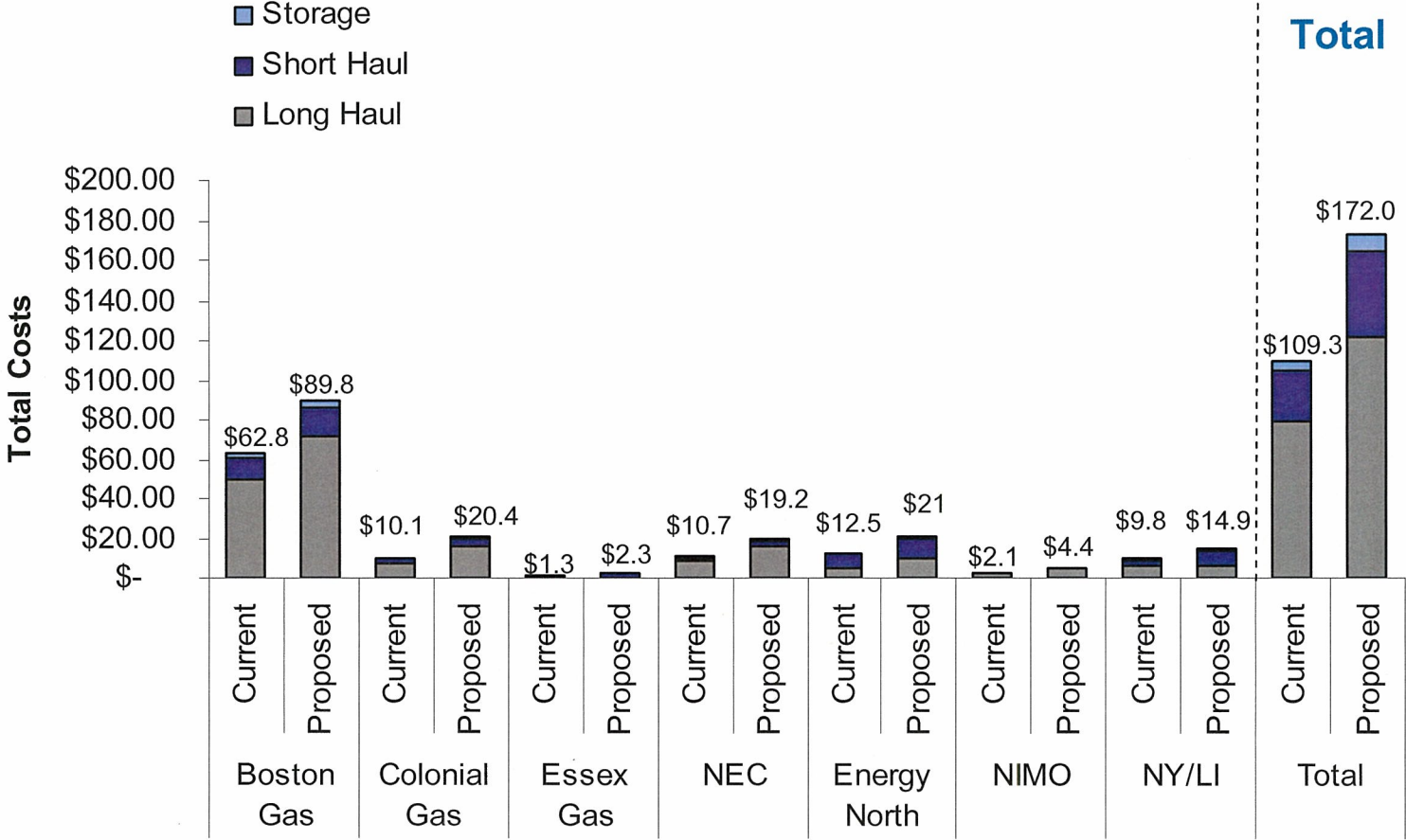
LDC Impacts Filed Rate Increases

- Total annual demand cost increase of \$62.7 million



Note: Several contracts, including negotiated contracts for Boston Gas and Narragansett which extend through 2027, have been kept constant

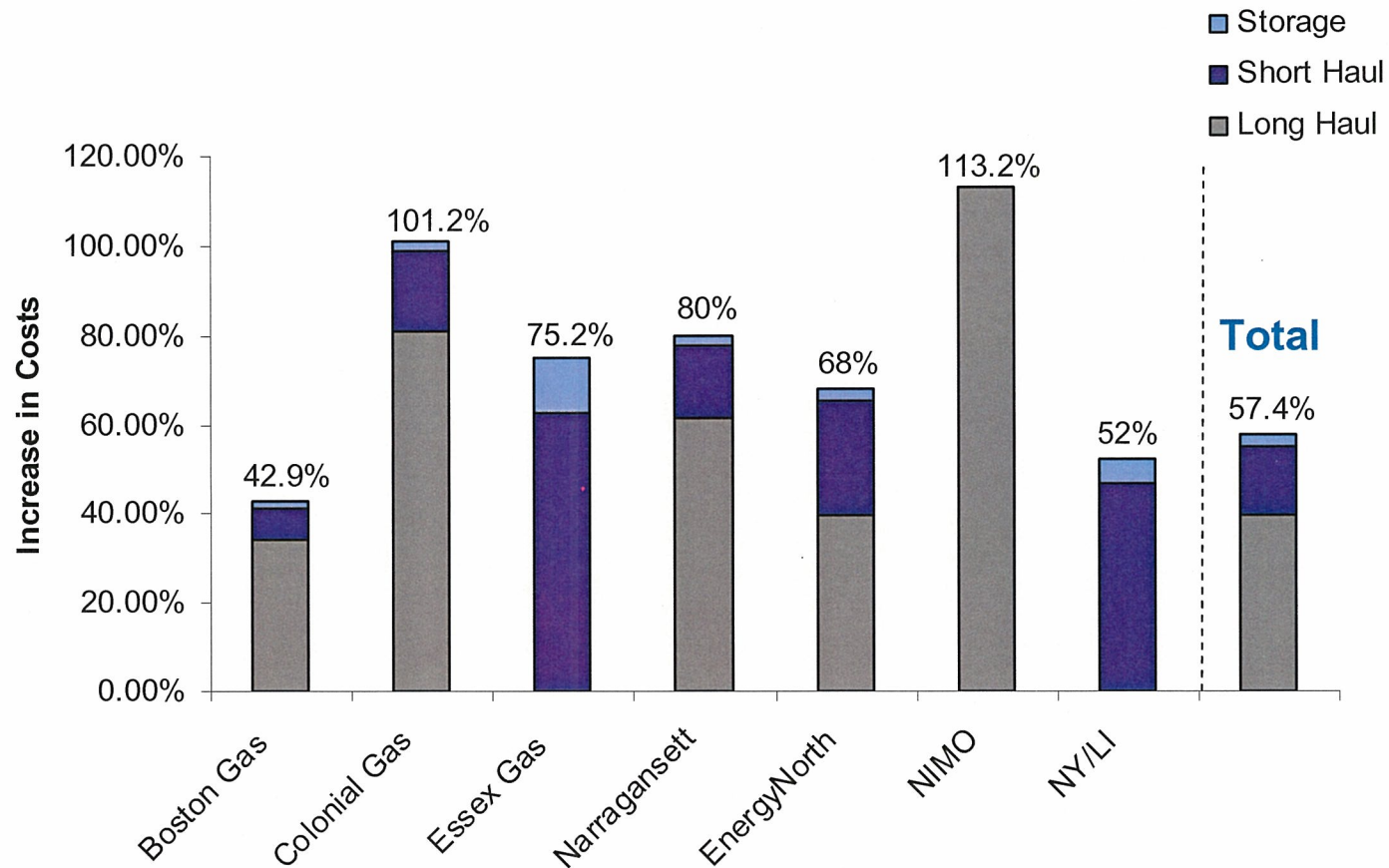
Current Annual TGP Demand Costs vs. Filed Annual Demand Costs



Note: Company negotiated rate contracts have been held constant.

LDC Percentage Cost Increases

- Total estimated annual demand cost increase is 57.4%



Current status

- TGP Northeast Customer Group
 - LDC customer group formed with representation from northeast states
 - National Grid taken leadership role
 - Customer Group has hired the following
 - Fred Peters –outside legal counsel
 - Jeff Fink Consulting – COS witness
 - Black & Veatch – Rate design and cost allocation witness
 - All expenses shared among customer group members

Current status

- TGP Northeast Customer Group
 - Filed intervention and protest at FERC on rate case filing
 - Actively participated at FERC technical conference on non-rate issues
 - Provided discovery requests from Customer Group, consultants, and as individual LDC's
- Upcoming Procedural dates
 - MARCH 14, 2011 - TGP filed changes, revisions, modifications to its tariff proposals as an outcome from the technical conference
 - APRIL 4, 2011 - Initial Comments to be filed at FERC by all parties (including TGP)
 - APRIL 20, 2011 - Reply Comments to be filed at FERC by all parties (including TGP)

Current status

- Consultants
 - COS --- Jeff Fink Consulting
 - Reviewing data responses by TGP from all parties
 - Will formulate recommendations
 - Rate design and cost allocation --- Black & Veatch
 - Reviewing data responses
 - Built rate model, in process of running various scenarios on rate design and cost allocation
- TGP settlement discussions
 - Pipeline has proposed to meet on April 6 , with NE Customer Group to begin settlement discussions on all rate case issues
 - Pipeline would like to settle case prior to rates going into effective June 01, 2011

■ Appendix

Northeast Customer Group Members

- National Grid
 - Energy North
 - Boston Gas
 - Colonial Gas
 - Essex Gas
 - Narragansett Electric
 - Niagara Mohawk
 - Brooklyn Union Gas
 - KeySpan Gas East
- Consolidated Edison/Orange & Rockland Utilities
- National Fuel Gas Distribution Corporation
- New Jersey Natural Gas Co. and NJR Energy Services Company
- PSEG
- New England LDC Group
 - Bay State Gas Company d/b/a Columbia Gas of Massachusetts
 - The Berkshire Gas Company
 - Connecticut Natural Gas Corporation
 - Fitchburg Gas and Electric Company
 - City of Holyoke
 - Massachusetts Gas and Electric Department
 - Northern Utilities, Inc.
 - NSTAR Gas Company
 - The Southern Connecticut Gas Company
 - Westfield Gas & Electric Department and Yankee Gas Services Company
- UGI Distribution Companies
- Elizabeth Town Gas

List of Regulators intervening in RP11-1566 (TGP Rate Case) :

- Maine Public Utilities Commission
- Massachusetts Department of Public Utilities
- Pennsylvania Office of Consumer Advocate's
- New Jersey Board of Public Utilities
- Connecticut Department of Public Utility Control
- Massachusetts Attorney General and Connecticut Office of Consumer Counsel
- Rhode Island Division of Public Utilities and Carriers and RI Dept. of Attorney General
- Vermont Department of Public Service
- New England Conference of Public Utilities Commissioners
- New York State Consumer Protection Board
- New York Public Service Commission
- State of Maine – Maine Public Advocate Office
- Ohio Consumers' Counsel

MDQ per Company by Contract Type

