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July 30, 2007

VIA HAND DELIVERY

Mr. Douglas W. Hartley, Coordinator
Energy Facility Siting Board
89 Jefferson Boulevard
Warwick, RI 02888

Re: The Narragansett Electric Company
(E-183 Transmission Line Relocation Project-A/C I-195 Relocation)
Docket No. SB-2003-01

Dear Mr. Hartley:

Enclosed please find a report of National Grid on the status of the above-referenced project.

Please do not hesitate to contact me if you have any questions.

Sincerely,



Peter V. Lacouture

PVL/ljo
Enclosure

cc: Chairman Elia Germani, Esq.
Director Michael Sullivan
Mr. Kevin Flynn
Stephen Frias, Esq.
Paul J. Roberti, Esq.
Adrienne C. Southgate, Esq.
W. Mark Russo, Esq.

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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
ENERGY FACILITY SITING BOARD

In re: The Narragansett Electric Company :
(E-183 115 kV Transmission Line : Docket No. SB-2003-01
Relocation Project – A/C I-195 Relocation) :

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REPORT OF NATIONAL GRID ON THE
STATUS OF THE UNDERGROUND RELOCATION
PURSUANT TO SETTLEMENT AGREEMENT DATED MAY 25, 2004

INTRODUCTION

On October 29, 2004, the Energy Facility Siting Board (“EFSB”) issued its report and order (“Report and Order”) approving the May 25, 2004 Settlement Agreement (the “Settlement Agreement”) among The Narragansett Electric Company (“Narragansett”), the Cities of Providence and East Providence (the “Cities”) and Patrick C. Lynch, Rhode Island Attorney General.

Under the Settlement Agreement, Narragansett agreed to construct the relocated E-183 Transmission Line (the “E-183 Line”) underground (“the Underground Alignment”) if certain conditions specified in the Settlement Agreement could be met. The first step was for Narragansett to determine a route for the underground relocation of the E-183 Line in consultation with other parties. Thereafter, Narragansett would develop a design and construction grade estimate, the parties would consult as to necessary property rights and the Attorney General would obtain commitments of funding for the estimated cost of the Underground Alignment.

The purpose of this Report is to update the EFSB on the status of the ongoing efforts by National Grid and the parties to fund, design and construct the Underground Alignment.

RECENT DEVELOPMENTS

Since our last report, the parties have met a number of times to address outstanding property, routing and funding issues. The first issue was a concern on the part of the City of Providence as to the impact of the Project on an undeveloped parcel at the corner of South Main Street and Tockwotton Street (the “South Main Parcel.”)

In response, Narragansett’s horizontal directional drilling (“HDD”) consultants performed a more detailed study of the proposed Providence River crossing, and at a meeting with all of the parties, explained the HDD process and presented the results of their study. The results indicated that a portion of the South Main Parcel would be required for landing of the underground installation and as permanent easement for the continuation of the underground cables to the east.

At the request of Providence, Narragansett engineers and consultants studied a number of other underground routes that would avoid impacting the South Main Parcel. These routes, which included minor variations on the proposed route and several substantially different routes, were determined either to be infeasible or substantially more expensive than the proposed route.

As part of the examination of the new routes, Narragansett prepared an updated estimate of the cost of the original route and determined that the estimated cost had increased by approximately \$5.8 million, including an estimated \$1.3 million for acquisition of the South Main Parcel.¹

Since a series of meetings in the spring, the parties have been exploring other sources and means of funding the underground construction. The Attorney General has sought funding

¹ Section II-D of the Settlement Agreement obligates the Cities to provide the property rights required for the Underground Alignment. Narragansett has discussed with representatives of Providence the acquisition by the City of the South Main Parcel. Because of the inability of the City of Providence to acquire this property, the Parties anticipate that Narragansett will acquire it and include the cost as a project cost.

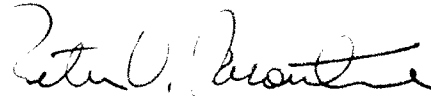
through the federal budget process and anticipates that any action will occur late this year. In the meantime, with the agreement of the parties, Narragansett is not conducting further engineering pending resolution of the funding issue.

Respectfully submitted,

THE NARRAGANSETT ELECTRIC COMPANY

By its Attorneys,

NIXON PEABODY LLP

A handwritten signature in black ink, appearing to read "Peter V. Lacouture", written over a horizontal line.

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July 30, 2007

CERTIFICATE OF SERVICE

I hereby certify that on the 30th day of July, 2007, I mailed or hand delivered a true copy of the within Report to the following:

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