New England Gas Company

September 3, 2004

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PUBLIC UTILITIES COMMISSION

VIA HAND DELIVERY

Luly Massaro, Commission Clerk
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: Docket No. 3548; Earnings Sharing Mechanism and Distribution Adjustment Charge Filing

Dear Luly:

Enclosed please find an original and nine copies of the Pre-Filed Testimony of Robert J. Riccitelli regarding New England Gas Company's earnings sharing for the period ended June 30, 2004. Also included is the Supplemental Testimony of Peter C. Czekanski updating the previously filed Distribution Adjustment Charge to incorporate the earnings sharing calculation. The testimony proposes updated factors for effect November 1, 2004.

Thank you for your attention to this filing. If you have any questions, please do not hesitate to contact me.

Sincerely,

Sharon Partridge (PCC)

Sharon Partridge
Vice President of Finance

Enc.
cc: Paul Roberti, Esq.
Steve Scialabba
Bruce Oliver
David Effron
Cheryl Kimball, Esq.

100 Weybosset Street
Providence, RI 02903

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

NEW ENGLAND GAS COMPANY
DOCKET NO. 3548

DIRECT TESTIMONY

OF

ROBERT J. RICCITELLI

September 3, 2004

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Robert J. Riccitelli. My business address is 100 Weybosset Street, Providence, RI 02903.

Q. WHAT IS YOUR POSITION AND RESPONSIBILITIES?

A. I am Manager of Financial Reporting and Budgeting for the New England Gas Company ("Company"). My responsibilities include the preparation of external financial reporting, budgeting and plant accounting.

Q. HAVE YOU TESTIFIED PREVIOUSLY IN THIS DOCKET?

A. Yes, I supported the earnings sharing calculation for the fiscal year ended June 30, 2003.

Q. ARE THERE ANY ATTACHMENTS TO YOUR TESTIMONY?

A. Yes, I am sponsoring the following Attachments:

RJR-1	Earnings Sharing Mechanism pursuant to Order No. 17971
RJR-2	ADIT Calculation
RJR-3	Compliance Filing of the Earnings Sharing Mechanism pursuant to Order No. 17971
RJR-4	FERC Form No. 2 Annual Filing

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. In Docket 3401, Order No. 17381, the Commission investigated, modified and approved a base-rate settlement between the Division, The Energy Council of RI and the Company ("the Settlement Agreement") that requires the Company to file an earnings sharing calculation by September 1 of each year as part of an incentive-based Earnings Sharing Mechanism ("ESM"). The purpose of my testimony is to calculate the earnings subject to the ESM for fiscal year ("FY") ended June 30, 2004 and to calculate the adjustments to the FY2003 earnings sharing calculation in accordance with the modifications outlined in Docket 3548, Order No. 17971, which was issued by the Commission on August 23, 2004.

Q. HAS THE COMPANY CALCULATED THE RETURN ON EQUITY FOR THE FISCAL YEAR ENDED JUNE 30, 2004 AND THE BENEFIT TO CUSTOMERS OF THAT RETURN?

A. Yes. The Settlement Agreement requires the earnings to be calculated each year based on financial results for the 12-month period ending June 30 (Section II.F.1). The determination of earnings subject to the ESM is based on a benchmark return on equity of 11.25 percent, excluding the Company's portion of non-firm margins (Section II.F.5). The earnings-sharing formula requires that any annual earnings over an 11.25 percent return on equity, up to and including 100 basis points (12.25 percent), will be shared 50 percent to customers and 50 percent to the Company. Any

earnings in excess of a 12.25 percent return on equity will be shared 75 percent to customers and 25 percent to the Company.

As discussed below, the Company calculated a return on equity for the period ending June 30, 2004 of 11.64 percent (Attachment RJR-1, at page 1 of 10). Based on this return, the Company has calculated that firm-throughput customers should receive a credit through the Distribution Adjustment Charge ("DAC") totaling $314,125 for the period November 1, 2004 through October 31, 2005.

Q. HOW DID THE COMPANY CALCULATE THE RETURN ON EQUITY FOR PURPOSES OF THE ESM?

A. The Settlement Agreement states that the return on equity will be calculated by dividing the net income available for common equity by the common equity applicable to rate base (Section II.F.1).

Q. PLEASE EXPLAIN THE CALCULATION OF NET INCOME AVAILABLE FOR COMMON EQUITY FOR PURPOSES OF THE ESM.

A. In accordance with the Settlement Agreement and Order No. 17971, the Company calculated net income available for common equity based on operating income for the twelve months ended June 30, 2004, less applicable interest and preferred dividends and adjusted to reflect established Commission ratemaking principles, including the impact of the Weather Normalization Clause (Section II.F.1).

The Company's calculation of net income available for common equity is set forth in Attachment RJR-1, at page 2. As shown, for the period ending June 30, 2004, the Company calculated net income available for common equity of $12,239,240.

Q. DID THE COMPANY MAKE ANY ADJUSTMENTS TO OPERATING REVENUES, EXPENSES AND/OR INTEREST CHARGES?

A. Yes. The Company made the following adjustments to Operating Revenues, Expenses and/or Interest Charges:

(1) The Weather Normalization Clause requires the Company to return to or receive from customers an amount sufficient to provide the Company with normal weather margins around a 2 percent deadband. In fiscal 2004, winter weather was colder than normal, resulting in $522,000 of margins to be returned to customers through the DAC (Testimony of Witness Czekanski, at page 10), which has the effect of reducing operating income for purposes of the earnings-sharing calculation. Accordingly, the Operating Revenues reflected on Attachment RJR-1, at page 2, line 3, include the return of revenues to customers in relation to the Weather Normalization Clause ($522,000).

(2) The Company's portion of non-firm margins are excluded from the earnings-sharing calculation because non-firm margins in excess of the amount in base rates, or $1,600,000, are shared 75 percent with customers and 25 percent to

the Company through a separate mechanism (Section II.H). In FY2004, the Company's portion of non-firm margins was $82,171.

(3) The Company and the Division agreed in this Docket to remove stored gas inventory from rate base and to eliminate carrying costs on stored gas inventory from revenues. This resulted in a decrease to Operating Revenues of $2,269,055.

(4) The Company excluded unbilled revenues from the earnings-sharing calculation consistent with the methodology applied in Docket 3401. This resulted in an increase to Operating Revenues of $1,161,337.

(5) Although not specified in the Settlement Agreement, the Company excluded the effect of the FY2003 ESM over-earnings and an estimate of the FY2004 ESM over-earnings for a total of $1,914,647.

(6) In accordance with the Settlement Agreement, the Company included the investors' share of annual net merger savings, or $2,049,000, in operating expenses (Section II.F.3). The Company also increased operating expenses by $809,416 to reflect unbilled gas costs.

(7) In accordance with Order No. 17971, the Company excluded 50 percent of the New England Division Incentive Compensation related to earnings. This resulted in a decrease to Operating Expense of $686,644.

(8) The Company included the Corporate Allocation of overhead expenses, less all amounts associated with the Corporate Incentive Compensation Plan. The Company also reviewed the Corporate Allocation and determined that lobbying-related costs were not included.

(9) The Company has appropriately classified the Divisional lobbying-related costs as Non-Operating and excluded these amounts from the ESM calculation.

(10) In accordance with Order No. 17971, the Company excluded 50 percent of advertising and public relation costs relating to the promotion of the corporate public image. This resulted in a decrease in Operating Expense of $39,637.

(11) For "Other Interest Expense," the Company included only those costs associated with Customer Deposits and the Conservation Loan Program. All other charges not considered as a normal part of the gas distribution business were recorded below the line and not included in the ESM Calculation.

Q. HAS THE COMPANY UPDATED ITS CALCULATION OF ACCUMULATED DEFERRED INCOME TAX ("ADIT")?

A. As indicated in last years' proceeding, the ADIT balance for all of Southern Union's operations is no longer calculated at the division level. In light of the discussion during the FY2003 ESM proceeding regarding the calculation of ADIT, the Company's tax department worked to separate deferred income taxes related to

accelerated depreciation, excluding amounts booked pursuant to FAS 109 for the Rhode Island portion of the New England Gas division. To perform this calculation, the Company rolled forward the ADIT balance related to depreciation (tax versus book) less FAS 109 from the time of the merger (September 30, 2000) through June 30, 2004. Attachment RJR-2 presents the roll-forward calculation. The tax depreciation amount is related to Utility Plant only and includes Bonus Depreciation. The roll-forward schedule includes the estimated ADIT at year-end and the true-up amount for the previous year. The true up is the difference between the estimated ADIT at year-end compared to the actual amount filed.

Q. WHAT WAS THE FEDERAL INCOME TAX RATE USED BY THE COMPANY TO CALCULATE OPERATING INCOME BEFORE INTEREST EXPENSE?

A. The Company calculated federal income taxes at the statutory rate of 35 percent, as shown on Attachment RJR-1 at page 3.

Q. HOW DID THE COMPANY CALCULATE LONG-TERM DEBT INTEREST, SHORT-TERM DEBT INTERST AND PREFERRED STOCK DIVIDENDS?

A. The Settlement Agreement specifies the capital structure to be used in computing the cost of capital (Section II.F.2). The imputed capital structure is as follows:

Short-term Debt	8.8%
Long-term Debt	45.7%
Preferred Stock	1.9%
Common Equity	43.6%

Therefore, as shown on Attachment RJR-1, at page 4, the Company computed the cost of long-term debt by multiplying the percentage of long-term debt applicable to rate base at the cost rate of 7.81 percent, as stated in the Settlement Agreement (Section II.F.2). Likewise, preferred dividends were calculated by multiplying rate base applicable to preferred stock at the rate of 9.93 percent, as stated in the Settlement Agreement. The Company computed the cost of short-term debt by multiplying rate base applicable to short-term debt times the 12-month average cost of short-term debt for Southern Union or 2.02 percent as calculated in Attachment RJR-1 page 10.

Q. DID THE COMPANY MAKE ANY OTHER CALCULATIONS TO DERIVE THE TOTAL NET INCOME AVAILABLE FOR COMMON EQUITY?

A. Yes. In accordance with the Settlement Agreement, the Company included funds associated with the allowance for funds used during construction in calculating operating income (Section II.F.1).

Q. HOW DID THE COMPANY CALCULATE RATE BASE UNDER THE ESM?

A. As required by the Settlement Agreement, average rate base for the fiscal year ending June 30, 2004 is based on a five-quarter average, as set forth in Attachment RJR-1 at

page 5 (Section II.F.1). In conformity with the Settlement Agreement, the Company excluded environmental response costs and prepaid taxes from rate base. However, the Company included construction work in progress in rate base. The Company computed the working capital allowance pursuant to the method approved in Docket No. 2286 (Attachment RJR-1 at page 6), consistent with the FY2003 ESM calculation. The deferred debits in rate base include Y2K costs, amortized at the rate of $240,000 per year, and exclude costs associated with legacy customer-information systems. As discussed above, the Company excluded Stored Gas Inventory from the Rate Base calculation.

Q. HOW DID THE COMPANY DETERMINE COMMON EQUITY APPLICABLE TO RATE BASE?

A. In accordance with the capital structure set forth in Section II.F.2, the Company multiplied the average rate base, as discussed above, times 43.6 percent to determine common equity applicable to rate base (Attachment RJR-1, at page 5).

Q. PLEASE EXPLAIN THE EARNINGS-SHARING CALCULATION ON ATTACHMENT RJR-1.

A. Attachment RJR-1 at page 1, calculates the earnings to be shared with customers based on the sharing percentages required in the Settlement Agreement. Lines 1 through 3 summarize the calculation of average common equity. Line 5 is the net

income available for common equity and Line 6 is the return on common equity for the period ending June 30, 2004.

Since Line 6 is greater than 11.25 percent, Lines 8 through 10 calculate the after-tax earnings to be shared 50 percent with customers. The after-tax earnings to be shared are $408,362, of which $204,181 will be returned to customers. The amount to be reflected in the DAC should be the pre-tax impact or $314,125 (Line 18), which was calculated by dividing Line 16 by 1 minus the tax rate of 35 percent.

Q. DOES THE COMPANY HAVE ANY COMMENT ON THE BAD-DEBT WRITE-OFFS FOR FY2004?

A. Yes. In FY 2004, bad-debt writeoffs, net of recoveries, totaled $11,530,015 and uncollectible expense amounted to $9,149,630. The Company recognizes that this represents a substantial increase from last year and that the issue of bad-debt writeoffs is an area of continuing focus for the Commission. In this area, the Company is faced with a delicate balance in terms of the need to actively and vigorously pursue debt collection, while trying to avoid increased costs to other customers that results from bad-debt writeoffs. The dynamic that occurs in relation to this balance is that as the Company works to collect amounts that are due (and shuts off accounts that are non-paying), the amount of bad-debt writeoffs increases in tangent. In FY2004, this dynamic was aggravated by the fact that customer gas bills during the winter period 2003-2004 were substantial because of the prolonged periods of extremely cold

weather and relatively high gas prices. Consequently, the Company is actively pursuing the collection of relatively large arrearage amounts from non-paying customers and once those customers are shut off, many do not return as the customer of record causing those relatively large arrearage amounts to go uncollected. Below is a comparison of the Company's shut-off activities to bad-debt writeoffs and uncollectible expense:

Calendar Year		2001	2002	2003
Number of Shut-offs		14,726	5,285	9,544
Bad Debt Write-offs		$10,060,025	$6,368,785	$4,549,413
Uncollectible Expense		$6,309,875	$5,824,686	$7,468,510

To the extent there is a need for further information, the Company will have the responsible individual provide such information.

Q. HAS THE COMPANY REVIEWED ORDER NO. 17971 AND PREPARED AN ADJUSTMENT TO THE INTERIM FY2003 ESM?

A. Yes, following the issuance of the Commission's written Order No. 17971, the Company reviewed and re-calculated the FY2003 ESM results for the purpose of deriving the compliance adjustment resulting from the Commission's order. In doing

so, the Company identified three items that appear to differ in a very minor degree from the total amount noted in the Commission's Order (approximately $5.4 million). These items are as follows:

First, the Order states that a total of $69,000 shall be excluded from Interest Expense because the expense relates to the Company's late payments on sales and property taxes. However, of that amount, $38,306 relates to interest expense on the Conservation Loan Program. Therefore, the Company has excluded only $30,694 (which is interest relating to late payments on sales and property taxes) from the calculation in compliance with the Commission's Order.

Second, the Order notes that the Company testified that it was necessary to increase operating expenses by $58,056 in order to match FY2003 revenues with the environmental amortization expenses incurred in FY2003 (Order at 10). However, there is no explicit reference to this amount in the "Findings" section of the order. Based on the reference to $58,056 in Footnote 36, on page 18, the Company is assuming that this amount is appropriate for inclusion in the ESM and has included this amount in the recalculation.

Lastly, the Company updated the federal income tax calculation to reflect all of the directives set forth in Order No. 17971, which resulted in an increase to federal income tax expense of $35,240. This recalculation was not noted in the Order, but results necessarily from the adjustments set forth in the Order.

The result of these three minor adjustments is a total amount to be returned to customers for FY2003 ESM of $5,288,420, as shown on Attachment RJR-3, at page 1 of 7. This amount is $76,420 more than the interim level reflected in rates and varies by approximately $112,000 from the $5.4 million reference in Order No. 17971 (at page 26).

Q. HAS THE COMPANY COMPLETED ITS FY 2004 FERC FORM No 2?

A. Yes, see Attachment RJR-4.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

NEW ENGLAND GAS COMPANY
EARNINGS SHARING CACULATION
FOR THE TWELVE MONTHS ENDED JUNE 2004

1	Average Rate Base	Rate Base L25	241,200,361	1
2	Equity Component of Rate Base	Capital Structure L8	43.60%	2
3	Average Common Equity	(L1 * L2)	105,163,357	3
4				4
5	Net Income Available for Common Stock	Income Statement L62	12,239,240	5
6	Return on Common Equity	(L3 / L5)	11.64%	6
7				7
8	Return on Equity > 11.25% and <12.25%	(Lesser of 1% or L6 - 11.25%)	0.39%	8
9	Earnings to be Shared	(L3 * L8)	408,362	9
10	Earnings to Customers - 50%	(L9 * 50%)	204,181	10
11				11
12	Return on Equity >12.25 %	(If L6 >12.25%, L6 - 12.25%)	0.00%	12
13	Earnings to be Shared	(L3 * L12)	0	13
14	Earnings to Customers - 75%	(L13 * 75%)	0	14
15				15
16	Total After tax Earnings Credited to Customers	(L10 + L14)	204,181	16
17				17
18	Total Earnings Credited to DAC	(L16 / 65%)	314,125	18

NEW ENGLAND GAS COMPANY
INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED JUNE 2004

		12 MONTHS ENDED JUNE 2004	
1	**OPERATING REVENUES**		1
2			2
3	TOTAL FIRM GAS	$ 368,640,597	3
4	TRANSPORTATION	10,001,374	4
5	OTHER	2,101,339	5
6	COMPANY PORTION NON-FIRM MARGIN	(82,171)	6
7			7
8	TOTAL OPERATING REVENUES	380,661,139	8
9			9
10	ADJUSTMENTS TO OPERATING REVENUES		10
11	ESM FY '03-'04	1,914,647	11
12	UNBILLED REVENUES	1,161,337	12
13	INVENTORY FINANCING	(2,269,055)	13
14	TOTAL ADJUSTED OPERATING REVENUES	381,468,068	14
15			15
16			16
17	**OPERATING EXPENSES**		17
18			18
19	PRODUCTION (GAS COSTS)	230,049,936	19
20	STORAGE	855,554	20
21	DISTRIBUTION	18,516,424	21
22	CUSTOMER ACCOUNTS	18,882,667	22
23	SALES	427,223	23
24	ADMINISTRATIVE & GENERAL	38,202,541	24
25	CORPORATE ALLOCATION	3,196,999	25
26	INCENTIVE RELATED TO EARNINGS	(686,644)	26
27	TOTAL OPERATING EXPENSES	309,444,701	27
28			28
29	ADJUSTMENTS TO OPERATING EXPENSES		29
30			30
31	UNBILLED GAS COSTS	809,416	31
32	SAVINGS IMPUTED IN BASE RATES	2,049,000	32
33			33
34	TOTAL FUNCTIONAL EXP	312,303,117	34
35			35
36	**OTHER EXPENSES**		36
37			37
38	DEPRECIATION & AMORT.	19,729,957	38
39	LOCAL AND OTHER TAXES	10,353,857	39
40	REVENUE RELATED TAXES (GET)	10,588,530	40
41	FEDERAL INCOME TAXES @ 35%	6,835,399	41
42			42
43	TOTAL OTHER EXPENSES	47,507,743	43
44			44
45	**INCOME BEFORE INT EXP**	21,657,208	45
46			46
47			47
48	**INTEREST EXPENSE**		48
49			49
50	SHORT-TERM DEBT	429,140	50
51	LONG-TERM DEBT	8,608,851	51
52	OTHER	152,729	52
53	AFDUC	(227,824)	53
54	TOTAL INTEREST EXPENSE	8,962,895	54
55			55
56			56
57	**NET INCOME (LOSS)**	12,694,313	57
58			58
59	PREFERRED DIVIDENDS	455,073	59
60			60
61	**NET INC (LOSS) APPL TO CMN STK**	$ 12,239,240	61

NEW ENGLAND GAS COMPANY
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED JUNE 2004

1	OPERATING REVENUES	381,468,068	1
2			2
3	LESS :		3
4			4
5	OPERATING EXPENSES	312,303,117	5
6	DEPRECIATION & AMORT.	19,729,957	6
7	LOCAL AND OTHER TAXES	10,353,857	7
8	REVENUE RELATED TAXES (GET)	10,588,530	8
9	SHORT-TERM DEBT	429,140	9
10	LONG-TERM DEBT	8,608,851	10
11	OTHER	152,729	11
12	AFDUC	(227,824)	12
13			13
14	TOTAL DEDUCTIONS	361,938,356	14
15			15
16	TAXABLE INCOME	19,529,712	16
17			17
18	FEDERAL INCOME TAX RATE @35%	35%	18
19			19
20	FEDERAL INCOME TAX EXPENSE	6,835,399	20

NEW ENGLAND GAS COMPANY
APPLICABLE CAPITOL STRUCTURE, INTEREST EXP & PREFERRED DIVIDEND
JUNE 2004

		%	$	
1	RATE BASE		241,200,361	1
2				2
3	**CAPITAL STRUCTURE**			3
4				4
5	SHORT TERM DEBT	8.8%	21,225,632	5
6	LONG TERM DEBT	45.7%	110,228,565	6
7	PREFERRED STOCK	1.9%	4,582,807	7
8	COMMON EQUITY	43.6%	105,163,357	8
9		100.0%	241,200,361	9
10	**INTEREST EXPENSE**			10
11				11
12				12
13	LONG TERM DEBT PORTION	45.7%	110,228,565	13
14				14
15	COST OF LONG TERM DEBT JUNE 2004		7.81%	15
16				16
17	PROFORMA INTEREST FOR THE 12 MONTHS ENDED JUNE 2004		8,608,851	17
18				18
19				19
20				20
21	SHORT TERM DEBT PORTION	8.8%	21,225,632	21
22				22
23	COST OF SHORT TERM DEBT JUNE 2004		2.0218%	23
24				24
25	PROFORMA INTEREST FOR THE 12 MONTHS ENDED JUNE 2004		429,140	25
26				26
27	**PREFERRED STOCK**			27
28				28
29				29
30	PREFERRED STOCK PORTION	1.9%	4,582,807	30
31				31
32	COST OF PREFERRED STOCK JUNE 2004		9.93%	32
33				33
34	PROFORMA PREFERRED STK FOR 12 MONTHS ENDED JUNE 2004		455,073	34

NEW ENGLAND GAS COMPANY
RATE BASE
FIVE QUARTER AVERAGE JUNE 2004

		JUNE 2003	SEPTEMBER 2003	DECEMBER 2003	MARCH 2003	JUNE 2004	AVERAGE JUNE 2004	
1	GAS PLANT IN SERVICE	$ 475,656,701	$ 478,266,045	$ 485,555,429	$ 488,793,092	$ 489,759,235	$ 483,606,100	1
2	ACCUMULATED DEPRECIATION	201,677,093	206,533,050	210,691,348	215,602,469	217,836,008	210,467,994	2
3	LESS : ENVIRONMENTAL EXPENDITURES	10,832,263	10,455,049	10,838,383	10,550,849	10,490,624	10,633,434	3
4								4
5	NET PLANT	263,147,345	261,277,946	264,025,698	262,639,774	261,432,603	262,504,673	5
6								6
7	MATERIALS AND SUPPLIES	1,437,970	1,820,987	1,819,801	1,683,815	1,854,664	1,723,447	7
8	PREPAID EXPENSES EXCLUDING TAXES	1,572,404	1,408,507	945,029	820,800	387,548	1,026,858	8
9	DEFERRED DEBITS	2,820,000	2,760,000	2,700,000	2,640,000	2,580,000	2,700,000	9
10	GAS INVENTORIES	-	-	-	-	-	0	10
11	CASH WORKING CAPITAL	9,536,771	9,536,771	9,536,771	9,536,771	11,106,535	9,850,723	11
12								12
13		15,367,145	15,526,265	15,001,601	14,681,386	15,928,747	15,301,028	13
14								14
15								15
16	ACCUMULATED DEFERRED FIT	30,627,279	30,627,279	30,627,279	30,627,279	33,749,016	31,251,626	16
17	ACCUMULATED DEFERRED ITC	1,848,958	1,797,816	1,746,674	1,695,532	1,644,390	1,746,674	17
18	CUSTOMER DEPOSITS	2,681,730	2,707,507	2,824,042	2,856,226	2,804,951	2,774,891	18
19	INJURY AND DAMAGE RESERVE	659,824	779,888	632,410	1,074,215	1,014,410	832,149	19
20								20
21		35,817,791	35,912,490	35,830,405	36,253,252	39,212,767	36,605,341	21
22								22
23								23
24								24
25	***RATE BASE***	$ 242,696,699	$ 240,891,721	$ 243,196,894	$ 241,067,908	$ 238,148,583	$ 241,200,361	25

NEW ENGLAND GAS COMPANY
CASH WORKING CAPITAL CALCULATION
FOR THE TWELVE MONTHS ENDED

		JUNE 2003	JUNE 2004	
1	GAS COSTS	194,099,908	230,049,936	1
2	OPERATING EXP LESS CORPORATE OH'S	65,628,827	76,197,766	2
3	PAYROLL TAXES	2,815,328	3,082,628	3
4	PROPERTY TAXES	6,463,011	7,334,067	4
5	STATE TAXES OTHER	449,334	(62,838)	5
6	RI GROSS EARNINGS TAX	10,746,928	10,588,530	6
7	FEDERAL TAXES			7
8	TOTAL	280,946,026	327,190,089	8
9				9
10	DAILY CASH REQUIREMENT	769,715	896,411	10
11				11
12	NET LAG	12.39	12.39	12
13				13
14	TOTAL WORKING CAPITAL	9,536,771	11,106,535	14

NEW ENGLAND GAS COMPANY
DETAIL OTHER REVENUE
FOR THE TWELVE MONTHS ENDED JUNE 2004

		AMOUNT	
1	RENT FROM GAS PROPERTY	261,000	1
2	DEFERRED REVENUE - GCC	352,156	2
3	OTHER GAS REVENUE - (TO - CGA)	11,303	3
4	DISPLACEMENT REVENUE	829,836	4
5	OTHER REVENUE MISC TAXABLE	50,992	5
6	OTHER REVENUE MISC NONTAXABLE	1,329	6
7	OTHER REVENUE LATE PYMT	186,009	7
8	INTEREST ON CUST ARREARS	373,795	8
9	INTEREST ON CUST ARREARS - LDCM	34,919	9
10		2,101,339	10

NEW ENGLAND GAS COMPANY
DETAIL OTHER INTEREST EXPENSE
FOR THE TWELVE MONTHS ENDED JUNE 2004

		AMOUNT	
1	INT CONSERVATION FUND (REGULATORY ASSET)	20,060	1
2	INTEREST ON CUSTOMER DEPOSITS	132,669	2
3	TOTAL OTHER INTEREST EXPENSE	152,729	3

NEW ENGLAND GAS COMPANY
DETAIL NON-OPERATING INCOME
TWELVE MONTHS ENDED JUNE 2004

		AMOUNT	
1	MERGER RELATED EXPENSE	198,385	1
2	GROSS EARNINGS TAX - NON-OP	(5,995)	2
3	GAIN / LOSS ON SALE / DISPOSAL	162,310	3
4	RENTAL REVENUES	68,184	4
5	MISC NON-OP INCOME	210,375	5
6	MISC PENALTIES	(40,500)	6
7	DUES AND MEMBERSHIPS	(11,402)	7
8	LOBBYING	(81,500)	8
9	PROMO ADVERTISING	(54,720)	9
10	MISC EXPENSE	(1,845)	10
11	OTHER INTEREST CHARGES	(137,491)	11
12	NON-OPERATING ADVERTISING	(39,637)	12
13	GOODWILL ADVERTISING	(1,757)	13
14	SERVICE CONTRACT REVENUE	1,036,582	14
15	TOTAL NON-OPERATING INCOME	1,300,989	15

NEW ENGLAND GAS COMPANY
CALCULATION OF AVERAGE SHORT-TERM INTEREST
FOR THE YEAR ENDED JUNE 30, 2004

	Month	Average Short-Term Debt Balance	Weighted Cost Rate	Short-Term Interest Expense	
1	Jul-03	249,443,548	2.05%	426,007	1
2	Aug-03	319,177,419	2.12%	564,229	2
3	Sep-03	290,033,333	1.98%	478,651	3
4	Oct-03	152,258,065	2.17%	275,188	4
5	Nov-03	208,000,000	2.00%	345,833	5
6	Dec-03	223,387,097	2.06%	383,382	6
7	Jan-04	200,612,903	2.02%	338,031	7
8	Feb-04	178,448,276	1.84%	273,776	8
9	Mar-04	108,709,677	1.88%	170,472	9
10	Apr-04	28,000,000	1.85%	43,089	10
11	May-04	0	0.00%	0	11
12	Jun-04	200,000	4.19%	699	12
13					13
14		$ 163,189,193		$ 274,946	14
15					15
16	Totals	1,958,270,319	2.0218%	3,299,357	16

New England Gas Company
Rollforward of Accumulated Deferred Income Taxes

		Valley Gas / Bristol Warren	Providence Gas	New England Gas Company	
1	Balance @9/20/00	4,560,838	19,131,144	23,691,982	1
2	FY '01 Y/E Accrual	141,743	819,542	961,285	2
3	Balance @ 6/30/01	4,702,581	19,950,686	24,653,267	3
4	FY '02 Y/E Accrual	287,138	3,133,623	3,420,761	4
5	FY '01 Accrual True-Up		164,510	164,510	5
6	Balance @ 6/30/02	4,989,719	23,248,819	28,238,538	6
7	FY '03 Y/E Accrual			1,980,834	7
8	FY '02 Accrual True-Up			407,907	8
9	Balance @ 6/30/03			30,627,279	9
10	FY '04 Y/E Accrual			2,957,227	10
11	FY '03 Accrual True-Up			164,510	11
12	Balance @ 6/30/04			33,749,016	12

NEW ENGLAND GAS COMPANY
EARNINGS SHARING CACULATION
FOR THE TWELVE MONTHS ENDED JUNE 2003

			ORIGINAL AS FILED 12 MONTHS ENDED JUNE 2003	FINAL DIVISION SUPPLEMENTAL ADJUSTMENTS	DIVISION ADJUSTED 12 MONTHS ENDED JUNE 2003	FINAL COMMISSSION 12 MONTHS ENDED JUNE 2003	
1	Average Rate Base	Rate Base L25	255,088,783	(16,523,945)	238,564,838	238,564,838	1
2	Equity Component of Rate Base	Capital Structure L8	43.60%	43.60%	43.60%	43.60%	2
3	Average Common Equity	(L1 * L2)	111,218,710	(7,204,440)	104,014,270	104,014,270	3
4							4
5	Net Income Available for Common Stock	Income Statement L62	16,767,045	(201,050)	16,565,995	16,631,617	5
6	Return on Common Equity	(L3 / L5)	15.08%		15.93%	15.99%	6
7							7
8	Return on Equity > 11.25% and <12.25%	(Lesser of 1% or L6 - 11.25%)	1.00%		1.00%	1.00%	8
9	Earnings to be Shared	(L3 * L8)	1,112,187	(72,044)	1,040,143	1,040,143	9
10	Earnings to Customers - 50%	(L9 * 50%)	556,094	(36,022)	520,071	520,071	10
11							11
12	Return on Equity >12.25 %	(If L6 >12.25%, L6 - 12.25%)	2.83%		3.68%	3.74%	12
13	Earnings to be Shared	(L3 * L12)	3,142,753	681,494	3,824,247	3,889,869	13
14	Earnings to Customers - 75%	(L13 * 75%)	2,357,065	511,121	2,868,185	2,917,402	14
15							15
16	Total After tax Earnings Credited to Customers	(L10 + L14)	2,913,159	475,099	3,388,256	3,437,473	16
17							17
18	Total Earnings Credited to DAC	(L16 / 65%)	4,481,783	730,921	5,212,702	5,288,420	18

NEW ENGLAND GAS COMPANY
INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED JUNE 2003

	ORIGINAL AS FILED 12 MONTHS ENDED JUNE 2003	FINAL DIVISION SUPPLEMENTAL ADJUSTMENTS	DIVISION ADJUSTED 12 MONTHS ENDED JUNE 2003	FINAL COMMISSION ADJUSTMENTS	FINAL COMMISSION 12 MONTHS ENDED JUNE 2003	
OPERATING REVENUES						
TOTAL FIRM GAS	$ 324,323,353	$ (1,588,000)	$ 322,735,353	$ 33	$ 322,735,386	
TRANSPORTATION	13,153,793		13,153,793		13,153,793	
OTHER	1,617,396		1,617,396		1,617,396	
COMPANY PORTION NON-FIRM MARGIN	(141,288)		(141,288)	(27,214)	(168,502)	
			-		-	
TOTAL OPERATING REVENUES	338,953,254	(1,588,000)	337,365,254	(27,181)	337,338,073	
ADJUSTMENTS TO OPERATING REVENUES						
ERI - 2	5,227,000		5,227,000		5,227,000	
UNBILLED REVENUES	(746,741)		(746,741)		(746,741)	
			-		-	
TOTAL ADJUSTED OPERATING REVENUES	343,433,513	(1,588,000)	341,845,513	(27,181)	341,818,332	
OPERATING EXPENSES						
PRODUCTION (GAS COSTS)	194,534,846		194,534,846		194,534,846	
STORAGE	1,059,213		1,059,213		1,059,213	
DISTRIBUTION	18,092,224		18,092,224		18,092,224	
CUSTOMER ACCOUNTS	14,993,350		14,993,350		14,993,350	
SALES	229,308		229,308		229,308	
ADMIN & GEN	31,997,422	(536,000)	31,461,422	(217,241)	31,244,181	
CORPORATE ALLOCATION	3,751,079		3,751,079		3,751,079	
			-		-	
TOTAL OPERATING EXPENSES	264,657,442	(536,000)	264,121,442	(217,241)	263,904,201	
ADJUSTMENTS TO OPERATING EXPENSES						
UNBILLED GAS COSTS	(434,938)		(434,938)		(434,938)	
SAVINGS IMPUTED IN BASE RATES	2,049,000		2,049,000		2,049,000	
					-	
TOTAL FUNCTIONAL EXP	266,271,504	(536,000)	265,735,504	(217,241)	265,518,263	
OTHER EXPENSES						
DEPRECIATION & AMORT.	20,165,405		20,165,405	58,056	20,223,461	
LOCAL AND OTHER TAXES	9,727,673		9,727,673		9,727,673	
REVENUE RELATED TAXES (GET)	10,746,928		10,746,928		10,746,928	
FEDERAL INCOME TAXES @ 35% (ADJ $20,320)	9,287,557	(124,950)	9,162,607	35,240	9,197,847	
TOTAL OTHER EXPENSES	49,927,563	(124,950)	49,802,613	93,296	49,895,909	
INCOME BEFORE INT EXP	27,234,446	(927,050)	26,307,396	96,764	26,404,160	
INTEREST EXPENSE						
SHORT-TERM DEBT	549,724	(36,000)	513,724	391	514,115	
LONG-TERM DEBT	9,104,552	(590,000)	8,514,552	233	8,514,785	
OTHER	503,744	(69,000)	434,744	30,694	465,438	
AFDUC	(171,896)		(171,896)		(171,896)	
TOTAL INTEREST EXPENSE	9,986,125	(695,000)	9,291,125	31,318	9,322,443	
NET INCOME (LOSS)	17,248,321	(232,050)	17,016,271	65,446	17,081,717	
PREFERRED DIVIDENDS	481,276	(31,000)	450,276	(176)	450,100	
NET INC (LOSS) APPL TO CMN STK	$ 16,767,045	$ (201,050)	$ 16,565,995	$ 65,622	$ 16,631,617	

NEW ENGLAND GAS COMPANY
INCOME STATEMENT RECONCILIATION
FINAL FISCAL 2003 ESM CALCULATION

	INCOME STATEMENT LINE NUMBER	REFERENCE	FINAL COMMISSION AMOUNT	
	OPERATING REVENUE:			
1	LINE 3 - TOTAL FIRM GAS	SCHEDULE DJE-2S, PAGE 2	(1,587,967)	1
2	LINE 6 - NON-FIRM MARGIN	EXHIBIT BRO-1 & REVISED ATTCH PCC-5	(27,214)	2
3			(1,615,181)	3
4				4
5	**OPERATING EXPENSES:**			5
6				6
7	LINE 25 - ADVERTISING	ORDER # 17971	(53,169)	7
8	LINE 25 - CORP INCENTIVE	ORDER # 17972	(244,000)	8
9	LINE 25 - DIVISION INCENTIVE	ORDER # 17973	(173,500)	9
10	LINE 25 - SECURITY	ORDER # 17974	(215,021)	10
11	LINE 25 - LOBBYING	ORDER # 17975	(67,551)	11
12			(753,241)	12
13				13
14	**OTHER EXPENSES:**			14
15				15
16	LINE 39 - ENVIRON AMORT	DIV 2-10 & ATTACH PCC-8 & ORDER # 17971	58,056	16
17	LINE 42 - FIT	ATTACHMENT RJR-1 COMPLIANCE FILING	35,240	17
18			93,296	18
19				19
20	**INTEREST EXPENSE:**			20
21				21
22	LINE 51 - SHORT-TERM DEBT	SCHEDULE DJE-2S PAGE 1	(35,609)	22
23	LINE 52 - LONG-TERM DEBT	SCHEDULE DJE-2S PAGE 1	(589,767)	23
24	LINE 53 - OTHER INTEREST	RR 1-13 CONSERVATION LOAN PROGRAM	(38,306)	24
25			(663,682)	25
26				26
27				27
28	PREFERRED DIVIDENDS	SCHEDULE DJE-2S PAGE 1	(31,176)	28

NEW ENGLAND GAS COMPANY
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED JUNE 2003

		ORIGINAL AS FILED 12 MONTHS ENDED JUNE 2003	FINAL DIVISION SUPPLEMENTAL ADJUSTMENTS	DIVISION ADJUSTED 12 MONTHS ENDED JUNE 2003	FINAL COMMISSION ADJUSTMENTS	FINAL COMMISSION 12 MONTHS ENDED JUNE 2003	
1	OPERATING REVENUES	343,433,513	(1,588,000)	341,845,513	(27,181)	341,818,332	1
2							2
3	LESS :						3
4							4
5	OPERATING EXPENSES	266,271,504	(536,000)	265,735,504	(217,241)	265,518,263	5
6	DEPRECIATION & AMORT.	20,165,405		20,165,405	58,056	20,223,461	6
7	LOCAL AND OTHER TAXES	9,727,673		9,727,673		9,727,673	7
8	REVENUE RELATED TAXES (GET)	10,746,928		10,746,928		10,746,928	8
9	SHORT-TERM DEBT	549,724	(36,000)	513,724	391	514,115	9
10	LONG-TERM DEBT	9,104,552	(590,000)	8,514,552	233	8,514,785	10
11	OTHER	503,744	(69,000)	434,744	30,694	465,438	11
12	AFDUC	(171,896)		(171,896)		(171,896)	12
13							13
14	TOTAL DEDUCTIONS	316,897,635	(1,231,000)	315,666,635	(127,867)	315,538,768	14
15							15
16	TAXABLE INCOME	26,535,878	(357,000)	26,178,878	100,686	26,279,564	16
17							17
18	FEDERAL INCOME TAX RATE @35%	35%	35%	35%	35%	35%	18
19							19
20	FEDERAL INCOME TAX EXPENSE	9,287,557	(124,950)	9,162,607	35,240	9,197,847	20

NEW ENGLAND GAS COMPANY
APPLICABLE CAPITOL STRUCTURE, INTEREST EXP & PREFERRED DIVIDEND
JUNE 2003

		%	ORIGINAL AS FILED 12 MONTHS ENDED JUNE 2003 $	FINAL DIVISION SUPPLEMENTAL ADJUSTMENTS	DIVISION ADJUSTED 12 MONTHS ENDED JUNE 2003	FINAL COMMISSION ADJUSTMENTS	FINAL COMMISSION 12 MONTHS ENDED JUNE 2003	
1	RATE BASE		255,088,783	(16,523,945)	238,564,838	0	238,564,838	1
2								2
3	**CAPITAL STRUCTURE**							3
4								4
5	SHORT TERM DEBT	8.8%	22,447,813	(1,454,107)	20,993,706	0	20,993,706	5
6	LONG TERM DEBT	45.7%	116,575,574	(7,551,443)	109,024,131	0	109,024,131	6
7	PREFERRED STOCK	1.9%	4,846,687	(313,955)	4,532,732	0	4,532,732	7
8	COMMON EQUITY	43.6%	111,218,710	(7,204,440)	104,014,270	0	104,014,270	8
9		100.0%	255,088,783	(16,523,945)	238,564,838	0	238,564,838	9
10	**INTEREST EXPENSE**							10
11								11
12								12
13	LONG TERM DEBT PORTION	45.7%	116,575,574	(7,551,443)	109,024,131	0	109,024,131	13
14								14
15	COST OF LONG TERM DEBT JUNE 2003		7.81%	7.81%	7.81%	7.81%	7.81%	15
16								16
17	PROFORMA INTEREST FOR 12 MONTHS ENDED JUNE 2003		9,104,552	(589,768)	8,514,785	0	8,514,785	17
18								18
19								19
20								20
21	SHORT TERM DEBT PORTION	8.8%	22,447,813	(1,454,107)	20,993,706	0	20,993,706	21
22								22
23	COST OF SHORT TERM DEBT JUNE 2003		2.4489%	2.4489%	2.4489%	2.4489%	2.4489%	23
24								24
25	PROFORMA INTEREST FOR 12 MONTHS ENDED JUNE 2003		549,724	(35,610)	514,115	0	514,115	25
26								26
27	**PREFERRED STOCK**							27
28								28
29								29
30	PREFERRED STOCK PORTION	1.9%	4,846,687	(313,955)	4,532,732	0	4,532,732	30
31								31
32	COST OF LONG TERM DEBT JUNE 2003		9.93%	9.93%	9.93%	9.93%	9.93%	32
33								33
34	PROFORMA INTEREST FOR 12 MONTHS ENDED JUNE 2003		481,276	(31,176)	450,100	0	450,100	34

NEW ENGLAND GAS COMPANY
RATE BASE
ADJUSTED FIVE QUARTER AVERAGE JUNE 2003

	ORIGINAL AS FILED 12 MONTHS ENDED JUNE 2003	FINAL DIVISION SUPPLEMENTAL ADJUSTMENTS	EFFRON ADJUSTED 12 MONTHS ENDED JUNE 2003	FINAL COMMISSION ADJUSTMENTS	COMPANY ADJUSTED 12 MONTHS ENDED JUNE 2003	
1 GAS PLANT IN SERVICE	$ 465,353,788		$ 465,353,788		$ 465,353,788	1
2 ACCUMULATED DEPRECIATION	190,317,661		190,317,661		190,317,661	2
3 LESS : ENVIRONMENTAL EXPENDITURES	13,070,640		13,070,640		13,070,640	3
4						4
5 NET PLANT	261,965,487	-	261,965,487	-	261,965,487	5
6						6
7 MATERIALS AND SUPPLIES	1,497,678		1,497,678		1,497,678	7
8 PREPAID EXPENSES EXCLUDING TAXES	3,191,622	(1,227,512)	1,964,110		1,964,110	8
9 DEFERRED DEBITS	2,940,000		2,940,000		2,940,000	9
10 GAS INVENTORIES	15,296,433	(15,296,433)	0		0	10
11 CASH WORKING CAPITAL	7,759,831		7,759,831		7,759,831	11
12						12
13	30,685,564	(16,523,945)	14,161,619	0	14,161,619	13
14						14
15						15
16 ACCUMULATED DEFERRED FIT	32,316,489		32,316,489		32,316,489	16
17 ACCUMULATED DEFERRED ITC	1,979,543		1,979,543		1,979,543	17
18 CUSTOMER DEPOSITS	2,742,686		2,742,686		2,742,686	18
19 INJURY AND DAMAGE RESERVE	523,550		523,550		523,550	19
20						20
21	37,562,268	-	37,562,268	-	37,562,268	21
22						22
23						23
24						24
25 *RATE BASE*	$ 255,088,783	$ (16,523,945)	$ 238,564,838	$ -	$ 238,564,838	25

NEW ENGLAND GAS COMPANY
CASH WORKING CAPITAL CALCULATION
FOR THE TWELVE MONTHS ENDED

		JUNE 2002	JUNE 2003	
1	GAS COSTS	135,647,076	194,099,908	1
2	OPERATING EXP LESS CORPORATE OH'S	63,344,834	66,371,517	2
3	PAYROLL TAXES	2,689,391	2,815,328	3
4	PROPERTY TAXES	5,986,542	6,463,011	4
5	STATE TAXES OTHER	123,766	449,334	5
6	RI GROSS EARNINGS TAX	7,720,299	10,746,928	6
7	FEDERAL TAXES			7
8	TOTAL	215,511,908	280,946,026	8
9				9
10	DAILY CASH REQUIREMENT	590,444	769,715	10
11				11
12	NET LAG	12.39	12.39	12
13				13
14	TOTAL WORKING CAPITAL	7,315,596	9,536,771	14

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

NEW ENGLAND GAS COMPANY
DOCKET NO. 3548

SUPPLEMENTAL TESTIMONY

OF

PETER C. CZEKANSKI

September 3, 2004

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Peter C. Czekanski. My business address is 100 Weybosset Street, Providence, RI 02903.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THIS DOCKET ?

A. Yes. I previously submitted prefiled testimony on July 30, 2004.

Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?

A. The purpose of this supplemental testimony is to update the proposed Distribution Adjustment Charge ("DAC"). Specifically this testimony will describe updates to the various DAC components that where included in the July 30, 2004 filing as preliminary and to incorporate the Earnings Sharing calculation for the fiscal year ending June 30, 2004.

Q. ARE THERE ANY SCHEDULES ACCOMPANYING YOUR TESTIMONY?

A. Yes. I am sponsoring the following Schedules:

Revised PCC-1	Summary of Distribution Adjustment Charges
Revised PCC-2	Typical Customer Bill Impacts
Revised PCC-3	System Pressure
Revised PCC-7	Reconciliation
PCC-8	Earnings Sharing Calculation

Q. WHAT CHANGED WITH THE SYSTEM PRESSURE CALCULATION?

A. The LNG commodity related costs used in the July 30, 2004 system pressure calculation were based on preliminary cost estimates. These costs are now being updated to correspond with the LNG costs included in the Company's September 1, 2004 Gas Cost Recovery ("GCR") filing in Docket No. 3436. Whereas the preliminary LNG commodity related costs allocated to the DAC were $1,908,365, the final projected costs are $2,004,944. The Revised Schedule PCC-3 shows the calculation of a System Pressure Factor of $0.0056 per therm.

Q. WHAT HAS BEEN REVISED ON THE ATTACHMENT PCC-7?

A. Attachment PCC-7 shows the reconciliation of actual costs and revenues with the previous projections. Whereas actual throughput for the month of July 2004 is now available, Attachment PCC-7 has been updated accordingly on pages 4 and 5. In addition, the interest rate has been updated to reflect the recent changes in the prime interest rate. The net result of these updates does not change the net reconciliation component reflected in the proposed DAC.

Q. HAS THE COMPANY PERFORMED THE EARNINGS SHARING CALCULATION FOR INCLUSION IN THIS TESTIMONY?

A. Yes. As required under the provisions of the Commission approved settlement agreement in Docket No. 3401, an earnings sharing calculation for the fiscal year

ending June 30, 2004 is included in this docket in the testimony of Mr. Robert J. Riccitelli. That calculation shows $314,125 of fiscal year 2004 earnings available for distribution to customers through the DAC plus an incremental $76,420 for fiscal year 2003 based on the Commission Order No.17971. A summary of that calculation is provided on Schedule PCC-8

Q. WHAT IS THE PROPOSED DAC INCORPRATING THESE VARIOUS UPDATES?

A. The proposed DAC is a charge of $0.0021 per therm for firm service customers. These rates represent a net increase of $0.0269 per therm from the currently effective DAC rate. Revised Attachment PCC-1 provides a summary of the various components that underlie the proposed DAC rate.

Q. WHAT IS THE IMPACT OF THE PROPOSED DAC ON CUSTOMERS?

A. The overall impact of the proposed DAC on typical customer bills is an increase of approximately two percent for residential heating customers. A summary of typical customer bill impacts at various levels of consumption and for the various rate classes is shown on Revised Attachment PCC-2.

Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?

A. Yes.

Summary of Distribution Adjustment Charge

($ Per Therm)

Line No.	Description	reference	Factor
1	System Pressure	Revised Attach. PCC3	$0.0056
2	Demand Side Management (DSM)	PCC Testimony	$0.0000
3	Low Income Assistance Programs (LIAP)	PCC Testimony	$0.0000
4	Environmental Response Cost (ERC)	Attach. PCC-4	($0.0018)
5	On-System Margin Credits (MC)	Attach. PCC-5	($0.0007)
6	Weather Normalization (WN)	Attach. PCC-6	($0.0015)
7	Earnings Sharing Mechanism (ESM)	Attach. PCC-8	($0.0011)
8	Reconciliation Factor (R)	Attach. PCC-7	$0.0015
9	Subtotal	sum ([1]:[8])	$0.0020
10	Uncollectible Percentage	Dkt 3401	2.10%
11	DAC adjusted for uncollectible	[9] / (1 - [10])	**$0.0021 per therm**

Bill Impact Analysis:

Current Distribution, GCR and DAC Rates vs. with Proposed DAC

Residential Heating:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference	% Chg	Difference due to: Base Rates	GCR	DAC
776	$1,059	$1,038	$21	2.0%	$0	$0	$21
828	$1,120	$1,098	$22	2.0%	$0	$0	$22
880	$1,181	$1,157	$24	2.0%	$0	$0	$24
932	$1,242	$1,217	$25	2.1%	$0	$0	$25
983	$1,303	$1,276	$26	2.1%	$0	$0	$26
1,035	**$1,363**	**$1,335**	**$28**	**2.1%**	**$0**	**$0**	**$28**
1,087	$1,424	$1,395	$29	2.1%	$0	$0	$29
1,139	$1,484	$1,454	$31	2.1%	$0	$0	$31
1,190	$1,545	$1,513	$32	2.1%	$0	$0	$32
1,242	$1,604	$1,571	$33	2.1%	$0	$0	$33
1,294	$1,664	$1,629	$35	2.1%	$0	$0	$35

Residential Non-Heating:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference	% Chg	Difference due to: Base Rates	GCR	DAC
115	$238	$209	$29	13.7%	$0	$0	$29
122	$248	$217	$31	14.1%	$0	$0	$31
130	$258	$225	$33	14.4%	$0	$0	$33
138	$268	$233	$34	14.8%	$0	$0	$34
145	$278	$241	$36	15.1%	$0	$0	$36
153	**$287**	**$249**	**$38**	**15.4%**	**$0**	**$0**	**$38**
161	$297	$257	$40	15.6%	$0	$0	$40
168	$307	$265	$42	15.9%	$0	$0	$42
176	$317	$273	$44	16.1%	$0	$0	$44
184	$327	$281	$46	16.3%	$0	$0	$46
191	$337	$289	$48	16.6%	$0	$0	$48

Bill Impact Analysis:

Current Distribution, GCR and DAC Rates vs. with Proposed DAC

C & I Small:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference	% Chg	Difference due to: Base Rates	GCR	DAC
932	$1,473	$1,460	$13	0.9%	$0	$0	$13
994	$1,544	$1,531	$14	0.9%	$0	$0	$14
1,056	$1,616	$1,601	$14	0.9%	$0	$0	$14
1,118	$1,687	$1,671	$15	0.9%	$0	$0	$15
1,180	$1,757	$1,741	$16	0.9%	$0	$0	$16
1,242	**$1,828**	**$1,811**	**$17**	**0.9%**	**$0**	**$0**	**$17**
1,304	$1,898	$1,880	$18	1.0%	$0	$0	$18
1,366	$1,967	$1,949	$19	1.0%	$0	$0	$19
1,428	$2,037	$2,017	$20	1.0%	$0	$0	$20
1,490	$2,106	$2,086	$20	1.0%	$0	$0	$20
1,553	$2,176	$2,155	$21	1.0%	$0	$0	$21

C & I Medium:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference	% Chg	Difference due to: Base Rates	GCR	DAC
7,761	$9,001	$8,792	$209	2.4%	$0	$0	$209
8,278	$9,565	$9,342	$222	2.4%	$0	$0	$222
8,796	$10,129	$9,892	$236	2.4%	$0	$0	$236
9,313	$10,693	$10,442	$250	2.4%	$0	$0	$250
9,831	$11,257	$10,993	$264	2.4%	$0	$0	$264
10,348	**$11,821**	**$11,543**	**$278**	**2.4%**	**$0**	**$0**	**$278**
10,865	$12,385	$12,093	$292	2.4%	$0	$0	$292
11,383	$12,949	$12,643	$306	2.4%	$0	$0	$306
11,900	$13,513	$13,193	$320	2.4%	$0	$0	$320
12,418	$14,077	$13,743	$334	2.4%	$0	$0	$334
12,935	$14,641	$14,293	$348	2.4%	$0	$0	$348

Bill Impact Analysis:

Current Distribution, GCR and DAC Rates vs. with Proposed DAC

C & I LLF Large:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference	% Chg	Difference due to: Base Rates	GCR	DAC
50,456	$56,131	$54,776	$1,356	2.5%	$0	$0	$1,356
53,819	$59,802	$58,355	$1,446	2.5%	$0	$0	$1,446
57,183	$63,472	$61,935	$1,537	2.5%	$0	$0	$1,537
60,547	$67,142	$65,515	$1,627	2.5%	$0	$0	$1,627
63,910	$70,812	$69,094	$1,718	2.5%	$0	$0	$1,718
67,274	**$74,482**	**$72,674**	**$1,808**	**2.5%**	**$0**	**$0**	**$1,808**
70,638	$78,152	$76,254	$1,898	2.5%	$0	$0	$1,898
74,001	$81,822	$79,833	$1,989	2.5%	$0	$0	$1,989
77,365	$85,492	$83,413	$2,079	2.5%	$0	$0	$2,079
80,729	$89,162	$86,993	$2,169	2.5%	$0	$0	$2,169
84,093	$92,832	$90,573	$2,260	2.5%	$0	$0	$2,260

C & I HLF Large:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference	% Chg	Difference due to: Base Rates	GCR	DAC
50,456	$51,028	$49,672	$1,356	2.7%	$0	$0	$1,356
53,820	$54,358	$52,911	$1,446	2.7%	$0	$0	$1,446
57,184	$57,687	$56,151	$1,537	2.7%	$0	$0	$1,537
60,548	$61,017	$59,390	$1,627	2.7%	$0	$0	$1,627
63,911	$64,347	$62,630	$1,718	2.7%	$0	$0	$1,718
67,275	**$67,677**	**$65,869**	**$1,808**	**2.7%**	**$0**	**$0**	**$1,808**
70,639	$71,007	$69,108	$1,898	2.7%	$0	$0	$1,898
74,003	$74,337	$72,348	$1,989	2.7%	$0	$0	$1,989
77,366	$77,666	$75,587	$2,079	2.8%	$0	$0	$2,079
80,730	$80,996	$78,827	$2,170	2.8%	$0	$0	$2,170
84,094	$84,326	$82,066	$2,260	2.8%	$0	$0	$2,260

Bill Impact Analysis:

Current Distribution, GCR and DAC Rates vs. with Proposed DAC

C & I LLF Extra-Large:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference	% Chg	Difference due to: Base Rates	GCR	DAC
213,468	$209,157	$203,420	$5,737	2.8%	$0	$0	$5,737
227,699	$222,861	$216,742	$6,119	2.8%	$0	$0	$6,119
241,930	$236,565	$230,063	$6,502	2.8%	$0	$0	$6,502
256,162	$250,269	$243,384	$6,884	2.8%	$0	$0	$6,884
270,393	$263,972	$256,706	$7,267	2.8%	$0	$0	$7,267
284,624	**$277,676**	**$270,027**	**$7,649**	**2.8%**	**$0**	**$0**	**$7,649**
298,855	$291,380	$283,349	$8,031	2.8%	$0	$0	$8,031
313,086	$305,084	$296,670	$8,414	2.8%	$0	$0	$8,414
327,318	$318,788	$309,991	$8,796	2.8%	$0	$0	$8,796
341,549	$332,491	$323,313	$9,179	2.8%	$0	$0	$9,179
355,780	$346,195	$336,634	$9,561	2.8%	$0	$0	$9,561

C & I HLF Extra-Large:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference	% Chg	Difference due to: Base Rates	GCR	DAC
205,969	$190,872	$185,337	$5,535	3.0%	$0	$0	$5,535
219,700	$203,357	$197,452	$5,904	3.0%	$0	$0	$5,904
233,431	$215,841	$209,568	$6,273	3.0%	$0	$0	$6,273
247,163	$228,326	$221,684	$6,642	3.0%	$0	$0	$6,642
260,894	$240,811	$233,800	$7,011	3.0%	$0	$0	$7,011
274,625	**$253,296**	**$245,916**	**$7,380**	**3.0%**	**$0**	**$0**	**$7,380**
288,356	$265,781	$258,031	$7,749	3.0%	$0	$0	$7,749
302,088	$278,265	$270,147	$8,118	3.0%	$0	$0	$8,118
315,819	$290,750	$282,263	$8,487	3.0%	$0	$0	$8,487
329,550	$303,235	$294,379	$8,856	3.0%	$0	$0	$8,856
343,281	$315,720	$306,494	$9,225	3.0%	$0	$0	$9,225

Calculation of System Pressure Factor

	LNG Commodity Related Costs			
	Withdrawal Commodity (Dkt 3436)	Inventory Costs (Dkt 3436)	Demand from GCR (Dkt 3436)	Total
Nov-04	$190,256	$66,671	$283,425	$540,353
Dec-04	$197,996	$67,717	$263,300	$529,012
Jan-05	$4,133,946	$29,625	$263,300	$4,426,870
Feb-05	$157,016	$31,837	$263,300	$452,153
Mar-05	$166,440	$34,271	$263,300	$464,012
Apr-05	$159,969	$36,331	$283,425	$479,725
May-05	$163,147	$40,068	$283,425	$486,640
Jun-05	$155,889	$43,798	$283,425	$483,112
Jul-05	$159,104	$47,723	$283,425	$490,252
Aug-05	$157,445	$51,544	$283,425	$492,414
Sep-05	$150,993	$55,410	$283,425	$489,829
Oct-05	$155,029	$60,154	$283,425	$498,608
Total	$5,947,231	$565,149	$3,320,600	$9,832,980
System Balancing Factor (Dkt 3401)	0.2039	0.2039	0.2039	
GCR Costs allocated to DAC	$1,212,640	$115,234	$677,070	$2,004,944

Firm Thru-put (Dkt 3436) **35,569,425 dth**

System Pressure Factor $0.0564 per dth

System Pressure Factor **$0.0056 per Therm**

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Distribution Adjustment Charge Reconciliation Factor

($ Per Therm)

Line No.	Description	reference	Ending Balance
1	DSM Factor - Base Rates	PCC-7, page 2	($15,778)
2	LIAP Factor - Base Rates	PCC-7, page 2	($94,124)
3	Environmental - Base Rates	PCC-7, page 3	($68,733)
4	System Pressure	PCC-7, page 4	$542,857
5	Environmental - DAC	PCC-7, page 4	$9,024
6	On-System Margin Credits	PCC-7, page 5	$4,146
7	Weather Normalization	PCC-7, page 5	$51,713
8	Earnings Sharing Mechanism	PCC-7, page 5	$60,708
9	Previous Reconciliation Factor	PCC-7, page 5	($2,865)
10	ERI-2 Adjustments	PCC-7, page 3	$44,646
11	Total	sum ([1]:[10])	$531,594
12	Firm Thru-put	Nov 2004 - Oct 2005	35,569,425 dth
13	Reconciliation Factor	[11] / [12]	$0.0149 per dth
14	Reconciliation Factor	[13] / 10	**$0.0015 per therm**

Distribution Adjustment Charge Reconciliation Factor

Base Rate / Fiscal Year Reconciling Components

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	source	Jul-03 31 (actual)	Aug-03 31 (actual)	Sep-03 30 (actual)	Oct-03 31 (actual)	Nov-03 30 (actual)	Dec-03 31 (actual)	Jan-04 31 (actual)	Feb-04 29 (actual)	Mar-04 31 (actual)	Apr-04 30 (actual)	May-04 31 (actual)	Jun-04 30 (actual)	12-mth end Jun 04
DAC FACTORS: $/dth		prorated				prorated								
DSM Factor - Base Rates	Dkt 3401	$0.0087	$0.0087	$0.0087	$0.0087	$0.0087	$0.0087	$0.0087	$0.0087	$0.0087	$0.0087	$0.0087	$0.0087	
LIAP Factor - Base Rates	Dkt 3401	$0.0519	$0.0519	$0.0519	$0.0519	$0.0519	$0.0519	$0.0519	$0.0519	$0.0519	$0.0519	$0.0519	$0.0519	
Environmental - Base Rates	Dkt 3401	$0.0379	$0.0379	$0.0379	$0.0379	$0.0379	$0.0379	$0.0379	$0.0379	$0.0379	$0.0379	$0.0379	$0.0379	
ERI-2 Weather Mitigation (PGC Only)	Dkt 3459	$0.0881	$0.1761	$0.1761	$0.1761	$0.1761	$0.1761	$0.1761	$0.1761	$0.1761	$0.1761	$0.1761	$0.1761	
ERI-2 Non-Firm Margin (PGC Only)	Dkt 3459	($0.0046)	($0.0093)	($0.0093)	($0.0093)	($0.0093)	($0.0093)	($0.0093)	($0.0093)	($0.0093)	($0.0093)	($0.0093)	($0.0093)	
ERI-2 Excess Earnings (PGC Only)	Dkt 3459	($0.1019)	($0.2039)	($0.2039)	($0.2039)	($0.2039)	($0.2039)	($0.2039)	($0.2039)	($0.2039)	($0.2039)	($0.2039)	($0.2039)	
RI Firm through-put (dth)	Classified's	1,045,420	1,052,951	984,327	1,388,293	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548	36,340,913
PGC Firm Thru-put	Classified's	810,350	801,533	760,856	1,068,880	2,095,330	3,106,276	4,404,612	5,255,800	3,469,311	3,126,882	1,548,854	1,099,544	27,548,228
DSM Recon. Adjustment - Base Rates														
DSM Recon. Acct Beg. Bal.		$0	$152	$69	$1,303	$2,531	$1,103	($775)	($5,269)	($15,113)	($11,668)	($15,828)	($15,088)	
Fcst Firm Thru-put		1,062,847	1,043,395	1,126,112	1,528,945	2,471,545	3,858,840	5,353,921	5,771,059	5,148,808	3,616,705	2,211,777	1,346,413	34,540,366
Fcst DSM Collections		$9,247	$9,078	$9,797	$13,302	$21,502	$33,572	$46,579	$50,208	$44,795	$31,465	$19,242	$11,714	$300,501
Actual Firm Thru-put		1,045,420	1,052,951	984,327	1,388,293	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548	36,340,913
Actual DSM Collections		$9,095	$9,161	$8,564	$12,078	$22,933	$35,450	$51,068	$60,036	$41,327	$35,602	$18,476	$12,376	$316,166
Collection Variance		$152	($83)	$1,233	$1,224	($1,431)	($1,878)	($4,489)	($9,828)	$3,468	($4,137)	$766	($662)	($15,665)
Ending Balance		$152	$69	$1,302	$2,527	$1,100	($775)	($5,264)	($15,097)	($11,645)	($15,805)	($15,062)	($15,750)	
Average Balance		$76	$111	$686	$1,915	$1,815	$164	($3,020)	($10,183)	($13,379)	($13,737)	($15,445)	($15,419)	
Fleet Prime Rate less 200 Basis Points		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	
Interest Applied		$0	$0	$1	$3	$3	$0	($5)	($16)	($23)	($23)	($26)	($29)	($113)
DSM End Balance		$152	$69	$1,303	$2,531	$1,103	($775)	($5,269)	($15,113)	($11,668)	($15,828)	($15,088)	($15,778)	
Under/(over) Recovery		$152	($83)	$1,234	$1,227	($1,428)	($1,878)	($4,494)	($9,844)	$3,445	($4,160)	$740	($691)	
LIAP Recon. Adjustment - Base Rates														
LIAP Recon. Acct Beg. Bal.		$0	$906	$411	$7,776	$15,095	$6,581	($4,622)	($31,431)	($90,158)	($69,606)	($94,418)	($90,002)	
Fcst Firm Thru-put		1,062,847	1,043,395	1,126,112	1,528,945	2,471,545	3,858,840	5,353,921	5,771,059	5,148,808	3,616,705	2,211,777	1,346,413	34,540,366
Fcst LIAP Collections		$55,162	$54,152	$58,445	$79,352	$128,273	$200,274	$277,869	$299,518	$267,223	$187,707	$114,791	$69,879	$1,792,645
Actual Firm Thru-put		1,045,420	1,052,951	984,327	1,388,293	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548	36,340,913
Actual LIAP Collections		$54,257	$54,648	$51,087	$72,052	$136,805	$211,478	$304,648	$358,148	$246,536	$212,384	$110,219	$73,830	$1,886,092
Collection Variance		$905	($496)	$7,358	$7,300	($8,532)	($11,204)	($26,779)	($58,630)	$20,687	($24,677)	$4,572	($3,951)	($93,447)
Ending Balance		$905	$410	$7,769	$15,076	$6,563	($4,623)	($31,401)	($90,061)	($69,471)	($94,283)	($89,846)	($93,953)	
Average Balance		$453	$658	$4,090	$11,426	$10,829	$979	($18,011)	($60,746)	($79,814)	($81,945)	($92,132)	($91,978)	
Fleet Prime Rate less 200 Basis Points		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	
Interest Applied		$1	$1	$7	$19	$18	$2	($31)	($97)	($136)	($135)	($156)	($170)	($677)
LIAP End Balance		$906	$411	$7,776	$15,095	$6,581	($4,622)	($31,431)	($90,158)	($69,606)	($94,418)	($90,002)	($94,124)	
Under/(over) Recovery		$906	($495)	$7,365	$7,319	($8,514)	($11,202)	($26,810)	($58,727)	$20,551	($24,812)	$4,416	($4,121)	

Base Rate / Fiscal Year Reconciling Components

C:\Program Files\Common Files\System\Map\1033\NT\		Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	12-mth end Jun 04
		31	31	30	31	30	31	31	29	31	30	31	30	
	source	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	
Environmental Recon. Adjust - Base Rates														
Environmental Recon. Acct Beg. Bal.		$0	$662	$300	$5,679	$11,024	$4,807	($3,373)	($22,951)	($65,836)	($50,828)	($68,948)	($65,723)	
Fcst Firm Thru-put		1,062,847	1,043,395	1,126,112	1,528,945	2,471,545	3,858,840	5,353,921	5,771,059	5,148,808	3,616,705	2,211,777	1,346,413	34,540,366
Fcst Environmental Collections		$40,282	$39,545	$42,680	$57,947	$93,672	$146,250	$202,914	$218,723	$195,140	$137,073	$83,826	$51,029	$1,309,081
Actual Firm Thru-put		1,045,420	1,052,951	984,327	1,388,293	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548	36,340,913
Actual Environemental Collections		$39,621	$39,907	$37,306	$52,616	$99,902	$154,432	$222,469	$261,538	$180,033	$155,094	$80,487	$53,915	$1,377,320
Ending Environemental Balance		$661	$300	$5,674	$11,010	$4,794	($3,375)	($22,928)	($65,766)	($50,729)	($68,849)	($65,609)	($68,609)	($323,424)
Average Balance		$331	$481	$2,987	$8,345	$7,909	$716	($13,151)	($44,358)	($58,283)	($59,839)	($67,278)	($67,166)	
Fleet Prime Rate less 200 Basis Points		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	
Interest Applied		$1	$1	$5	$14	$13	$1	($22)	($70)	($99)	($98)	($114)	($124)	($494)
Environmental End Balance		$662	$300	$5,679	$11,024	$4,807	($3,373)	($22,951)	($65,836)	($50,828)	($68,948)	($65,723)	($68,733)	
		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Under/(over) Recovery		$662	($361)	$5,379	$5,345	($6,217)	($8,181)	($19,577)	($42,885)	$15,008	($18,119)	$3,225	($3,010)	
ERI-2 Adjust. - DAC Wthr Mitigation (PGC Only)														
ERI-2 Wthr Mit. Factor Acct Beg. Bal	Dkt 3459	$4,516,200	$4,452,447	$4,318,716	$4,191,696	$4,010,394	$3,647,633	$3,106,256	$2,335,089	$1,412,360	$803,191	$253,320	($19,281)	
Actual Firm Thru-put	Classified's	810,350	801,533	760,856	1,068,880	2,095,330	3,106,276	4,404,612	5,255,800	3,469,311	3,126,882	1,548,854	1,099,544	27,548,228
Actual ERI-2 Wthr Mit. Collections	Calculation	$71,363	$141,174	$134,010	$188,262	$369,050	$547,108	$775,784	$925,704	$611,050	$550,738	$272,800	$193,663	$4,780,706
Ending ERI-2 Wthr Mit. Balance		$4,444,837	$4,311,273	$4,184,707	$4,003,434	$3,641,344	$3,100,525	$2,330,472	$1,409,385	$801,310	$252,453	($19,479)	($212,943)	
Average Monthly Balance		$4,480,518	$4,381,860	$4,251,712	$4,097,565	$3,825,869	$3,374,079	$2,718,364	$1,872,237	$1,106,835	$527,822	$116,921	($116,112)	
Fleet Prime Rate less 200 Basis Points		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	
Interest Applied		$7,611	$7,443	$6,989	$6,960	$6,289	$5,731	$4,617	$2,975	$1,880	$868	$199	($215)	$51,348
ERI-2 Wthr Mitigation End Balance		$4,452,447	$4,318,716	$4,191,696	$4,010,394	$3,647,633	$3,106,256	$2,335,089	$1,412,360	$803,191	$253,320	($19,281)	($213,158)	
Under/(over) Recovery		($63,753)	($133,731)	($127,020)	($181,302)	($362,761)	($541,377)	($771,167)	($922,729)	($609,170)	($549,870)	($272,601)	($193,877)	
ERI-2 Adjust. - DAC NF Margin (PGC Only)														
ERI-2 NF Margin Factor Acct Beg. Bal	Dkt 3459	($237,789)	($234,434)	($227,395)	($220,710)	($211,168)	($192,076)	($163,582)	($122,995)	($74,430)	($42,369)	($13,429)	$919	
Actual Firm Thru-put	Classified's	810,350	801,533	760,856	1,068,880	2,095,330	3,106,276	4,404,612	5,255,800	3,469,311	3,126,882	1,548,854	1,099,544	27,548,228
Actual ERI-2 NF Margin Collections	Calculation	($3,756)	($7,430)	($7,053)	($9,909)	($19,424)	($28,795)	($40,831)	($48,721)	($32,161)	($28,986)	($14,358)	($10,193)	($251,616)
Ending ERI-2 NF Margin Balance		($234,033)	($227,004)	($220,342)	($210,802)	($191,745)	($163,281)	($122,752)	($74,274)	($42,270)	($13,383)	$929	$11,112	
Average Monthly Balance		($235,911)	($230,719)	($223,869)	($215,756)	($201,456)	($177,678)	($143,167)	($98,634)	($58,350)	($27,876)	($6,250)	$6,015	
Fleet Prime Rate less 200 Basis Points		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	
Interest Applied		($401)	($392)	($368)	($366)	($331)	($302)	($243)	($157)	($99)	($46)	($11)	$11	($2,704)
ERI-2 NF Margin End Balance		($234,434)	($227,395)	($220,710)	($211,168)	($192,076)	($163,582)	($122,995)	($74,430)	($42,369)	($13,429)	$919	$11,123	
Under/(over) Recovery		$3,355	$7,038	$6,685	$9,542	$19,093	$28,493	$40,588	$48,565	$32,061	$28,940	$14,347	$10,204	
ERI-2 Adjust. - DAC Excess Earnings (PGC Only)														
ERI-2 NF Margin Factor Acct Beg. Bal	Dkt 3459	($5,227,000)	($5,153,214)	($4,998,436)	($4,851,424)	($4,641,589)	($4,221,735)	($3,595,154)	($2,702,618)	($1,634,667)	($929,624)	($293,213)	$22,291	
Actual Firm Thru-put	Classified's	810,350	801,533	760,856	1,068,880	2,095,330	3,106,276	4,404,612	5,255,800	3,469,311	3,126,882	1,548,854	1,099,544	27,548,228
Actual ERI-2 EE Collections	Calculation	($82,595)	($163,393)	($155,100)	($217,891)	($427,133)	($633,214)	($897,880)	($1,071,395)	($707,219)	($637,415)	($315,734)	($224,142)	($5,533,111)
Ending ERI-2 EE Margin Balance		($5,144,405)	($4,989,821)	($4,843,335)	($4,633,533)	($4,214,456)	($3,588,520)	($2,697,274)	($1,631,223)	($927,448)	($292,209)	$22,521	$246,433	
Average Monthly Balance		($5,185,703)	($5,071,517)	($4,920,886)	($4,742,479)	($4,428,022)	($3,905,128)	($3,146,214)	($2,166,921)	($1,281,057)	($610,916)	($135,346)	$134,362	
Fleet Prime Rate less 200 Basis Points		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	
Interest Applied		($8,809)	($8,615)	($8,089)	($8,056)	($7,279)	($6,633)	($5,344)	($3,443)	($2,176)	($1,004)	($230)	$248	($59,430)
ERI-2 EE End Balance		($5,153,214)	($4,998,436)	($4,851,424)	($4,641,589)	($4,221,735)	($3,595,154)	($2,702,618)	($1,634,667)	($929,624)	($293,213)	$22,291	$246,682	
Under/(over) Recovery		$73,786	$154,778	$147,011	$209,836	$419,854	$626,581	$892,536	$1,067,951	$705,043	$636,411	$315,504	$224,391	

New England Gas Company
Rhode Island Service Area

Distribution Adjustment Charge Reconciliation Factor

Revised Attachment PCC-7
Docket 3548
September 3, 2004

Non-Base Rate / Fiscal Year Reconciling Components

C:\Program Files\Common Files\System\Mapi\1033\NT\

	source	Nov-03 30 (actual)	Dec-03 31 (actual)	Jan-04 31 (actual)	Feb-04 29 (actual)	Mar-04 31 (actual)	Apr-04 30 (actual)	May-04 31 (actual)	Jun-04 30 (actual)	Jul-04 31 (actual)	Aug-04 31 (forecast)	Sep-04 30 (forecast)	Oct-04 31 (forecast)	12-mth end Oct 04
DAC FACTORS: $/dth		prorated												
System Pressure	Dkt 3548	$0.0411	$0.0496	$0.0496	$0.0496	$0.0496	$0.0496	$0.0496	$0.0496	$0.0496	$0.0496	$0.0496	$0.0496	
DSM - DAC	Dkt 3549	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	
Environmental - DAC	Dkt 3549	($0.0103)	($0.0189)	($0.0189)	($0.0189)	($0.0189)	($0.0189)	($0.0189)	($0.0189)	($0.0189)	($0.0189)	($0.0189)	($0.0189)	
On-System Margin Credits	Dkt 3549	($0.0064)	($0.0127)	($0.0127)	($0.0127)	($0.0127)	($0.0127)	($0.0127)	($0.0127)	($0.0127)	($0.0127)	($0.0127)	($0.0127)	
Weather Normalization	Dkt 3549	($0.0617)	($0.1233)	($0.1233)	($0.1233)	($0.1233)	($0.1233)	($0.1233)	($0.1233)	($0.1233)	($0.1233)	($0.1233)	($0.1233)	
Earnings Sharing Mechanism	Dkt 3549	($0.0747)	($0.1494)	($0.1494)	($0.1494)	($0.1494)	($0.1494)	($0.1494)	($0.1494)	($0.1494)	($0.1494)	($0.1494)	($0.1494)	
Reconciliation Factor	Dkt 3549	$0.0057	$0.0114	$0.0114	$0.0114	$0.0114	$0.0114	$0.0114	$0.0114	$0.0114	$0.0114	$0.0114	$0.0114	
RI Firm through-put (dth)	Classified's	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548	1,101,653	1,109,117	1,178,084	1,619,787	36,878,563
System Pressure Recon Adjust.														
System Pressure Acct Beg. Balance		$129,319	$132,218	$27,775	$824,435	$627,725	$498,517	$384,218	$371,021	$395,656	$439,104	$482,817	$522,794	
Actual Costs		$110,890	$97,528	$1,087,083	$144,413	$105,448	$87,948	$91,496	$94,485	$97,233	$97,748	$97,378	$99,274	$2,210,923
Actual Collections		$108,205	$202,107	$291,147	$342,276	$235,611	$202,972	$105,334	$70,558	$54,642	$55,012	$58,433	$80,341	$1,806,638
Ending Balance		$132,004	$27,640	$823,712	$626,572	$497,561	$383,493	$370,380	$394,948	$438,247	$481,839	$521,762	$541,727	
Average Monthly Balance		$130,661	$79,929	$425,743	$725,503	$562,643	$441,005	$377,299	$382,985	$416,952	$460,472	$502,290	$532,261	
Fleet Prime Rate less 200 Basis Points		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	2.42%	2.50%	2.50%	2.50%	
Interest Applied		$215	$136	$723	$1,153	$956	$725	$641	$708	$857	$978	$1,032	$1,130	$9,253
Sys Pressure End Balance		$132,218	$27,775	$824,435	$627,725	$498,517	$384,218	$371,021	$395,656	$439,104	$482,817	$522,794	$542,857	
Under/(over) Recovery		$2,900	($104,443)	$796,659	($196,710)	($129,208)	($114,299)	($13,197)	$24,635	$43,448	$43,713	$39,977	$20,063	
Environmental Recon. Adjust - DAC														
On-system Credit Acct Beg. Balance	Pricing	($660,242)	($634,155)	($558,154)	($448,067)	($318,251)	($228,937)	($151,907)	($111,994)	($85,290)	($64,622)	($43,775)	($21,576)	
Actual Firm Thru-put	Classified's	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548	1,101,653	1,109,117	1,178,084	1,619,787	36,878,563
Actual On-system Collections	Calculation	($27,150)	($77,012)	($110,941)	($130,424)	($89,779)	($77,342)	($40,138)	($26,886)	($20,821)	($20,962)	($22,266)	($30,614)	($674,336)
Ending On-system Balance		($633,092)	($557,143)	($447,213)	($317,643)	($228,472)	($151,595)	($111,770)	($85,108)	($64,469)	($43,660)	($21,509)	$9,038	
Average Monthly Balance		($646,667)	($595,649)	($502,684)	($382,855)	($273,362)	($190,266)	($131,839)	($98,551)	($74,879)	($54,141)	($32,642)	($6,269)	
Fleet Prime Rate less 200 Basis Points		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	2.42%	2.50%	2.50%	2.50%	
Interest Applied		($1,063)	($1,012)	($854)	($608)	($464)	($313)	($224)	($182)	($154)	($115)	($67)	($13)	($5,070)
On-system Credit End Balance		($634,155)	($558,154)	($448,067)	($318,251)	($228,937)	($151,907)	($111,994)	($85,290)	($64,622)	($43,775)	($21,576)	$9,024	
Under/(over) Recovery		$26,087	($76,001)	($110,087)	($129,816)	($89,315)	($77,029)	($39,914)	($26,704)	($20,667)	($20,847)	($22,199)	($30,601)	
On-system Credits Recon. Adjust. - DAC														
On-system Credit Acct Beg. Balance	Pricing	($444,274)	($428,252)	($377,187)	($303,216)	($215,989)	($155,977)	($104,220)	($77,404)	($59,464)	($45,473)	($31,387)	($16,425)	
Actual Firm Thru-put	Classified's	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548	1,101,653	1,109,117	1,178,084	1,619,787	36,878,563
Actual On-system Collections	Calculation	($16,738)	($51,749)	($74,548)	($87,639)	($60,328)	($51,971)	($26,971)	($18,066)	($13,991)	($14,086)	($14,962)	($20,571)	($451,620)
Ending On-system Balance		($427,536)	($376,503)	($302,639)	($215,577)	($155,661)	($104,006)	($77,249)	($59,337)	($45,473)	($31,387)	($16,425)	$4,146	
Average Monthly Balance		($435,905)	($402,378)	($339,913)	($259,397)	($185,825)	($129,992)	($90,735)	($68,370)	($52,468)	($38,430)	($23,906)	($6,140)	

New England Gas Company
Rhode Island Service Area

Distribution Adjustment Charge Reconciliation Factor

Revised Attachment PCC-7
Docket 3548
September 3, 2004

Non-Base Rate / Fiscal Year Reconciling Components

C:\Program Files\Common Files\System\Msp\1033\NT\

	source	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	12-mth end Oct 04
		30	31	31	29	31	30	31	30	31	31	30	31	
		(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(forecast)	(forecast)	(forecast)	
Fleet Prime Rate less 200 Basis Points		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	0.00%	0.00%	0.00%	0.00%	
Interest Applied		($717)	($683)	($577)	($412)	($316)	($214)	($154)	($126)	$0	$0	$0	$0	($3,200)
On-system Credit End Balance		($428,252)	($377,187)	($303,216)	($215,989)	($155,977)	($104,220)	($77,404)	($59,464)	($45,473)	($31,387)	($16,425)	$4,146	
Under/(over) Recovery		$16,022	$51,066	$73,970	$87,227	$60,012	$51,757	$26,817	$17,940	$13,991	$14,086	$14,962	$20,571	
Weather Normalization - DAC														
WNA Acct Beg. Balance	Pricing	($4,302,000)	($4,146,433)	($3,650,636)	($2,932,463)	($2,085,586)	($1,502,929)	($1,000,419)	($740,047)	($565,853)	($430,019)	($293,265)	($148,007)	
Actual Firm Thru-put	Classified's	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548	1,101,653	1,109,117	1,178,084	1,619,787	36,878,563
Actual WNA Collections	Calculation	($162,505)	($502,414)	($723,759)	($850,861)	($585,702)	($504,565)	($261,850)	($175,400)	($135,834)	($136,754)	($145,258)	($199,720)	($4,384,622)
Ending WNA Balance		($4,139,495)	($3,644,019)	($2,926,876)	($2,081,602)	($1,499,884)	($998,363)	($738,570)	($564,647)	($430,019)	($293,265)	($148,007)	$51,713	
Average Monthly Balance		($4,220,747)	($3,895,226)	($3,288,756)	($2,507,032)	($1,792,735)	($1,250,646)	($869,495)	($652,347)	($497,936)	($361,642)	($220,636)	($48,147)	
Fleet Prime Rate less 200 Basis Points		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	0.00%	0.00%	0.00%	0.00%	
Interest Applied		($6,938)	($6,617)	($5,586)	($3,984)	($3,045)	($2,056)	($1,477)	($1,206)	$0	$0	$0	$0	($30,909)
Weather Normalization End Balance		($4,146,433)	($3,650,636)	($2,932,463)	($2,085,586)	($1,502,929)	($1,000,419)	($740,047)	($565,853)	($430,019)	($293,265)	($148,007)	$51,713	
Under/(over) Recovery		$155,567	$495,798	$718,173	$846,877	$582,657	$502,510	$260,373	$174,194	$135,834	$136,754	$145,258	$199,720	
Earnings Sharings Mechanism - DAC														
ESM Acct Beg. Balance	Pricing	($5,212,000)	($5,023,502)	($4,422,753)	($3,552,557)	($2,526,414)	($1,820,419)	($1,211,538)	($896,049)	($684,981)	($521,546)	($356,682)	($181,173)	
Actual Firm Thru-put	Classified's	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548	1,101,653	1,109,117	1,178,084	1,619,787	36,878,563
Actual ESM Collections	Calculation	($196,904)	($608,765)	($876,964)	($1,030,970)	($709,683)	($611,371)	($317,278)	($212,529)	($164,587)	($165,702)	($176,006)	($241,996)	($5,312,754)
Ending ESM Balance		($5,015,096)	($4,414,737)	($3,545,789)	($2,521,588)	($1,816,731)	($1,209,048)	($894,261)	($683,520)	($520,394)	($355,844)	($180,676)	$60,823	
Average Monthly Balance		($5,113,548)	($4,719,120)	($3,984,271)	($3,037,072)	($2,171,572)	($1,514,734)	($1,052,899)	($789,785)	($602,687)	($438,695)	($268,679)	($60,175)	
Fleet Prime Rate less 200 Basis Points		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	2.25%	2.25%	2.25%	2.25%	
Interest Applied		($8,406)	($8,016)	($6,768)	($4,826)	($3,689)	($2,490)	($1,788)	($1,461)	($1,152)	($838)	($497)	($115)	($40,045)
Earnings Sharing End Balance		($5,023,502)	($4,422,753)	($3,552,557)	($2,526,414)	($1,820,419)	($1,211,538)	($896,049)	($684,981)	($521,546)	($356,682)	($181,173)	$60,708	
Under/(over) Recovery		$188,498	$600,749	$870,196	$1,026,144	$705,994	$608,881	$315,489	$211,068	$163,435	$164,864	$175,509	$241,881	
Reconciliation Factor - DAC														
Recon Factor Acct Beg. Balance	Pricing	$399,433	$385,052	$339,215	$272,818	$194,520	$140,652	$94,194	$70,124	$54,021	$41,554	$28,977	$15,588	
Actual Firm Thru-put	Classified's	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548	1,101,653	1,109,117	1,178,084	1,619,787	36,878,563
Actual Recon Collections	Calculation	$15,025	$46,452	$66,917	$78,668	$54,153	$46,651	$24,210	$16,217	$12,559	$12,644	$13,430	$18,466	$405,391
Ending Recon Balance		$384,408	$338,601	$272,298	$194,149	$140,368	$94,001	$69,984	$53,907	$41,462	$28,910	$15,547	($2,877)	
Average Monthly Balance		$391,921	$361,826	$305,757	$233,483	$167,444	$117,327	$82,089	$62,015	$47,742	$35,232	$22,262	$6,355	
Fleet Prime Rate less 200 Basis Points		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	2.25%	2.25%	2.25%	2.25%	
Interest Applied		$644	$615	$519	$371	$284	$193	$139	$115	$91	$67	$41	$12	$3,093
Earnings Sharing End Balance		$385,052	$339,215	$272,818	$194,520	$140,652	$94,194	$70,124	$54,021	$41,554	$28,977	$15,588	($2,865)	
Under/(over) Recovery		($14,381)	($45,837)	($66,398)	($78,297)	($53,868)	($46,458)	($24,070)	($16,102)	($12,468)	($12,577)	($13,389)	($18,453)	

Fiscal Year 2004 Earnings Sharing Calculation

Line No.		Reference	Calculation	
1	FY04 Earnings Credited to DAC	RJR - Attachment 1	$314,125	
2	FY03 Incremental Earnings Credited to DAC	RJR - Attachment 3	$76,420	
3	Total Earnings Credited to DAC	(1) + (2)	$390,545	
4	Firm Thru-put	Docket 3436	35,569,425	dth
5	Earnings Sharing Factor	(3) / (4)	$0.0110	per dth
6	Earnings Sharing Factor	(5) / 10	**$0.0011**	**per therm**

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division o	_X_ An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Show in columns (i) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Items under $250,000 may be grouped.

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	BALANCE AT END OF YEAR Taxes Accrued (Account 236) (g)	BALANCE AT END OF YEAR Prepaid Taxes Included in Acct. 165) (h)	Line No.
					1
		[1] (1,073,937)	(13,441,547)	1,901,805	2
	36,842		22,839		3
			-		4
			-		5
3,082,628	(3,527,343)		(454,280)		6
7,334,067	(6,985,273)		4,105,424		7
10,588,530	(11,446,352)		(2,433,420)		8
			-		9
			-		10
			-		11
			-		12
			-		13
			-		14
			-		15
(62,838)		59,902	-		16
					17
20,942,387	(21,922,126)	(1,014,035)	(12,200,984)	1,901,805	18

[1] -Reconciliation / Adjustments of Merger related accruals. Balance Sheet only.

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (p)	Line
				1
				2
				3
				4
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				16
				17
			-	18

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (ACCOUNT 242)

1. Describe and report the amount of other current and accrued liabilities at the end of year.

2. Minor items (less than $250,000) may be grouped under appropriate title.

Line No.	Item (a)	Balance at End of Year (b)
1	ACCRUED VACATIONS	3,484,676
2	ACCRUED PAYROILL	224,222
3	DEFERRED & ACCRUED COMP	1,895,035
4	ACCRUED NON-OPERATING MERGER EXPENSE	2,076,030
5	CONTRIBUTIONS IN AID - ADVANCE PAYMENT	831,177
6	CIAC - TELEMETERING DEVICES	54,225
7	DEFERRED & ACCRUED WORK COMP	444,375
8	ACCRUED AUDIT FEES	
9	ACCRUED FAS 106 LIAB S/T	11,949,987
10	ACCRUED PENSION	(603,973)
11	MISC	
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
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43		
44		
45	TOTAL	20,355,754

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Union C	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	A Resubmission		

OTHER DEFERRED CREDITS (ACCOUNT 253)

1. Report below the details called for concerning other deferred credits.
2. For any deferred credits being amortized, show the period of amortization.
3. Minor items (less than $250,000) may be grouped by classes.

Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1						-
2						-
3	DEFERRED DIRECTOR FEES	988,696	431	137,759	118,260	969,197
4	DEFERRED HOUSING PROJECT	4,040	419	17,968	13,928	-
5	ADVANCED PAYMENTS SERVICE CONTRACTS	262,946	488	1,385,746	1,382,988	260,188
6	CONSERVATION FUND	489,879	431	732,212	721,060	478,727
7	DEFERRED PENSION FASB 87	19,922,613	926	9,871,922	6,748,262	16,798,953
8	ACCRUED FAS 109 LIAB	1,802,439	-			1,802,439
9	MISC	620	Various	1,152	6,232	5,700
10						-
11						-
12						-
13						-
14						-
15						-
16						-
17						-
18						-
19						-
20						
21						-
22						-
23						-
24						-
25						-
26						-
27						-
28						-
29						-
30						-
31						-
32						-
33						-
34						-
35						-
36						-
37						-
38						-
39						-
40						-
41						-
42						-
43						-
44						-
45						-
46						-
47		23,471,233		12,146,759	8,990,730	20,315,204

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Rhode Island Location	X An Original ___ A Resubmission	*(Mo, Da, Yr)*	**June 30, 2004**

ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (ACCOUNT 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.

2. For Other, include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282 N/A			
2	Electric			
3	Gas	-		
4	Other (Define)			
5	Total (Enter Total of lines 2 thru 4)			
6	Other (Specify)			
6.01				
6.02				
7	TOTAL Account 282 (Enter Total of lines 5 thru 6.?)			
8	Classification of TOTAL			
9	Federal Income Tax			
10	State Income Tax			
11	Local Income Tax			

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Un	_X_ An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

ACCUMULATED DEFFERED INCOME TAXES-OTHER PROPERTY (ACCOUNT 282) (Continued)

3. Add rows as necessary to report all data. When rows are added, the additional row numbers should follow in sequence, 4.01, 4.02 and 6.01, 6.02, etc. Use separate pages as required.

CHANGES DURING YEAR		ADJUSTMENTS					
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Acct No. (g)	Amount (h)	Acct No. (i)	Amount (j)	Balance at End of Year (k)	Line No.
							1
							2
N/A							3
							4
							5
							6
							6.01
							6.02
							7
							8
							9
							10
							11

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.

2. For Other, include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	Gas (Accelerated Depreciation)	28,202,584		
4	Other (Define) FAS 109	4,259,975		
5	Total (Total of lines 2 thru 4)	32,462,559		
6	Other (Specify)			
6.01	Miscellaneous	(146,070)		
6.02				
7	TOTAL Account 283 (Total of lines 5 thru 6.?)	32,316,489	-	-
8	Classification of TOTAL			
9	Federal Income Tax			
10	State Income Tax			
11	Local Income Tax			

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Un	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	A Resubmission		

ACCUMULATED DEFFERED INCOME TAXES-OTHER (ACCOUNT 283) (Continued)

3. Provide in a footnote explanations for pages 276 and 277. Include amounts relating to insignificant items listed under Other.

4. Add additonal rows as necessary to report all data. When rows are added, the additional row numbers should follow in sequence, 4.01, 4.02, and 6.01, 6.02, etc. Use seperate pages as required.

CHANGES DURING YEAR		ADJUSTMENTS					
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account No. (g)	Amount (h)	Account No. (i)	Amount (j)	Balance at End of Year (k)	Line No.
							1
							2
					5,546,432	33,749,016	3
						4,259,975	4
			5,546,432			26,916,127	5
						-	6
						(146,070)	6.01
						-	6.02
		-	5,546,432	-	5,546,432	32,316,489	7
							8
						-	9
						-	10
							11

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Unio	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

OTHER REGULATORY LIABILITIES (ACCOUNT 254)

1. Report below the details called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).

2. For regulatory liabilities being amortized, show period of amortization in column (a).

3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than $250,000, whichever is less) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Year (b)	DEBITS Account Credited (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Year (f)
1						
2	ACCRUED ENVIRONMENTAL EXPENSE	1,189,804	405	164,898	4,429	1,029,335
3	LIABILITY & DAMAGE RESERVE	659,824	925	788,966	1,143,552	1,014,410
4	DSM REBATE PROGRAM	1,408,123	480	701,200	300,000	1,006,923
5	WEATHERIZATION PROGRAM	(50,000)	480	200,000	200,000	(50,000)
6	DEFERRED REVENUE NON-FIRM MARGIN	637,789	480	1,162,361	1,003,497	478,925
7	DEFERRED REVENUE WEATHER MITIGATION	(214,200)	480	796,427	2,384,224	1,373,597
8	DEFERRED REVENUE GCC	(8,704,116)	480	24,919,126	30,362,733	(3,260,509)
9	DEFERRED REVENUE OVER/UNDER EARNINGS	9,132,152	480	11,931,968	3,761,585	961,769
10	DEFERRED REVENUE DISTRIB ADJ CLAUSE	(408,158)	480	1,386,528	1,470,132	(324,554)
11	DEFERRED REVENUE RECONCILAITION FACTOR	-	480	399,593	345,584	(54,009)
12	DEFERRED REVENUE ENVIRONMENTAL DAC	-	480	574,004	661,542	87,538
13						
14						
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44						
45	TOTAL	3,651,218		43,025,071	41,637,278	2,263,425

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Union Co	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

GAS OPERATING REVENUES

1. Report below natural gas operating revenues for each prescribed account total. The amounts must be consistent with the detailed data on succeeding pages.
2. Revenues in columns (b) and (c) include transition costs from upstream pipelines.
3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e). Include in columns (f) and (g) revenues for Accounts 480-495.

Line No.	Title of Account (a)	REVENUES for Transition Costs and Take-or-Pay		REVENUES for GRI and ACA	
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1	480-484 Sales				
2	485 Intracompany Transfers	-	-	-	-
3	487 Forfeited Discounts	-	-	-	-
4	488 Miscellaneous Service Revenues	-	-	-	-
5	489.1 Revenues from Transportation of Gas of Others Through Gathering Facilities	-		-	-
6	489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities	-		-	-
7	489.3 Revenues from Transportation of Gas of Others Through Distribution Facilities	-	-	-	-
8	489.4 Revenues from Storing Gas of Others	-	-	-	-
9	490 Sales of Prod. Ext. from Natural Gas	-	-	-	-
10	491 Revenues form Natural Gas Proc. by Others	-	-	-	-
11	492 Incidental Gasoline and Oil Sales	-	-	-	-
12	493 Rent from Gas Property	-	-	-	-
13	494 Interdepartmental Rents	-	-	-	-
14	495 Other Gas Revenues	-	-	-	-
15	Subtotal:	-	-	-	-
16	496 (Less) Provision for Rate Refunds	-	-	-	-
17	TOTAL:	0	0	-	-

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Union Co	X An Original	(Mo, Da, Yr)	**June 30, 2004**
Rhode Island Location	A Resubmission		

GAS OPERATING REVENUES (Continued)

4. If increases or decreases form previous year are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. On Page 108, include information on major changes during the year, new service, and important rate increases or decreases.
6. Report the revenues from transportation services that are bundled with storage services as transportation service revenue.

	OTHER REVENUES		TOTAL OPERATING REVENUES		MCF OF NATURAL GAS	
Line No.		Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amounts for Current Year (j)	Amount for Previous Year (k)
1	368,640,597	320,418,201	368,640,597	320,418,201	29,938,582	29,580,963
2	-	-	-	-		
3			-	-		
4			-	-		
5				-		
6			-	-		
7	10,001,374	13,153,793	10,001,374	13,153,793	7,717,113	9,059,634
8	-	-	-	-	-	-
9	-	-	-	-		
10	-	-	-	-		
11	-	-	-	-		
12	261,000	261,200	261,000	261,200		
13			-	-		
14	892,131	1,012,294	892,131	1,012,294		
15	379,795,102	334,845,488	379,795,102	334,845,488		
16	-	-	-	-		
17	379,795,102	334,845,488	379,795,102	334,845,488		
	-	-	-	-		

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Union C	_X_ An Original	*(Mo, Da, Yr)*	**June. 30, 2004**
Rhode Island Location	___ A Resubmission		

REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH GATHERING FACILITIES (ACCOUNT 489.1)

1. Report revenues and Dth of gas delivered through gathering facilities by zone of receipt (i.e. state in which gas enters respondent's system).

2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.

Line No.	Rate Schedule and Zone of Receipt	REVENUES for Transition Costs and Take-or-Pay		REVENUES for GRI and ACA	
		Amount for Current Year	Amount for Previous Year	Amount for Current Year	Amount for Previous Year
	(a)	(b)	(c)	(d)	(e)
1	N/A	-		-	-
2		-	-	-	-
3		-	-	-	-
4					
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Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Union Co	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH GATHERING FACILITIES (Continued)

3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e).

4. Delivered Dth of gas must not be adjusted for discounting.

OTHER REVENUES		TOTAL OPERATING REVENUES		MCF OF NATURAL GAS		
Amount for Current Year	Amount for Previous Year	Amount for Current Year	Amount for Previous Year	Amount for Current Year	Amount for Previous Year	Line No.
(f)	(g)	(h)	(i)	(j)	(k)	
N/A						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
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Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Union Co	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH TRANSMISSION FACILITIES (ACCOUNT 489.2)

1. Report revenues and Dth of gas delivered by Zone of Delivery by Rate Schedule. Total by Zone of Delivery and for all zones. If respondent does not have separate zones, provide totals by rate schedule.
2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.
3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges for transportation and hub services, less revenues reflected in columns (b) through (e).

Line No.	Zone of Delivery, Rate Schedule	REVENUES for Transition Costs and Take-or-Pay		REVENUES for GRI and ACA	
		Amount for Current Year	Amount for Previous Year	Amount for Current Year	Amount for Previous Year
	(a)	(b)	(c)	(d)	(e)
1					
2	N/A				
3					
4					
5					
6					
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Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Union Co	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH TRANSMISSION FACILITIES (Continued)

4. Delivered Dth of gas must not be adjusted for discounting.
5. Each incremental rate schedule and each individually certificated rate schedule must be separately reported.
6. Where transportation services are bundled with storage services, report total revenues but only transportation Dth.

OTHER REVENUES		TOTAL OPERATING REVENUES		MCF OF NATURAL GAS		Line No.
Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)	
N/A						1
						2
						3
						4
						5
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Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Union Co	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

REVENUES FROM STORING GAS OF OTHERS (ACCOUNT 489.4)

1. Report revenues and Dth of gas withdrawn from storage by Rate Schedule and in total.
2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.
3. Other Revenues in columns (f) and (g) include reservation charges, deliverability charges, injection and withdrawal charges, less revenues reflected in columns (b) through (e).

Line No.	Rate Schedule	REVENUES for Transition Cost and Take-or-Pay		REVENUES for GRI and ACA	
		Amount for Current Year	Amount for Previous Year	Amount for Current Year	Amount for Previous Year
	(a)	(b)	(c)	(d)	(e)
1	N/A				
2					
3					
4					
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Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Union Co	X An Original	(Mo, Da, Yr)	June 30, 2004
Rhode Island Location	___ A Resubmission		

REVENUES FROM STORING GAS OF OTHERS (ACCOUNT 489.4) (Continued)

4. Dth of gas withdrawn from storage must not be adjusted for discounting.

5. Where transportation services are bundled with storage services, report only Dth withdrawn from storage.

OTHER REVENUES		TOTAL OPERATING REVENUES		DEKATHERM OF NATURAL GAS		
Amount for Current Year	Amount for Previous Year	Amount for Current Year	Amount for Previous Year	Amount for Current Year	Amount for Previous Year	Line No.
(f)	(g)	(h)	(i)	(j)	(k)	
N/A						1
						2
						3
						4
						5
						6
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Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Union Co	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

OTHER GAS REVENUES (ACCOUNT 495)

1. For transactions with annual revenues of $250,000 or more, describe, for each transaction, commissions on sales of distributions of gas of others, compensation for minor or incidental services provided for others, penalties, profit or loss on sales of material and supplies, sales of steam, water, or electricity, miscellaneous royalties, revenues from dehydration, other processing of gas of others, and gains on settlements of imbalance receivables. Separately report revenues from cash-out penalties.

Line No.	Description of Transaction (a)	Revenues (in dollars) (b)
1		
2		
3	OTHER REVENUE - DISPLACEMENT REVENUE	829,836
4	OTHER REVENUE - CELL TOWER RENTAL	50,992
5	OTHER REVENUE - LATE PYMT	0
6	OTHER REVENUE - CGA	11,303
7		
8		
9		
10		
11		
12		
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24		
25	TOTAL	892,131

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Souther	**X** An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

GAS OPERATION AND MAINTENANCE EXPENSES

1. Report operation ad maintenance expenses. If the amount for previous year is not derived from previously reported figures, explain in footnote.

2. Provide in footnotes the source of the index used to determine the price for gas supplied by shippers as reflected on line 74.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	Manufactured Gas Production (*Submit Supplemental Statement Page 317a)*	529,334	978,513
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation		
7	750 Operation Supervision and Engineering		
8	751 Production Maps and Records		
9	752 Gas Well Expenses		
10	753 Field Lines Expenses		
11	754 Field Compressor Station Expenses		
12	755 Field Compressor Station Fuel and Power		
13	756 Field Measuring and Regulating Station Expenses		
14	757 Purification Expenses		
15	758 Gas Well Royalties		
16	759 Other Expenses		
17	760 Rents		
18	TOTAL Operation (Total of lines 7 thru 17)	-	-
19	Maintenance		
20	761 Maintenance Supervision and Engineering		
21	762 Maintenance of Structures and Improvements		
22	763 Maintenance of Producing Gas Wells		
23	764 Maintenance of Field Lines		
24	765 Maintenance of Field Compressor Station Equipment		
25	766 Maintenance of Field Measuring and Regulating Station Equipment		
26	767 Maintenance of Purification Equipment		
27	768 Maintenance of Drilling and Cleaning Equipment		
28	769 Maintenance of Other Equipment		
29	TOTAL Maintenance (Total of lines 20 thru 28)	-	-
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	-	-

NEW ENGLAND GAS COMPANY
MANUFACTURED GAS PRODUCTION
SUPPLEMENTAL STATEMENT

	FERC ACCOUNT	DESCRIPTION	AMOUNT CURRENT YEAR	AMOUNT PREVIOUS YEAR	
1	717	Liquid Petroleum Gas Expense	122,607	160,379	1
2	728	Liquid Petroleum Gas	404,275	755,558	2
3	735	Miscellaneous Production Expense	0	9,146	3
4	741	Maintenance of Structures & Improvements	1,152	6,422	4
5	742	Maintenance of Production Equipment	1,300	47,008	5
6		Total	529,334	978,513	6

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Unior	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
31	B2. Products Extraction		
32	Operation		
33	770 Operation Supervision and Engineering		
34	771 Operation Labor		
35	772 Gas Shrinkage		
36	773 Fuel		
37	774 Power		
38	775 Materials		
39	776 Operation Supplies and Expenses		
40	777 Gas Processed by Others		
41	778 Royalties on Products Extracted		
42	779 Marketing Expenses		
43	780 Products Purchased for Resale		
44	781 Variation in Products Inventory		
45	*(Less)* 782 Extracted Products Used by the Utility - Credit		
46	783 Rents		
47	TOTAL Operation (Total of lines 33 thru 46)	-	-
48	Maintenance		
49	784 Maintenance Supervision and Engineering		
50	785 Maintenance of Structures and Improvements		
51	786 Maintenance of Extraction and Refining Equipment		
52	787 Maintenance of Pipe Lines		
53	788 Maintenance of Extracted Products Storage Equipment		
54	789 Maintenance of Compressor Equipment		
55	790 Maintenance of Gas Measuring and Regulating Equipment		
56	791 Maintenance of Other Equipment		
57	TOTAL Maintenance (Total of lines 49 thru 56)	-	-
58	TOTAL Products Extraction (Total of lines 47 and 57)	-	-

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of S	_X_ An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
59	C. Exploration and Development		
60	Operation		
61	795 Delay Rentals		
62	796 Nonproductive Well Drilling		
63	797 Abandoned Leases		
64	798 Other Exploration		
65	TOTAL Exploration and Development (Total of lines 61 thru 64)	-	-
66	D. Other Gas Supply Expenses		
67	Operation		
68	800 Natural Gas Well Head Purchases		
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers		
70	801 Natural Gas Field Line Purchases		
71	802 Natural Gas Gasoline Plant Outlet Purchases		
72	803 Natural Gas Transmission Line Purchases		
73	804 Natural Gas City Gate Purchases	229,384,843	204,406,035
74	804.1 Liquefied Natural Gas Purchases		
75	805 Other Gas Purchases		
76	*(Less)* 805.1 Purchased Gas Cost Adjustments	4,554,018	(7,128,721)
77	TOTAL Purchased Gas (Total of lines 68 thru 76)	233,938,861	197,277,314
78	806 Exchange Gas		
79	Purchased Gas Expenses		
80	807.1 Well Expense - Purchased Gas		
81	807.2 Operation of Purchased Gas Measuring Stations		
82	807.3 Maintenance of Purchased Gas Measuring Stations		
83	807.4 Purchased Gas Calculations Expenses		
84	807.5 Other Purchased Gas Expenses		
85	TOTAL Purchased Gas Expenses (Total of lines 80 thru 84)	-	-

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of S	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
86	808.1 Gas Withdrawn from Storage - Debit		
87	*(Less)* 808.2 Gas Delivered to Storage - Credit		
88	809.1 Withdrawals of Liquefied Natural Gas for Processing - Debit		
89	*(Less)* 809.2 Deliveries of Natural Gas for Processing - Credit		
90	Gas Used in Utility Operations - Credit		
91	810 Gas Used for Compressor Station Fuel - Credit		
92	811 Gas Used for Products Extraction - Credit		
93	812 Gas Used for Other Utility Operations - Credit	(713,455)	(367,321)
94	TOTAL Gas Used in Utility Operations - Credit (Total of lines 91 thru 93)	(713,455)	(367,321)
95	813 Other Gas Supply Expenses	(3,704,804)	(3,130,676)
96	TOTAL Other Gas Supply Exp. (Total of lines 77, 78, 85, 86 thru 89, 94,95)	229,520,602	193,779,317
97	TOTAL Production Expenses (Total of lines 3, 30, 58, 65, and 96)	230,049,936	194,757,830
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
99	A. Underground Storage Expense		
100	Operation		
101	814 Operation Supervision and Engineering		
102	815 Maps and Records		
103	816 Wells Expenses		
104	817 Lines Expenses		
105	818 Compressor Station Expenses		
106	819 Compressor Station Fuel and Power		
107	820 Measuring and Regulating Station Expenses		
108	821 Purification Expenses		
109	822 Exploration and Development		
110	823 Gas Losses		
111	824 Other Expenses		
112	825 Storage Well Royalties		
113	826 Rents		
114	TOTAL Operation (Total of lines 101 thru 113)	-	-

Name of Respondent	This Report Is:	Date of Report	Year Ending
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Rhode Island Location	___ A Resubmission		

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
115	Maintenance		
116	830 Maintenance Supervision and Engineering		
117	831 Maintenance of Structures and Improvements		
118	832 Maintenance of Reservoirs and Wells		
119	833 Maintenance of Lines		
120	834 Maintenance of Compressor Station Equipment		
121	835 Maintenance of Measuring and Regulating Station Equipment		
122	836 Maintenance of Purification Equipment		
123	837 Maintenance of Other Equipment		
124	TOTAL Maintenance (Total of lines 116 thru 123)	-	-
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	-	-
126	B. Other Storage Expenses		
127	Operation		
128	840 Operation Supervision and Engineering		
129	841 Operation Labor and Expenses	683,961	722,213
130	842 Rents	20,540	16,120
131	842.1 Fuel	24,180	23,835
132	842.2 Power	-	9,452
133	842.3 Gas Losses		-
134	TOTAL Operation (Total of lines 128 thru 133)	728,681	771,620
135	Maintenance		
136	843.1 Maintenance Supervision and Engineering		
137	843.2 Maintenance of Structures and Improvements		
138	843.3 Maintenance of Gas Holders		
139	843.4 Maintenance of Purification Equipment		
140	843.5 Maintenance of Liquefaction Equipment		
141	843.6 Maintenance of Vaporizing Equipment		
142	843.7 Maintenance of Compressor Equipment		
143	843.8 Maintenance of Measuring and Regulating Equipment		
144	843.9 Maintenance of Other Equipment		
145	TOTAL Maintenance (Total of lines 136 thru 144)	-	-
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)	728,681	771,620

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of S	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
147	C. Liquefied Natural Gas Terminaling and Processing Expenses		
148	Operation		
149	844.1 Operation Supervision and Engineering		
150	844.2 LNG Processing Terminal Labor and Expenses	51,705	64,637
151	844.3 Liquefaction Processing Labor and Expenses		
152	844.4 Liquefaction Transportation Labor and Expenses		
153	844.5 Measuring and Regulating Labor and Expenses		
154	844.6 Compressor Station Labor and Expenses		
155	844.7 Communication System Expenses		
156	844.8 System Control and Load Dispatching		
157	845.1 Fuel		
158	845.2 Power		
159	845.3 Rents		
160	845.4 Demurrage Charges		
161	*(Less)* 845.5 Wharfage Receipts - Credit		
162	845.6 Processing Liquefied or Vaporized Gas by Others		
163	846.1 Gas Losses		
164	846.2 Other Expenses		
165	TOTAL Operation (Total of lines 149 thru 164)	51,705	64,637
166	Maintenance		
167	847.1 Maintenance Supervision and Engineering		
168	847.2 Maintenance of Structures and Improvements		
169	847.3 Maintenance of LNG Processing Terminal Equipment	47,533	46,093
170	847.4 Maintenance of LNG Transportation Equipment		
171	847.5 Maintenance of Measuring and Regulating Equipment	981	8,131
172	847.6 Maintenance of Compressor Station Equipment		
173	847.7 Maintenance of Communication Equipment		
174	847.8 Maintenance of Other Equipment	26,654	39,988
175	TOTAL Maintenance (Total of lines 167 thru 174)	75,168	94,212
176	TOTAL Liquefied Nat Gas Terminaling and Proc Exp (Total of lines 165 and 175)	126,873	158,849
177	TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)	855,554	930,469

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of S	**X** An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
178	3. TRANSMISSION EXPENSES		
179	Operation		
180	850 Operation Supervision and Engineering		
181	851 System Control and Load Dispatching		
182	852 Communication System Expenses		
183	853 Compressor Station Labor and Expenses		
184	854 Gas for Compressor Station Fuel		
185	855 Other Fuel and Power for Compressor Stations		
186	856 Mains Expenses		
187	857 Measuring and Regulating Station Expenses		
188	858 Transmission and Compression of Gas by Others		
189	859 Other Expenses		
190	860 Rents		
191	TOTAL Operation (Total of lines 180 thru 190)	-	-
192	Maintenance		
193	861 Maintenance Supervision and Engineering		
194	862 Maintenance of Structures and Improvements		
195	863 Maintenance of Mains		
196	864 Maintenance of Compressor Station Equipment		
197	865 Maintenance of Measuring and Regulating Station Equipment		
198	866 Maintenance of Communication Equipment		
199	867 Maintenance of Other Equipment		
200	TOTAL Maintenance (Total of lines 193 thru 199)	-	-
201	TOTAL Transmission Expenses (Total of lines 191 and 200)	-	-
202	4. DISTRIBUTION EXPENSES		
203	Operation		
204	870 Operation Supervision and Engineering	1,302,816	905,407
205	871 Distribution Load Dispatching	1,019,655	1,837,343
206	872 Compressor Station Labor and Expenses	-	(1,166)
207	873 Compressor Station Fuel and Power	85,231	77,525

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of	_X_ An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)		Amount for Current Year (b)	Amount for Previous Year (c)
208	874	Mains and Services Expenses	3,384,806	3,132,115
209	875	Measuring and Regulating Station Expenses - General	59,036	136,837
210	876	Measuring and Regulating Station Expenses - Industrial	-	
211	877	Measuring and Regulating Station Expenses - City Gas Check Station	46,573	33,081
212	878	Meter and House Regulator Expenses	1,715,880	1,738,730
213	879	Customer Installations Expenses	2,914,318	2,368,956
214	880	Other Expenses	2,543,322	2,531,674
215	881	Rents	(2,990)	19,437
216		TOTAL Operation (Total of lines 204 thru 215)	13,068,647	12,779,939
217	Maintenance			
218	885	Maintenance Supervision and Engineering	10,643	253,873
219	886	Maintenance of Structures and Improvements	545,839	451,929
220	887	Maintenance of Mains	3,012,540	2,844,843
221	888	Maintenance of Compressor Station Equipment		
222	889	Maintenance of Measuring and Regulating Station Equipment - General	295,224	298,920
223	890	Maintenance of Meas. and Reg. Station Equipment - Industrial		
224	891	Maintenance of Meas. and Reg. Station Equip. - City Gate Check Station	78,336	118,955
225	892	Maintenance of Services	426,351	515,967
226	893	Maintenance of Meters and House Regulators	953,794	575,682
227	894	Maintenance of Other Equipment	125,050	157,875
228		TOTAL Maintenance (Total of lines 218 thru 227)	5,447,777	5,218,044
229		TOTAL Distribution Expenses (Total of lines 216 and 228)	18,516,424	17,997,983
230		5. CUSTOMER ACCOUNTS EXPENSES		
231	Operation			
232	901	Supervision		
233	902	Meter Reading Expenses	1,083,650	990,883
234	903	Customer Records and Collection Expenses	7,205,243	7,086,518

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
235	904 Uncollectible Accounts	9,149,630	5,362,050
236	905 Miscellaneous Customer Accounts Expenses	1,070,978	840,921
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)	18,509,501	14,280,372
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
239	Operation		
240	907 Supervision		
241	908 Customer Assistance Expenses		
242	909 Information and Instructional Expenses		
243	910 Miscellaneous Customer Service and Informational Expenses	373,166	712,978
244	TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243)	373,166	712,978
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision	83,445	146,556
248	912 Demonstrating and Selling Expenses	201,895	82,752
249	913 Advertising Expenses		
250	916 Miscellaneous Sales Expenses	141,883	103,630
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	427,223	332,938
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Adminstrative and General Salaries	11,066,365	9,034,506
255	921 Office Supplies and Expenses	3,161,409	3,409,062
256	*(Less)* 922 Administrative Expenses Transferred - Credit	(4,315,830)	(4,350,928)
257	923 Outside Services Employed	1,478,522	3,160,640
258	924 Property Insurance	1,676,754	932,961
259	925 Injuries and Damages	2,495,938	1,382,827
260	926 Employee Pensions and Benefits	17,425,261	12,763,577
261	927 Franchise Requirements		
262	928 Regulatory Commission Expenses	1,645,199	1,567,959
263	*(Less)* 929 Duplicate Charges - Credit		
264	930.1 General Advertising Expenses	1,757	(39,577)
265	930.2 Miscellaneous General Expenses	2,967,264	2,880,112
266	931 Rents	(37,588)	254,133
267	932 Maintenance of General Plant	387,725	515,807
268	TOTAL Operation (Total of lines 254 thru 267)	37,952,776	31,511,079
269			
270	935 Maintenance of General Plant		
271	TOTAL Administrative and General Expenses (Total of lines 267 and 269)	37,952,776	31,511,079
272	TOTAL Gas O&M Expenses (Total of lines 97, 177, 201, 229, 237, 244, 251, and 270)	306,684,580	260,523,649

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Union Co	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

EXCHANGE AND IMBALANCE TRANSACTIONS

1. Report below details by zone and rate schedule concerning the gas quantities and related dollar amounts of imbalance associated with system balancing and no-notice service. Also, report certificated natural gas exchange transactions during the year. Provide subtotals for imbalance and no-notice quantities for exchanges.

If respondent does not have separate zones, provide totals by rate schedule. Minor exchange transactions (less than 100,000 Dth) may be grouped.

Line No.	Zone/Rate Schedule	Gas Received From Others		Gas Delivered to Others	
		Amount	Mcf	Amount	Mcf
	(a)	(b)	(c)	(d)	(e)
1	N/A				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25	TOTAL	-	-	-	-

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Union	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

GAS USED IN UTILITY OPERATIONS

1. Report below details of credits during the year to Accounts 810, 811, and 812.

2. If any natural gas was used by the respondent for which a charge was not made to the appropriate operating expense or other account, list separately in column (c) the Dth of gas used, omitting entries in column (d).

Line No.	Purpose for Which Gas Was Used	Account Charged	Natural Gas		Manufactured Gas	
			Gas Used (Mcf)	Amount of Credit (in dollars)	Gas Used (Dth)	Amount of Credit
	(a)	(b)	(c)	(d)	(e)	(f)
1	810 Gas Used for Compressor Station Fuel - Credit					
2	811 Gas Used for Products Extraction - Credit					
3	Gas Shrinkage and Other Usage in Respondent's Own Processing					
4	Gas Shrinkage, etc. for Respondent's Gas Processed by Others					
5	812 Gas Used for Other Utility Operations - Credit (Report separately for each principal use. Group minor uses.)	Various	110,643	713,455		
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25	TOTAL		110,643	713,455	-	-

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Union Co Rhode Island Location	X An Original A Resubmission	(Mo, Da, Yr)	June 30, 2004

TRANSMISSION AND COMPRESSION OF GAS BY OTHERS (ACCOUNT 858)

1. Report below details concerning gas transported or compressed for respondent by others equaling more than 1,000,000 Dth and amounts of payments for such services during the year. Minor items (less than 1,000,000) Dth may be grouped. Also, include in column (c) amounts paid as transition costs to an upstream pipeline.

2. In column (a) give name of companies, points of delivery and receipt of gas. Designate points of delivery and receipt so that they can be identified readily on a map of respondent's pipeline system.

3. Designate associated companies with an asterisk in column (b).

Line No.	Name of Company and Description of Service Performed (a)	* (b)	Amount of Payment (in dollars) (c)	Dth of Gas Delivered (d)
1				
2	N/A			
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25		TOTAL		

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Union Co	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

OTHER GAS SUPPLY EXPENSES (ACCOUNT 813)

1. Report other gas supply expenses by descriptive titles that clearly indicate the nature of such expenses. Show maintenance expenses, revaluation of monthly encroachments recorded in Account 117.4, and losses on settlements of imbalances and gas losses not associated with storage separately. Indicate the functional classification and purpose of property to which any expenses relate. List separately items of $250,000 or more.

Line No.	Description (a)	Amount (in dollars) (b)
1		
2	Marketer and Capacity Release	(3,704,804)
3		-
4		-
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25	TOTAL	(3,704,804)

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Union Co	**X** An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

MISCELLANEOUS GENERAL EXPENSES (ACCOUNT 930.2)

1. Provide the information requested below on miscellaneous general expenses.

2. For Other Expenses, show the (a) purpose, (b) recipient and (c) amount of such items. List separately amounts of $250,000 or more however, amounts less than $250,000 may be grouped if the number of items of so grouped is shown.

Line No.	Description (a)	Amount (in dollars) (b)
1	Industry association dues.	-
2	Experimental and general research expenses. a. Gas Research Institute (GRI) b. Other	
3	Publishing and distributing information and reports to stockholders, trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent	
4	Other expenses	192,187
5	Other Miscellaneous General Expenses (no items > $250,000)	
6		
7	DSM Rebate	316,276
8	Low Income Assistance Expense	1,686,751
9	Weatherization Program Expense	200,000
10	Amortization Integration Expenses	572,050
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25	Total	2,967,264

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Union	_X_ An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (ACCOUNTS 403, 404.1, 404.2, 404.3, 405)
(Except Amortization of Acquisition Adjustments)

1. Report in Section A the amounts of depreciation expense, depletion, and amortization for the accounts indicated and classified according to the plant functional groups shown.

2. Report in Section B, column (b) all depreciable or amortizable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate in a footnote the manner in which column (b) balances are

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (c)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (d)
1	Intangible plant	11,617		
2	Production plant, manufactured gas	659,973		
3	Production and gathering plant, natural gas			
4	Environmental			
5	Products extraction plant			
6	Underground gas storage plant			
7	Other storage plant			
8	Base load LNG terminaling and processing plant			
9	Transmission plant			
10	Distribution plant	14,844,137		
11	General plant	1,401,079		
12	Common plant - gas			
13	TOTAL	16,916,806	-	-

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Divisi	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (ACCOUNTS 403, 404.1, 404.2, 404.3, 405)
(Except Amortization of Acquisition Adjustments) (Continued)

obtained. If average balances are used, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine depreciation charges, show in a footnote any revisions made to estimated gas reserves.

3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state in footnote the amounts and nature of the provisions and the plant items to which related.

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Amortization of Other Limited-term Gas Plant (Account 404.3) (e)	Amortization of Other Gas Plant (Account 405) (f)	Total (b to f) (g)	Functional Classification (a)	Line No.
2,018,710		2,030,327	Intangible plant	1
		659,973	Production plant, manufactured gas	2
		-	Production and gathering plant, natural gas	3
	794,441	794,441	Environmental	4
		-	Products extraction plant	5
		-	Underground gas storage plant	6
		-	Other storage plant	7
		-	Base load LNG terminaling and processing plant	8
		-	Transmission plant	9
		14,844,137	Distribution plant	10
		1,401,079	General plant	11
-	-	-	Common plant - gas	12
2,018,710	794,441	19,729,957	TOTAL	13

DEPRECIATION, DEPLETION AND AMORTIZATION OF GAS PLANT
June 30, 2004

Account Number	Depreciable Plant Base		Applied Depreciation Rates (Percent)	
Intangible Plant				
302	188,054			
303	3,848,882			
303	1,047,447		33.30	STL
303	2,602,090		20.00	STL
303	2,514,847		10.00	STL
303	566,861		7.20	
303	12,709,031		5.56	STL
303	9,991,374		4.43	STL
Total	33,468,586	1		
Production Plant				
304	196,998		0.00	
305	1,248,775		5.16	
307	44,560		4.59	
311	1,439,480		2.19	
320	53,082		5.89	
360	236,939		0.00	
361	2,132,034		6.12	
362	4,081,046		3.80	
363	6,186,133		4.40	
Total	15,619,047	2		
Distribution Plant				
3740	630,121		0.00	
3750	8,795,227		2.99	
3760	193,325,973		2.17	
3770	1,005,629		4.72	
3780	3,807,553		3.55	
3790	6,049,121		2.53	
3800	123,349,162		6.47	
3810	33,543,565		4.98	
3820	32,048,545		4.59	
3830	478,676		5.53	
3840	614,703		3.41	
3850	317,554		4.07	
3860	410,532		3.63	
3870	493,584		3.42	
Total	404,869,945	3		
General Plant				
3890	532,236		0.00	
3900	11,489,279		2.33	
3910	2,895,146		1.67	
3911	5,695,509		20.00	STL
3920	370,901		20.00	STL
3921	140,686		5.76	
3930	57,199		2.01	
3940	2,289,230		2.54	
3950	143,292		3.47	
3960	120,795		0.00	
3970	2,102,095		3.57	
3971	832,832		20.00	STL
3980	2,495,420		1.40	
3990	5,897,479		20.00	STL
Total	35,062,099	4		
Grand Total	489,019,677			
	0			

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Souther	X An Original	(Mo, Da, Yr)	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts.

(a) *Miscellaneous Amortization* (Account 425) - Describe the nature of items included in this account, the contra account charged, the total of amortizations charges for the year, and the period of amortization.

(b) *Miscellaneous Income Deductions* - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, *Donations;* 426.2, *Life Insurance* ; 426.3, *Penalties* ; 426.4, *Expenditures for Certain Civic , Political and Related Activities* ; and 426.5, *Other Deducitons,* of the Uniform System of Accounts.

Amounts of less than $250,000 may be grouped by classes within the above accounts.

(c) *Interest on Debt to Associated Companies (* Account 430) - For each associated company that incurred interest on debt during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) *Other Interest Expense* (Account 431) - Report details including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1		
2		
3		
4		
5	426 Miscellaneous Income Deductions	
7	Penalties	40,500
8	Dues & Memberships	11,401
9	Lobbying	81,500
10	Donations	289,402
11	Advertising	60,070
12		
13	Miscellaneous	7,843
14	Total Account 426	490,716
15		-
16		
17		
18	431 Other Interest Expense	
19	Interest D&O	118,260
20	Customers deposits	132,669
21	Property Tax	8,021
22	Conservation Fund / Other	31,269
23		
24		
26	Total Account 431	290,219
27		-
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of South Rhode Island Location	X An Original ___ A Resubmission	*(Mo, Da, Yr)*	**June 30, 2004**

REGULATORY COMMISSION EXPENSES (Account 928)

1. Report below details of regulatory commission expenses incurred during the current year (or in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.

2. In column (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

Line No.	Description *(Furnish name of regulatory commission or body, the docket number, and a description of the case.)* (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses to Date (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	RIPUC Assessment	881,944	881,946	881,946	
2	Outside Legal and Consulting		511,381	511,381	
3	Other		8,615	8,615	
4	RI Rate Case amortization		182,475	182,475	961,376
5	RI Division & Commission		60,782	60,782	
6				-	
7				-	
8				-	
9				-	
10				-	
11				-	
12				-	
13				-	
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25	Sub-Total	881,944	1,645,199	1,645,199	961,376

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern U	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to *Utility Departments, Construction, Plant Removals, and Other Accounts,* and enter such amounts in the appropriate lines and columns provided.

In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used. When reporting detail of other accounts, enter as many rows as necessary numbered sequentially starting with 74.01, 74.02, etc.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	-	-	-
4	Transmission	-	-	-
5	Distribution	-	-	-
6	Customer Accounts	-	-	-
7	Customer Service and Informational	-	-	-
8	Sales	-	-	-
9	Administrative and General	-	-	-
10	TOTAL Operation (Total of lines 3 thru 9)	-	-	-
11	Maintenance			
12	Production	-	-	
13	Transmission	-	-	-
14	Distribution	-	-	-
15	Administrative and General	-	-	-
16	TOTAL Maintenance (Total of lines 12 thru 15)	-	-	-
17	Total Operation and Maintanence			
18	Production (Total of lines 3 and 12)	-	-	-
19	Transmission (Total of lines 4 and 13)	-	-	-
20	Distribution (Total of lines 5 and 14)	-	-	-
21	Customer Accounts (line 6)	-	-	-
22	Customer Service and Informational (line 7)	-	-	-
23	Sales (line 8)	-	-	-
24	Administrative and General (Total of lines 9 and 15)	-	-	-
25	TOTAL Operation and Maintenance (Total of lines 18 thru 24)	-	-	-
26	Gas			
27	Operation			
28	Production - Manufactured Gas	87,211		87,211
29	Production - Natural Gas (Including Exploration and Development)			-
30	Other Gas Supply	541,804		541,804
31	Storage, LNG Terminaling and Processing			-
32	Transmission			-
33	Distribution	10,158,414		10,158,414
34	Customer Accounts	5,158,346		5,158,346
35	Customer Service and Informational	362,816		362,816
36	Sales	127,005		127,005
37	Administrative and General	12,358,280		12,358,280
38	TOTAL Operation (Total of lines 28 thru 37)	28,793,876	-	28,793,876
39	Maintenance			
40	Production - Manufactured Gas		-	-
41	Production - Natural Gas (Including Exploration and Development)		-	-
42	Other Gas Supply	68,551	-	68,551
43	Storage, LNG Terminaling and Processing		-	-
44	Transmission		-	-
45	Distribution	6,336,473		6,336,473
46	Administrative and General			-
47	TOTAL Maint. (Total of lines 40 thru 46)	6,405,024	-	6,405,024

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Uni	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
48	Gas (Continued)			
49	Total Operation and Maintanence			
50	Production - Manufactured Gas (Total of lines 28 and 40)	87,211	-	87,211
51	Production - Natural Gas (Including Expl. and Dev.)(lines 29 and 41)	-	-	-
52	Other Gas Supply (Total of lines 30 and 42)	610,355	-	610,355
53	Storage, LNG Terminaling and Processing (Total of lines 31 and 43)	-	-	-
54	Transmission (Total of lines 32 and 44)	-	-	-
55	Distribution (Total of lines 33 and 45)	16,494,887	-	16,494,887
56	Customer Accounts (Total of line 34)	5,158,346	-	5,158,346
57	Customer Service and Informational (Total of line 35)	362,816	-	362,816
58	Sales (Total of line 36)	127,005	-	127,005
59	Administrative and General (Total of lines 37 and 46)	12,358,280	-	12,358,280
60	Other Utility Departments			
61	Operation and Maintenance			
62	TOTAL ALL Utility Dept. (Total of lines 25, 59, and 61)	12,358,280	-	12,358,280
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant			
66	Gas Plant	4,119,670		4,119,670
67	Other			
68	TOTAL Construction (Total of lines 65 thru 67)	4,119,670	-	4,119,670
69	Plant Removal (By Utility Department)			
70	Electric Plant			
71	Gas Plant	449,400		449,400
72	Other			-
73	TOTAL Plant Removal (Total of lines 70 thru 72)	449,400	-	449,400
74	Other Accounts (Specify):			
74.01	163 Stores Expense		389,983	389,983
74.02	184.1 Fleet		562,028	562,028
74.03	416 Non-Utility Merchandising & Jobbing	1,658		1,658
74.04	426.5 Non-Operating Expenses	243,510		243,510
74.05				-
74.06				-
74.07				-
74.08				-
74.09				-
74.10				-
74.11				-
74.12				-
74.13				-
74.14				-
74.15				-
75	TOTAL Other Accounts	245,168	952,011	1,197,179
76	TOTAL SALARIES AND WAGES	40,013,138	952,011	40,965,149

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern	_X_ An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered for the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than $250,000, including payments for legislative services, except those which should be reported in Account 426.4 *Expenditures for Certain Civic, Political and Related Activities*.

(a) Name of person or organization rendering services.

(b) Total charges for the year.

2. Designate associated companies with an asterisk in column (b).

Line No.	Description (a)	* (b)	Amount (in dollars) (c)
1			
2	ADLER POLLOCK & SHEEHAN		1,536,311
3	LANTHROP & GAGE		
4	DOCUMENT TECHNOLOGIES INC		1,700,408
5	KEEGAN, WERLIN & PABIAN, LLP		373,821
6			
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38			
39			3,610,540

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Sou	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

COMPRESSOR STATIONS

1. Report below details concerning compressor stations. Use the following subheadings: field compressor stations, products extraction compressor stations, underground storage compressor stations, transmission compressor stations, distribution compressor stations, and other compressor stations.

2. For column (a), indicate the production areas where such stations are used. Group relatively small field compressor stations by production areas. Show the number of stations grouped. Identify any station held under a title other than full ownership. State in a footnote the name of owner or co-owner, the nature of respondent's title, and percent of ownership if jointly owned.

Line No.	Name of Station and Location (a)	Number of Units at Station (b)	Certificated Horsepower for Each Station (c)	Plant Cost (d)
1				
2	N/A			
3				
4				
5				
6				
7				
8				
9				
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Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Union	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

COMPRESSOR STATIONS (Continued)

Designate any station that was not operated during the past year. State in a footnote whether the book cost of such station has been retired in the books of account, or what disposition of the station and its book cost are contemplated. Designate any compressor units in transmission compressor stations installed and put into operation during the year and show in a footnote each unit's size.

and the date the unit was placed in operation.

3. For column (e), include the type of fuel or power, if other than natural gas. If two types of fuel or power are used, show separate entries for natural gas and the other fuel or power.

Expenses (Except depreciation and taxes)			Operation Data			Line No.
Fuel or Power	Other	Gas for Compressor Fuel in Dth	Total Compressor Hours of Operation During Year	Number of Compressors Operated at Time of Station Peak	Date of Station Peak	
(e)	(f)	(g)	(h)	(i)	(j)	
N/A						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
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						24
						25

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of S	**X** An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	___ A Resubmission		

GAS STORAGE PROJECTS

1. Report injections and withdrawals of gas for all storage projects used by respondent.

Line No.	Item (a)	Gas Belonging to Respondent (Dth) (b)	Gas Belonging to Others (Dth) (c)	Total Amount (Dth) (d)
	STORAGE OPERATIONS (in Dth)			
1	Gas Delivered to Storage			
2	July-03	712,314		
3	August-03	705,716		
4	September-03	621,768		
5	October-03	444,435		
6	November-03	88,910		
7	December-03	58,828		
8	January-04	0		
9	February-04	84,431		
10	March-04	10,152		
11	April-04	343,432		
12	May-04	306,497		
13	June-04	295,453		
14	TOTAL (Total of lines 2 thru 13)	3,671,936		
15	Gas Withdrawn from Storage			
16	July-03	0		
17	August-03	0		
18	September-03	0		
19	October-03	(195,154)		
20	November-03	(147,100)		
21	December-03	(343,126)		
22	January-04	(1,252,762)		
23	February-04	(795,622)		
24	March-04	(705,161)		
25	April-04	(15,612)		
26	May-04	(554)		
27	June-04	(33,665)		
28	TOTAL (Total of lines 16 thru 27)	(3,488,756)		

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southe	X An Original	(Mo, Da, Yr)	June 30, 2004
Rhode Island Location	___ A Resubmission		

GAS STORAGE PROJECTS (Continued)

1. On line 4, enter the total storage capacity certificated by FERC.

2. Report total amount in Dth or other unit, as applicable on lines 2, 3, 4, 7. If quantity is converted from Mcf to Dth, provide conversion factor in a footnote.

Line No.	Item (a)	Total Amount (b)
	STORAGE OPERATIONS	
1	Top or Working Gas End of Year N/A	
2	Cushion Gas (Including Native Gas)	
3	Total Gas in Reservoir (Total of line 1 and 2)	
4	Certificated Storage Capacity	
5	Number of Injection - Withdrawal Wells	
6	Number of Observation Wells	
7	Maximum Days' Withdrawal from Storage	
8	Date of Maximum Days' Withdrawal	
9	LNG Terminal Companies (in Dth)	
10	Number of Tanks	
11	Capacity of Tanks	
12	LNG Volume	
13	Received at "Ship Rail"	
14	Transferred to Tanks	
15	Withdrawn from Tanks	
16	"Boil Off" Vaporization Loss	

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Rhode Island Location	X An Original ___ A Resubmission	*(Mo, Da, Yr)*	**June 30, 2004**

TRANSMISSION LINES

1. Report below, by state, the total miles of transmission lines of each transmission system operated by respondent at end of year.
2. Report separately any lines held under a title other than full ownership. Designate such lines with an asterisk, in column (b) and in a footnote state the name of owner, or co-owner, nature of respondent's title, and percent ownership if jointly owned.
3. Report separately any line that was not operated during the past year. Enter in a footnote the details and state whether the book cost of such a line, or any portion thereof, has been retried in the books of account, or what disposition of the line and its book costs are contemplated.
4. Report the number of miles of pipe to one decimal point.

Line No.	Designation (Identification) of Line or Group of Lines (a)	* (b)	Total Miles of Pipe (c)
1			
2	N/A		
3			
4			
5			
6			
7			
8			
9			
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Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of Southern Rhode Island Location	X An Original ___ A Resubmission	*(Mo, Da, Yr)*	**June 30, 2004**

TRANSMISSION SYSTEM PEAK DELIVERIES

1. Report below the total transmission system deliveries of gas (in Dth), excluding deliveries to storage, for the period of system peak deliveries indicated below, during the 12 months embracing the heating season overlapping the year's end for which this report is submitted. The season's peak normally will be reached before the due date of this report, April 30, which permits inclusion of peak information required on this page. Add rows as necessary to report all date. Number additional rows 6.01, 6.02, etc.

Line No.	Description	Mcf of Gas Delivered to Interstate Pipelines (b)	Mcf of Gas Delivered to Others (c)	Total (b) + (c) (d)
	SECTION A: SINGLE DAY PEAK DELIVERIES			
1	**Date: 0 1-15-04**			
2	Volumes of Gas Transported			
3	No-Notice Transportation			
4	Other Firm Transportation		266,754	
5	Interruptible Transportation			
6	Other (Describe)			
6.01				
7	TOTAL			
8	Volumes of gas Withdrawn form Storage under Storage Contracts			
9	No-Notice Storage			
10	Other Firm Storage		37,400	
11	Interruptible Storage			
12	Other (Describe)			
12.01				
13	TOTAL			
14	Other Operational Activities			
15	Gas Withdrawn from Storage for System Operations			
16	Reduction in Line Pack			
17	Other (Describe)			
18	TOTAL			
19	SECTION B: CONSECUTIVE THREE-DAY PEAK DELIVERIES			
20	Dates: **01-14-04 - 01-16-04**			
21	Volumes of Gas Transported			
22	No-Notice Transportation			
23	Other Firm Transportation		730,915	
24	Interruptible Transportation			
25	Other (Describe)			
25.01				
26	TOTAL			
27	Volumes of Gas Withdrawn from Storage under Storage Contracts			
28	No-Notice Storage			
29	Other Firm Storage		120,585	
30	Interruptible Storage			
31	Other (Describe)			
31.01				
32	TOTAL			
33	Other Operational Activities			
34	Gas Withdrawn from Storage for System Operations			
35	Reduction in Line Pack			
36	Other (Describe)			
37	TOTAL			

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division o	X An Original	(Mo, Da, Yr)	June 30, 2004
Rhode Island Location	___ A Resubmission		

AUXILIARY PEAKING FACILITIES

1. Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc.
2. For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted. For other facilities, report the rated maximum daily delivery capacities.
3. For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominant use, unless the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts.

Line No.	Location of Facility (a)	Type of Facility (b)	Maximum Daily Delivery Capacity of Facility Dth (c)	Cost of Facility (in dollars) (d)	Was Facility Operated on Day of Highest Transmission Peak Delivery? Yes (e)	No (f)
1						
2	N/A					
3						
4						
5						
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Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A Division of So	X An Original	*(Mo, Da, Yr)*	**June 30, 2004**
Rhode Island Location	A Resubmission		

GAS ACCOUNT - NATURAL GAS

1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent
2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3. Enter in column (c) the Dth as reported in the schedules indicated for the items of receipts and deliveries.
4. Indicate in a footnote report the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.
5. If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose. Use copies of pages 520.
6. Also indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities that the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline and, (3) the gathering line quantities that were not destined for interstate market or which were not transported through any interstate portion of the reporting pipeline.
7. Also indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year and which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities.
8. Also indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional rows as necessary to report all data, numbered 14.01, 14.02, etc.

01 NAME OF SYSTEM

Line No.	Item (a)	Ref. Page No. (b)	Amount of Mcf (c)
2	GAS RECEIVED		
3	Gas Purchases (Accounts 800-805)		27,370,246
4	Gas of Others Received for Gathering (Account 489.1)	303	-
5	Gas of Others Received for Transmission (Account 489.2)	305	-
6	Gas of Others Received for Distribution (Account 489.3)	301	7,855,608
7	Gas of Others Received for Contract Storage (Account 489.4)	307	
8	Exchanged Gas Received from Others (Account 806)	328	
9	Gas Received as Imbalances (Account 806)	328	-
10	Receipts of Respondent's Gas Transported by Others (Account 858)	332	-
11	Other Gas Withdrawn from Storage (Explain) 3,488,756 Dth / 1.029 Page 512 Line 28		3,390,433
12	Gas Received from Shippers as Compressor Station Fuel		
13	Gas Received from Shippers as Lost and Unaccounted for		
14	Other Receipts (Specify)		
15	Total Receipts (Total of lines 3 thru 14.?)		38,616,287
16	GAS DELIVERED		
17	Gas Sales (Account 480-484)	301	29,938,582
18	Deliveries of Gas Gathered for Others (Account 489.1)	303	-
19	Deliveries of Gas Transported for Others (Account 489.2)	305	-
20	Deliveries of Gas Distributed for Others (Account 489.3)	301	7,717,113
21	Deliveries of Contract Storage Gas (Account 489.4)	307	
22	Exchanged Gas Delivered to Others (Account 806) Manchester Street	328	8,746
23	Gas Delivered as Imbalances (Account 806)	328	-
24	Deliveries of Gas to Others for Transportation (Account 858)	332	
25	Other Gas Delivered to Storage (Explain)		
26	Gas Used for Compressor Station Fuel - Company Use	509	110,643
27	Other Deliveries (Specify)		
28	Total Deliveries (Total of lines 17 thru 27.?)		37,775,084
29	GAS UNACCOUNTED FOR		
30	Production System Losses		
31	Gathering System Losses		
32	Transmission System Losses		
33	Distribution System Losses		841,203
34	Storage System Losses		
35	Other Losses (Specify)-Imbalances		
36	Total Unaccounted For (Total of lines 30 thru 35)		841,203
37	Total Deliveries & Unaccounted For (Total of lines 28 and 36)		38,616,287

2.18%

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