

Narragansett Electric

A **National Grid** Company



Terry L. Schwennesen
General Counsel

November 18, 2003

BY HAND DELIVERY & ELECTRONIC MAIL

Ms. Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: Narragansett Electric Company – Annual Rate Reconciliation Filing

Dear Ms. Massaro:

Enclosed on behalf of The Narragansett Electric Company (“Narragansett” or “Company”) are ten copies the Company’s annual filing reconciling its tariff adjustment provisions through September 2003, estimating its 2004 expenses and revenues under these provisions, and proposing rate changes effective for consumption on and after January 1, 2004.

As set forth in the attached testimony and exhibits, the Company is reconciling its actual revenues and expenses for the 12 months ending September 30, 2003 under its Non-bypassable Transition Adjustment Charge Provision, its Standard Offer Adjustment Provision and its Transmission Service Cost Adjustment Provision. The Company has also estimated its 2004 annual expenses and revenues under these three provisions. As a result, the Company is proposing to decrease its Transition Charge for 2004 from the present level of 0.944¢ per kWh to 0.855¢ per kWh. The Company is proposing to increase its Transmission Adjustment Factor for 2004 from 0.063¢ per kWh to 0.080¢ per kWh. Finally, the Company is proposing to increase its Standard Offer charge for 2004 from 5.5¢ per kWh to 5.9¢ per kWh.

The rate changes presented by this filing would increase the total bill of a typical residential customer consuming 500 kWh by \$1.70 per month or 2.9 percent. This change is proposed to become effective for customer usage on and after January 1, 2004.

Thank you for your attention to this matter. Please contact me if you have any questions concerning this filing.

Very truly yours,

Terry L. Schwennesen

Enclosures

c: Steve Scialabba
Paul Roberti
Dr. John Stutz

The Narragansett Electric Company

January 2004 Retail Rate Filing

Testimony and Schedules
of
Jeanne A. Lloyd
Michael J. Hager, and
Anne M. Rodrigues

November 2003

Submitted to:
Rhode Island Public Utilities Commission
R.I.P.U.C. Docket No. _____

Submitted by:



THE NARRAGANSETT ELECTRIC COMPANY
Re: Rate Changes for January 1, 2004
Witness: Jeanne A. Lloyd

DIRECT TESTIMONY

OF

Jeanne A. Lloyd

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1 **I. Introduction and Qualifications**

2 Q. Please state your full name and business address.

3 A. Jeanne A. Lloyd, 55 Bearfoot Road, Northborough, Massachusetts 01532.

4

5 Q. Please state your position.

6 A. I am a Principal Financial Analyst in the Distribution Regulatory Services Department of
7 National Grid USA Service Company, Inc. The Distribution Regulatory Services
8 Department provides rate related support to The Narragansett Electric Company
9 (“Narragansett” or “Company”).

10

11 Q. Please describe your educational background and training.

12 A. In 1980, I graduated from Bradley University in Peoria, Illinois with a Bachelor’s Degree
13 in English. In December 1982, I received a Master of Arts Degree in Economics from
14 Northern Illinois University in De Kalb, Illinois.

15

16 Q. Please describe your professional experience?

17 A. I was employed by EUA Service Corporation in December 1990 as an Analyst in the
18 Rate Department. I was promoted to Senior Rate Analyst on January 1, 1993. My
19 responsibilities included the study, analysis and design of the retail electric service rates,

1 rate riders and special contracts for the EUA retail companies. I assumed my present
2 position after the merger of New England Electric System and Eastern Utilities
3 Associates in April 2000. Prior to my employment at EUA, I was on the staff of the
4 Missouri Public Service Commission in Jefferson City, Missouri in the position of
5 research economist. My responsibilities included presenting both written and oral
6 testimony before the Missouri Commission in the areas of cost of service and rate design
7 for electric and natural gas rate proceedings.

8
9 Q. Have you previously testified before Rhode Island Public Utilities Commission
10 (“Commission”)?

11 A. Yes.

12
13 **II. Purpose of Testimony**

14 Q. What is the purpose of the Company’s filing?

15 A. The Company is requesting Commission approval of the Company’s proposed base non-
16 bypassable transition charge (“transition charge”), transmission adjustment factor, and
17 Standard Offer charge effective for usage on and after January 1, 2004. The Company is
18 also presenting the results of its annual Standard Offer, Last Resort Service, transition
19 charge and transmission service reconciliations. Finally, the Company is proposing to

1 use the Last Resort Service over recovery to offset fuel index payments in the Standard
2 Offer reconciliation. The total impact of the rate changes proposed by the Company in
3 this proceeding would increase the typical monthly 500 kWh bill of a residential
4 customer by \$1.70 per month or 2.9%. The increase is primarily due to an increase in the
5 Standard Offer charge which is being partially offset by a decrease in the transition
6 charge.

7
8 Q. Please describe the changes being proposed to each component of the Company's total
9 charges.

10 A. First, the Company is proposing to decrease its transition charge from its current level of
11 0.944¢ per kWh to 0.855¢ per kWh for all customers in its service territory for calendar
12 year 2004. This decrease is based upon New England Power Company's ("NEP") annual
13 Contract Termination Charge ("CTC") for 2004 for Narragansett, the former Blackstone
14 Valley Electric Company ("Blackstone Valley") and the former Newport Electric
15 Corporation ("Newport"). At the time of this filing, NEP has not finalized its 2004 CTC
16 charges, but expects to do so by way of a reconciliation report that will be issued to the
17 Commission and other parties to the restructuring settlements by December 1, 2003. The
18 Company intends to update its transition charge prior to the hearing in this proceeding if
19 the final CTC rate is modified from the current estimate. The Company is proposing that

1 the transition charge be the same for all customers in 2004.

2
3 Second, the Company is proposing a transmission adjustment factor of 0.080¢ per kWh,
4 an increase of 0.017¢ per kWh from the current factor. The increase in the factor is due
5 primarily to the elimination of a credit contained in the currently effective transmission
6 adjustment factor designed to refund a prior period over recovery. In addition, the
7 Company is requesting to retain a portion of an over recovery of transmission expenses
8 incurred for the period October 2002 through September 2003.

9
10 Third, the Company is requesting to increase the current Standard Offer charge of 5.5¢
11 per kWh to 5.9¢ per kWh effective January 1, 2004. The requested increase is based
12 upon a scheduled increase in the wholesale base Standard Offer rate plus increased fuel
13 index payments the Company expects to make under its Standard Offer supply contracts
14 next year. The Company also proposes to use the Last Resort Service over recovery of
15 approximately \$574,000 incurred for the period October 2002 through September 2003 to
16 partially offset these increased fuel index payments to Standard Offer suppliers.

17
18 Q. Has the Company summarized its proposed rate changes for January 1, 2004?

19 A. Yes. Exhibit JAL-1 presents a summary of the proposed rate changes.

1 **III. Base Transition Charge and Transition Charge Reconciliation**

2 Q. Please describe the Company's transition charge.

3 A. The transition charge is intended to recover from all retail delivery service customers the
4 CTC billed to the Company by NEP, including charges in effect under the former
5 Montaup Electric Company ("Montaup") CTC. The transition charge was originally
6 designed to change annually as NEP and Montaup established their CTC for the
7 upcoming calendar year. Under the terms of the Third Amended Stipulation and
8 Settlement approved by the Commission in Docket 2930 ("Settlement") the Company's
9 Non-Bypassable Transition Charge Adjustment Provision ("Provision"), specifies fixed
10 transition charges for customers in the Narragansett zone for each year of the Rate Freeze
11 period (2000 through 2004). The Provision also allows for a zonal transition charge to be
12 determined by a specific formula for customers in the Blackstone Valley and Newport
13 zones.

14

15 Q. Please provide more detail on the zonal transition charges.

16 A. Pursuant to the Settlement, the Company implemented zonal transition charges effective
17 on the rate consolidation date of May 1, 2000. Prior to the merger of Narragansett,
18 Blackstone Valley, and Newport, each of the three companies billed its customers a
19 different transition charge. The zonal charges were implemented on May 1, 2000 to

1 ensure that all customers were paying the same transition charge after the merger that
 2 they were paying prior to the merger.

3

4 Q. Did the Settlement provide for calculation of transition charges after the merger?

5 A. Yes, it did. Section 15 of the Settlement describes how transition charges will be
 6 determined during the Rate Freeze Period. The transition charges for the Narragansett
 7 zone would be fixed in accordance with the following schedule:

8	Year	Fixed Transition Charge
9	2000	1.15¢ per kWh
10	2001	1.05¢ per kWh
11	2002	1.05¢ per kWh
12	2003	1.00¢ per kWh
13	2004	0.95¢ per kWh

14

15 The transition charge for the Blackstone Valley and Newport zones is to be determined
 16 by calculating the amount of the Company's total estimated CTC expenses during each
 17 year of the Rate Freeze period less the transition charge revenues estimated to be
 18 collected from customers in the Narragansett zone and dividing the remaining balance of
 19 CTC expenses by the estimated kWh deliveries in the Blackstone Valley and Newport
 20 zones. The zonal transition charge calculated for Blackstone Valley and Newport is to be
 21 capped at the FERC-approved CTC rates already established for Montaup through 2004.
 22 However, if this calculation results in a transition charge in the Blackstone Valley and

1 Newport zones that is less than the transition charge in the Narragansett zone, the
2 Settlement provides that the transition charges are to be equalized, and the resulting
3 transition charge will be calculated as the weighted average of the individual CTCs to be
4 charged to the Company by NEP and Montaup. In other words, all customers in the
5 Company's service territory would be charged the same transition charge.
6

7 Q. Is Narragansett currently billing zonal transition charges to customers of Blackstone
8 Valley and Newport?

9 A. No. In R.I.P.U.C. Docket No. 3402, filed November 23, 2001, and approved by the
10 Commission at the Open Meeting held on December 13, 2001, the application of the
11 transition charge formula resulted in an equalized transition charge of 0.874¢ per kWh for
12 all zones.
13

14 Q. What is the Company's proposal in this proceeding?

15 A. In accordance with the terms of the Settlement, the Company is proposing that all
16 customers of Narragansett pay an equalized transition charge during 2004 of 0.855¢ per
17 kWh.
18

19 Q. Has the Company prepared an analysis demonstrating that this is the appropriate

1 treatment for 2004?

2 A. Yes, it has. Exhibit JAL-2 calculates what the zonal transition charges would be under
3 the formula. The individual CTC charges were taken directly from the latest draft of
4 NEP's CTC Reconciliation Reports. This is reflected in Section I of Exhibit JAL-2. The
5 amounts in Section I are aggregated in Section II. Of the total expected CTC costs to be
6 billed to the Company, approximately \$50.9 million is estimated to be collected from
7 customers in the Narragansett zone, leaving approximately \$11.8 million to be recovered
8 from customers in the Blackstone Valley and Newport zones. Line (7) of Exhibit JAL-2
9 shows the transition charge for the Blackstone Valley and Newport zones as a result of
10 this calculation. As shown by this calculation, customers in the Blackstone Valley and
11 Newport zones would have had a transition charge of 0.599¢ per kWh while customers in
12 the Narragansett zone would have had a transition charge of 0.950¢ per kWh. As the
13 results of that exhibit show, the transition charge for the Blackstone Valley and Newport
14 zones would be less than the transition charge for the Narragansett zone. Thus, the terms
15 of the Settlement require that the transition charges be equalized. Therefore, the
16 transition charge in all zones for 2004 is based on the weighted average CTC rate from
17 NEP and Montaup. This weighted average rate is determined by dividing the total CTC
18 cost determined in Section I by the total GWh deliveries provided in Section II of Exhibit
19 JAL-2.

20

1 Transition Charge Reconciliation

2 Q. Please describe how the Company reconciles its transition charge.

3 A. The Company reconciles transition charge revenues and CTC expense in accordance with
4 its Non-Bypassable Transition Adjustment Provision, which provides for an annual
5 reconciliation of the Company's total CTC expense against the Company's total revenue
6 from its Non-Bypassable Transition Charge. The excess or deficiency is to be refunded
7 to or collected from customers with interest accruing at the rate in effect for customer
8 deposits. The reconciliation is prepared on a monthly basis and for this filing covers the
9 reconciliation period October 2002 through September 2003, as reflected in Exhibit JAL-
10 3. Page 1 shows a summary of the reconciliation for the total company. Pages 2 through
11 4 show individual reconciliations for Blackstone Valley, Newport, and Narragansett.

12
13 Q. What is the total Company transition charge reconciliation balance for the year ending
14 September 30, 2003?

15 A. The balance for the period October 2002 through September 2003, shown in Exhibit
16 JAL-3, page 1, reflects an over recovery of approximately \$125,000. The beginning
17 balance of \$1.1 million shown in Exhibit JAL-3, page 1, column (a) reflects the transition
18 charge over recovery for the period January 2001 through September 2002 as filed in
19 R.I.P.U.C. Docket No. 3479. As part of last year's reconciliation proceeding, the

1 Commission approved the Company's proposal to use this \$1.1 million over recovery to
2 reduce the 2003 transition charge by applying a credit factor of 0.015¢ per kWh to the
3 2003 transition charge.

4
5 Q. How is the Company proposing to treat the over recovery for the period October 2002
6 through September 2003?

7 A. Because this year's over recovery is relatively small, the Company is proposing to carry
8 this balance forward into next year's reconciliation to offset expenses incurred in 2004.

9
10 **IV. Transmission Rate**

11 Q. What is the Company's proposed Transmission Adjustment Factor?

12 A. The Company's proposed Transmission Adjustment Factor is 0.080¢ per kWh as shown
13 on Exhibit JAL-4, Line (11). The adjustments made to arrive at the proposed factor are
14 as follows:

- 15 1) A decrease of 0.011¢ per kWh, representing a decrease in the Company's
16 2004 forecasted transmission expenses,
- 17 2) A decrease of 0.026¢ per kWh designed to refund an over recovery of
18 approximately \$2 million incurred for the period October 2002 through
19 September 2003, and

1 3) An increase of 0.054¢ per kWh, due to the elimination of the 2003
2 transmission reconciliation factor.
3

4 Each of these adjustments is discussed in more detail below.
5

6 Transmission Cost Forecast

7 Q. Has the Company prepared a forecast of transmission costs for 2004?

8 A. Yes, it has. It is included in the testimony and exhibits of Ms. Anne M. Rodrigues, who
9 will explain the forecast and how it was derived.
10

11 Q. How has the Company evaluated this forecast?

12 A. The Company has evaluated this forecast by comparing it on a cents per kWh basis to the
13 average rate currently in effect. This comparison is performed in Exhibit JAL-4.
14

15 Q. Please describe the evaluation contained in Exhibit JAL-4.

16 A. The average transmission cost per kWh is calculated by dividing forecasted transmission
17 cost for 2004 of approximately \$38.7 million by the Company's forecast of kWh
18 deliveries during 2004. This results in a forecasted transmission cost of 0.503¢ per kWh
19 for calendar year 2004, as shown on Line (3), a decrease of 0.011¢ per kWh from the

1 2003 average transmission expense of 0.514¢ per kWh shown on Line (4).

2

3 Transmission Service Reconciliation

4 Q. Please provide a status of the Company's current transmission service reconciliation.

5 A. The Company's transmission service reconciliation is in Exhibit JAL-5. This
6 reconciliation reflects actual transmission revenue for the period October 2002 through
7 September 2003, actual expenses for the period October 2002 through August 2003 and
8 estimated expenses for September 2003. This reconciliation is provided in accordance
9 with the Company's Transmission Adjustment Provision, which allows for the
10 reconciliation, along with interest on any balance, and the recovery or refund of any
11 under collection or over collection, respectively.

12

13 Q. What is the balance of the transmission reconciliation as of September 2003?

14 A. Exhibit JAL-5, page 1, shows that the balance of the transmission reconciliation as of
15 September 2003 is an over recovery of approximately \$4.8 million. Pursuant to its orders
16 in Docket Nos. 3031, 3402 and 3479, the Commission has directed the Company to defer
17 recovery of certain disputed uplift costs pending the outcome of an ongoing dispute with
18 two of the Company's suppliers. As indicated in R.I.P.U.C. Docket No. 3479, filed in
19 November 2002, the Company had accumulated approximately \$6.1 million of ISO

1 Tariff charges for the years 1999, 2000, 2001 and year-to-date September 2002. In the
2 Order in Docket No. 3479, the Commission directed the Company to continue to defer
3 these charges and allowed the Company to retain approximately \$2.9 million of the 2002
4 transmission reconciliation over recovery, indicating that, in the event that Narragansett
5 was unsuccessful in the arbitration of the disputes, the Company would have the
6 opportunity to request Commission approval of recovery of the deferred expenses, and
7 the retained funds could be used to offset the recovery of those expenses. For this reason,
8 the Company has reflected a beginning balance of approximately \$2.9 million in the base
9 transmission reconciliation, as shown on page 1 in column (a) for October 2002.

10
11 Q. What are the total amounts of ISO Tariff expenses that the Company has deferred to
12 date?

13 A. Page 5 of Exhibit JAL-5 shows the ISO Tariff expenses that have been deferred for the
14 period January 1999 through August 2003 amount to approximately \$6.8 million. The
15 beginning balance of \$6.1 million includes \$1.3 million in expenses incurred for the
16 period January 1999 through December 1999, \$3.1 million for the period January 2000
17 through December 2000, \$840,000 for the period January 2001 through September 2001
18 and \$915,000 for the period October 2001 through September 2002. Column (b) of page
19 5 shows the monthly expenses incurred for the current period October 2002 through

1 September 2003 of approximately \$375,000.

2 Q. Has the Company's dispute with the two suppliers been resolved?

3 A. As discussed in the testimony of Mr. Hager, the dispute with one supplier has been
4 resolved in the supplier's favor.

5

6 Q. Is the Company requesting Commission approval to recover the deferred expenses at this
7 time?

8 A. No, we are not. The Company intends to seek Commission approval to recover these
9 expenses at a later time. As in the past, the expenses relating to these ISO Tariff charges
10 have been removed from the current period reconciliation and continue to be deferred.

11

12 Q. Is the Company proposing to refund the transmission expense over recovery incurred for
13 the period October 2002 through September 2003?

14 A. Similar to last year, the Company is proposing to retain a portion of the transmission over
15 recovery to offset part of the ISO Tariff charges it has incurred. Therefore, the Company
16 proposes to refund approximately \$2 of the \$4.8 million over recovery incurred for the
17 period October 2002 through September 2003. This refund translates to a credit factor of
18 0.026¢ per kWh, which is calculated by dividing the amount to be refunded, including an
19 estimate of interest incurred during the refund period, by estimated kWh deliveries for

1 the period January 2004 through December 2004. This calculation is shown on page 12
2 of Exhibit JAL-5.

3
4 Q. What is the Company's proposal for the remaining balance of the over recovery?

5 A. The Company is requesting that the Commission again approve retention of the \$2.9
6 million which the Commission had previously allowed the Company to keep, and carry
7 this amount forward into 2004 to be used offset the deferred ISO Tariff expenses. This
8 maintains the status quo and would minimize rate fluctuations that could result from a
9 Commission determination on the recoverability of the ISO Tariff expenses.

10
11 Q. Why is the Company proposing to eliminate the 2003 credit factor, as shown on Exhibit
12 JAL-4, Line (6) effective January 1, 2004?

13 A. The credit factor of 0.054¢ per kWh shown on Line (6) of Exhibit JAL-4, was
14 implemented on January 1, 2003 and designed to refund an over recovery of
15 approximately \$4 million incurred during the period October 2001 through September
16 2002. The credit factor was approved in R.I.P.U.C. Docket No. 3479 and was intended
17 to be a 12-month factor. Page 9 of Exhibit JAL-5 shows that as of October 31, 2003, the
18 balance in the account is approximately \$712,000, not including interest. The Company
19 will continue to refund the balance of this account through December 2003 and any

1 residual balance, positive or negative, will be credited or charged to the base transmission
2 reconciliation in the month of December 2003.

3
4 Q. How does the Company plan to reconcile estimated expenses for September 2003 to
5 actual expenses?

6 A. Actual expenses for September 2003 will be compared to the estimated expenses
7 included in this period's reconciliation. The difference, positive or negative, will be
8 included as an adjustment in October 2003 to the reconciliation for the period October
9 2003 through September 2004.

10
11 V. **Standard Offer Rate and Reconciliation**

12 **Current Standard Offer**

13 Q. What is the Company's current Standard Offer rate?

14 A. Effective June 1, 2003, the Company implemented its current Standard Offer rate of 5.5¢
15 per kWh.

16
17 Q. How was the current Standard Offer rate calculated?

18 A. In R.I.P.U.C. Docket No. 3508, filed in May 2003, the Company requested an increase in
19 its Standard Offer from 4.662¢ per kWh to 5.5¢ per kWh to be effective June 1, 2003.

1 The 4.662¢ per kWh charge, implemented January 1, 2002, was designed to be a three-
2 year rate and was calculated as the average of the wholesale base charges in effect for
3 2002, 2003 and 2004. At that time, the Company did not expect it would incur fuel index
4 payments beyond 2001. Thus, the 4.662¢ per kWh charge did not contain a fuel
5 adjustment.

6
7 In August 2002, the Company began to incur significant fuel index payments pursuant to
8 the Fuel Index Adjustment Provision contained in the Company's wholesale Standard
9 Offer Service contracts. In its filing in Docket No. 3508, the Company was projecting
10 that, without an adjustment to the Standard Offer charge, an under recovery of Standard
11 Offer expenses of approximately \$30 million through December 2003 would occur. The
12 proposed rate of 5.5 ¢ per kWh consisted of a base charge of 4.7¢ per kWh plus an
13 estimated fuel index adjustment of 0.8¢ per kWh, and was designed to ensure that the
14 Company would neither over collect nor under collect its total wholesale Standard Offer
15 expenses through December 2003.

16
17 Q. Does the Company expect to recover Standard Offer expenses through December 2003?

18 A. Yes, it does. Exhibit JAL-7 shows that the Company expects to incur an over recovery of
19 approximately \$8.3 million through December 2003. Exhibit JAL-7, described in more

1 detail below, shows the actual balance in the Standard Offer reconciliation through
2 September 2003 of approximately \$22.8 million and the projected balance through
3 December 2003 of \$8.3 million.

4
5 Q. Has the Company prepared an estimate of costs expected to be incurred under the Fuel
6 Index Adjustment Provision through December 2004?

7 A. Yes. The Company's Energy Supply Department has provided an estimate of expected
8 costs under the fuel index adjustment provision that is explained in detail in the testimony
9 of Mr. Hager.

10
11 Q. What is the Company's estimate of the Standard Offer reconciliation balance through
12 December 2004?

13 A. Based upon the most recent fuel prices estimates, and assuming the continuation of the
14 currently effective Standard Offer rate of 5.5¢ per kWh, the Company is estimating that
15 through December 2004, it would incur an under recovery of approximately \$26.9
16 million, as shown on page 2 of Exhibit JAL-7. The Company's projected Standard Offer
17 reconciliation is described in more detail later in my testimony.

18
19 Q. Is the Company proposing a change to the current Standard Offer rate?

1 A. Yes. The Company is proposing a Standard Offer charge of 5.9¢ per kWh for January 1,
2 2004. The calculation of the proposed charge is shown on Exhibit JAL-6. The estimated
3 under recovery at December 31, 2004 of \$26.9 million is divided by the projected 2004
4 Standard Offer deliveries of 6,598,792,200 kWh, resulting in a factor 0.4¢ per kWh. This
5 adjustment, when added to the current Standard Offer of 5.5¢ per kWh results in a total
6 charge of 5.9¢ per kWh.

7

8 Q. What if the fuel price estimates prove to be incorrect and the expected fuel index
9 payments are significantly different than those currently projected?

10 A. In Docket No. 3508, the Commission directed the Company to monitor the Standard
11 Offer reconciliation on a monthly basis and file with the Commission for an adjustment
12 to the Standard Offer charge if the projected balance for the year ending December 2003
13 in the reconciliation reached \$16 million, positive or negative. The Company intends to
14 continue to adhere to the Commission directives in R.I.P.U.C. Docket No. 3508. The
15 Company will continue to file monthly reports with the Commission showing the
16 projected reconciliation balance through December 2004 using the most recent fuel price
17 estimates available. If the balance in the account is projected to exceed \$16 million in
18 either direction, the Company will make a filing with the Commission to adjust the
19 Standard Offer rate.

1 Standard Offer Reconciliation

2 Q. Has the Company prepared a Standard Offer Reconciliation for the period October 2002
3 through September 2003?

4 A. Yes. The Company is required, on an annual basis, to reconcile its total cost of
5 purchased power for Standard Offer and Last Resort Service supply against its total
6 purchased power revenue pursuant to the Standard Offer Adjustment Provision,
7 R.I.P.U.C. No. 1153. The Company's Standard Offer reconciliation for the period
8 October 2002 through September 2003 is shown in Exhibit JAL-7, Page 1, Section 1.
9 The reconciliation compares the Company's retail Standard Offer revenues to the
10 Standard Offer expenses that Narragansett has incurred pursuant to contracts with its
11 wholesale suppliers of Standard Offer, plus any adjustments.

12

13 Q. Please describe the costs that Narragansett incurs under the Standard Offer supply
14 contracts.

15 A. The Standard Offer supply contracts contain two price components – a pre-set base price,
16 that increases each year, and fuel index payments designed to provide additional
17 payments to Standard Offer suppliers in the event of substantial increases in the market
18 price of No. 6 residual fuel oil (1% sulphur) and/or natural gas. The fuel index payment,
19 pursuant to the Fuel Index Adjustment Provision, is described more fully in the testimony

1 of Mr. Hager.

2

3 Q. Has the Company incurred fuel index payments pursuant to the Fuel Index Adjustment
4 Provision for the period October 2002 through September 2003?

5 A. Yes. As shown in column (d) of Exhibit JAL-7, page 1, Section 1 and in column (2) of
6 Exhibit JAL-7, page 5, the Company incurred approximately \$66.8 million in fuel index
7 payments for the period October 2002 through September 2003. As shown on page 5 of
8 Exhibit JAL-7, approximately \$21.4 million of the fuel index payments were offset by a
9 \$20 million lump sum payment from a supplier that the Commission permitted the
10 Company to retain as a hedge against higher fuel prices. In Docket No. 3479, the
11 Commission had directed the Company to use the supplier payment, plus the interest
12 accrued, for this purpose.

13

14 Q. What is the balance in the Standard Offer reconciliation for the period October 2002
15 through September 2003?

16 A. Page 1, Section 1 of Exhibit JAL-7 shows that the balance in the Standard Offer
17 reconciliation as of September 2003 is an over recovery of approximately \$22.8 million.

18

19 Q. Please describe the development of the projected Standard Offer reconciliation.

1 A. Pages 6 and 7 of Exhibit JAL-7 support the calculation of the projected revenues and
2 expenses. Projected revenues are estimated on page 6 by applying the current Standard
3 Offer of 5.5¢ per kWh to the Company's forecasted retail Standard Offer deliveries.
4 Standard Offer base expenses are calculated on page 7 by multiplying the forecasted kWh
5 deliveries by the base wholesale charge in effect for each period under the Company's
6 wholesale Standard Offer supply contracts. Estimated fuel index payments have been
7 calculated in accordance with the Fuel Index Adjustment Provision contained in these
8 contracts using the average of projected gas and crude oil prices reported in the Wall
9 Street Journal on October 28, 29 and 30 of 2003.

10

11 **VI. Last Resort Service Reconciliation**

12 Q. Has the Company prepared a Last Resort Service reconciliation for the year ending
13 September 2003?

14 A. Yes. The Company's Last Resort Service reconciliation for the period October 2002
15 through September 2003 is shown in Exhibit JAL-8. This exhibit shows that the balance
16 is an over recovery of \$573,639.

17

18 Q. How is the Company proposing to treat the Last Resort Service over recovery?

19 A. The Company is proposing to transfer the over recovery in the Last Resort reconciliation

1 to the Standard Offer reconciliation to offset potential fuel index payments.

2
3 Q. Please explain why using the Last Resort Service over recovery to offset expected
4 Standard Offer fuel expenses is reasonable and consistent with past Commission
5 decisions.

6 A. The Company's Standard Offer Adjustment Provision gives the Commission the
7 authority to allocate the under or over recovery of Last Resort Service costs to all
8 customers or to any special class of customers, as the Commission deems appropriate.
9 In the past, the Commission has approved adjustment factors applicable to all customers
10 which were designed to collect under recoveries in both the Standard Offer and Last
11 Resort Service reconciliations.¹ Also, the Commission has approved the use of the
12 Standard Offer over recovery to offset the under recovery of Last Resort Service
13 expenses incurred for the same period.² Finally, in R.I.P.U.C. Docket No. 3479, the
14 Commission directed the Company to use the \$665,394 Last Resort Service over
15 recovery incurred during the period October 2001 through September 2002 to offset a
16 Standard Offer under recovery incurred during the same period.

¹ R.I.P.U.C. Docket No. 3138.

² R.I.P.U.C. Docket No. 3402

1 The over recovery of \$573,639 incurred for the period October 2002 through September
2 2003 is due, in part, to out-of-period reconciling adjustments to wholesale expenses.
3 Many of the customers who were taking Last Resort Service in the months to which the
4 adjustments apply are now taking service from competitive suppliers or have left the
5 system.

6
7 **VII. Revised Tariff Cover Sheets**

8 Q. Has the Company prepared revised tariff cover sheets reflecting the proposed rates?

9 A. The Company's revised tariff cover sheets are included in Exhibit JAL-9.

10
11 **VIII. Typical Bills**

12 Q. Has the Company provided a typical bill analysis to illustrate the impact of the proposed
13 rate changes?

14 A. Yes it has. The typical bill analysis for each rate class is in Exhibit JAL-10.

15
16 Q. What is the impact on a typical residential customer of the Company's proposed rate
17 changes?

18 A. Exhibit JAL-10, page 1, shows that for a 500 kWh residential customer the monthly bill
19 would increase by \$1.70, from \$58.98 to \$60.68, or 2.9%.

1 **IX. Conclusion**

2 Q. Does this conclude your testimony?

3 A. Yes it does.

Exhibits of
Jeanne A. Lloyd

Exhibits

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THE NARRAGANSETT ELECTRIC COMPANY
Re: Rate Changes for January 1, 2004
Witness: Jeanne A. Lloyd

Exhibit JAL-1
Summary of Proposed Rate Changes

The Narragansett Electric Company
 Summary of Proposed Rate Changes
 Effective for All Rate Classes

	<u>Current Rate</u> (a)	<u>Proposed Change in Rate</u> (b)	<u>Proposed Rate</u> (c)
(1) Standard Offer Rate	\$0.05500	\$0.00400	\$0.05900
(2) Transition Charge	\$0.00944	(\$0.00089)	\$0.00855
(3) Transmission Adjustment Factor	\$0.00063	<u>\$0.00017</u>	\$0.00080
		\$0.00328	

Column (a):

- (1) per current tariff
- (2) per current tariff
- (3) per current tariff

Column (b):

- (1) Line (1), Column (c) - Line (1), Column (a)
- (2) Line (2), Column (c) - Line (2), Column (a)
- (3) Line (3), Column (c) - Line (3), Column (a)

Column (c):

- (1) Exhibit JAL-6
- (2) Exhibit JAL-2, page 2
- (3) Exhibit JAL-4 - Line (11)

THE NARRAGANSETT ELECTRIC COMPANY
Re: Rate Changes for January 1, 2004
Witness: Jeanne A. Lloyd

Exhibit JAL-2
Calculation of the Proposed Transition Charge

Narragansett Electric Company
 Calculation of Zonal Transition Charges

Section I: Individual CTC Amounts

	<u>CTC</u>	<u>GWhs</u>	<u>Expected</u> <u>CTC Costs</u>
	(1)	(2)	(3)
Narragansett			
2004	\$0.00630	5,356	\$33,742,800
BVE			
2004	\$0.01530	1,399.848	\$21,417,674
Newport			
2004	\$0.01320	571.358	\$7,541,926
Total CTC Costs			\$62,702,400

Section II: Total Estimated CTC Costs and Transition Charge Calculation

Total		<u>Total</u> <u>Company</u>	<u>NECO</u>	<u>BVE/NPT</u>
		(4)	(5)	(6)
2004	7,327.206	\$62,702,400	\$50,882,000	\$11,820,400
(7) 2004		0.855	0.950	0.599

- (1) Per preliminary November 2003 NEP and Montaup CTC Reconciliation Reports, Schedule 1 for 2004
- (2) Per preliminary November 2003 NEP and Montaup CTC Reconciliation Reports, Schedule 1 for 2004
- (3) (1) x (2)
- (4) Sum of Narragansett, BVE and Newport for appropriate year
- (5) (1) for Narragansett x 0.95¢ in 2004 per Merger Settlement
- (6) (4) - (5)
- (7) Per Merger Settlement Formula

THE NARRAGANSETT ELECTRIC COMPANY
Re: Rate Changes for January 1, 2004
Witness: Jeanne A. Lloyd

Exhibit JAL-3
Non-bypassable Transition Charge Reconciliation
for the period
October 2002 through September 2003

The Narragansett Electric Company
Non-Bypassable Transition Charge Adjustment Reconciliation - Total Company

Company	(Under)/Over Beginning Balance (a)	Transition Charge Revenue (b)	Contract Termination Expense (c)	(Under)/Over (d)	(Under)/Over Ending Balance (e)	Interest (f)	(Under)/Over Ending Balance (g)
Narragansett	\$19,884,189	\$52,717,320	\$38,529,889	\$14,187,431	\$34,071,620	\$1,306,756	\$35,378,376
Blackstone Valley Electric	(\$13,573,048)	\$12,896,217	\$23,835,061	(\$10,938,843)	(\$24,511,891)	(\$1,048,112)	(\$25,560,003)
Newport	(\$5,173,417)	\$5,770,536	\$9,891,467	(\$4,120,930)	(\$9,294,347)	(\$398,859)	(\$9,693,207)
Total Company	\$1,137,724	\$71,384,074	\$72,256,417	(\$872,342)	\$265,382	(\$140,216)	\$125,166

Column (a) From Pages 2, 3 and 4, column (a): January
 Column (b) From Pages 2, 3 and 4, column (b): Total
 Column (c) From Pages 2, 3 and 4, column (c): Total
 Column (d) column (b) - column (c)
 Column (e) column (a) + column (d)
 Column (f) From Pages 2, 3 and 4, column (h): Total
 Column (g) column (e) + column (f)

The Narragansett Electric Company
Non-Bypassable Transition Charge Adjustment Reconciliation - Narragansett Electric Company

Month	(Under)/Over Beginning Balance (a)	Transition Charge Revenue (b)	Contract Termination Expense (c)	Monthly (Under)/Over (d)	(Under)/Over Ending Balance (e)	Interest Balance (f)	Monthly Interest Rate (g)	Monthly Interest (h)	Adjustments (i)	Ending Balance (j)
Oct-02	\$19,884,189	\$3,972,456	\$3,043,857	\$928,600	\$20,812,789	\$20,348,489	0.424%	\$86,312		\$20,899,100
Nov-02	20,899,100	3,976,460	3,044,943	931,517	21,830,617	21,364,859	0.424%	90,623		21,921,240
Dec-02	21,921,240	4,424,044	3,389,991	1,034,053	22,955,293	22,438,267	0.424%	95,176		23,050,469
Jan-03	23,050,469	4,619,392	3,435,684	1,183,708	24,234,177	23,642,323	0.424%	100,283		24,334,460
Feb-03	24,334,460	4,486,496	3,184,907	1,301,589	25,636,049	24,985,255	0.424%	105,979		25,742,028
Mar-03	25,742,028	4,472,248	2,482,477	1,989,772	27,731,800	26,736,914	0.384%	102,714		27,834,514
Apr-03	27,834,514	3,968,378	2,854,765	1,113,614	28,948,128	28,391,321	0.384%	109,070		29,057,198
May-03	29,057,198	3,899,910	2,800,451	1,099,459	30,156,658	29,606,928	0.384%	113,740		30,270,398
Jun-03	30,270,398	3,978,746	2,861,192	1,117,553	31,387,951	30,829,174	0.384%	118,435		31,506,386
Jul-03	31,506,386	4,810,593	3,462,574	1,348,020	32,854,406	32,180,396	0.384%	123,626		32,978,032
Aug-03	32,978,032	5,226,843	4,494,119	732,724	33,710,756	33,344,394	0.384%	128,098		33,838,854
Sep-03	33,838,854	4,881,753	3,474,931	1,406,822	35,245,676	34,542,265	0.384%	132,700		35,378,376
Total	\$19,884,189	\$52,717,320	\$38,529,889	\$14,187,431	\$34,071,620			\$1,306,756		\$35,378,376

Column (a) Column (j) from previous row; beginning balance from Docket No. 3479, filed November 2002

Column (b) From Transition Revenues to Narragansett Electric Company

Column (c) From Transition Bills to Narragansett Electric Company

Column (d) Column (c) - Column (b)

Column (e) Column (a) + Column (d)

Column (f) (Column (a) + Column (e)) ÷ 2

Column (g) Customer Deposit Rate ÷ 12

Column (h) Column (f) * Column (g)

Column (i)

Column (j) Column (e) + Column (h) + Column (i)

The Narragansett Electric Company
Non-Bypassable Transition Charge Adjustment Reconciliation - former Blackstone Valley Electric

Month	(Under)/Over Beginning Balance (a)	Transition Charge Revenue (b)	Contract Termination Expense (c)	Monthly (Under)/Over (d)	(Under)/Over Ending Balance (e)	Interest Balance (f)	Monthly Interest Rate (g)	Monthly Interest (h)	Adjustments (i)	Ending Balance (j)
*	Oct-02	(\$13,573,048)	\$371,708	\$1,888,350	(\$1,516,641)	(\$15,089,689)	\$14,331,369	0.424%	(\$60,789)	(\$15,150,478)
	Nov-02	(15,150,478)	1,010,661	1,803,515	(792,854)	(15,943,333)	(15,546,905)	0.424%	(65,945)	(16,009,277)
	Dec-02	(16,009,277)	1,076,718	1,922,199	(845,482)	(16,854,759)	(16,432,018)	0.424%	(69,699)	(16,924,458)
	Jan-03	(16,924,458)	1,150,507	2,092,182	(941,675)	(17,866,133)	(17,395,295)	0.424%	(73,785)	(17,939,918)
	Feb-03	(17,939,918)	1,099,139	2,049,957	(950,818)	(18,890,736)	(18,415,327)	0.424%	(78,112)	(18,968,848)
	Mar-03	(18,968,848)	1,040,742	1,940,421	(899,680)	(19,868,528)	(19,418,688)	0.384%	(74,600)	(19,943,128)
	Apr-03	(19,943,128)	972,857	1,813,581	(840,724)	(20,783,852)	(20,363,490)	0.384%	(78,230)	(20,862,081)
	May-03	(20,862,081)	985,494	1,838,896	(853,402)	(21,715,483)	(21,288,782)	0.384%	(81,784)	(21,797,268)
	Jun-03	(21,797,268)	965,409	1,800,308	(834,899)	(22,632,167)	(22,214,717)	0.384%	(85,342)	(22,717,508)
	Jul-03	(22,717,508)	1,176,638	2,194,595	(1,017,956)	(23,735,465)	(23,226,486)	0.384%	(89,228)	(23,824,693)
	Aug-03	(23,824,693)	1,246,721	2,325,286	(1,078,565)	(24,903,258)	(24,363,976)	0.384%	(93,598)	(24,996,857)
	Sep-03	(24,996,857)	1,160,745	2,165,771	(1,005,026)	(26,001,882)	(25,499,369)	0.384%	(97,960)	(26,099,842)
**	Oct-03	(26,099,842)	638,879		638,879	(25,460,964)	(25,780,403)	0.384%	(99,040)	(25,560,003)
	Total	(\$13,573,048)	\$12,896,217	\$23,835,061	(\$10,938,843)	(\$24,511,891)			(\$1,048,112)	(\$25,560,003)

* Indicates prorated revenues for usage on and after October 1, 2002

** Indicates estimated revenues for September 2003 billed in October 2003.

Column (a) Column (j) from previous row; beginning balance from Docket No. 3479, filed November 2002

Column (b) From Transition Revenues to Narragansett Electric Company for the former Blackstone Valley Electric

Column (c) From Transition Bills to Narragansett Electric Company for the former Blackstone Valley Electric

Column (d) Column (c) - Column (b)

Column (e) Column (a) + Column (d)

Column (f) (Column (a) + Column (e)) ÷ 2

Column (g) Customer Deposit Rate ÷ 12

Column (h) Column (f) * Column (g)

Column (i)

Column (j) Column (e) + Column (h) + Column (i)

The Narragansett Electric Company
Non-Bypassable Transition Charge Adjustment Reconciliation - former Newport Electric Corporation

Month	(Under)/Over Beginning Balance (a)	Transition Charge Revenue (b)	Contract Termination Expense (c)	Monthly (Under)/Over (d)	(Under)/Over Ending Balance (e)	Interest Balance (f)	Monthly Interest Rate (g)	Monthly Interest (h)	Adjustments (i)	Under/(Over) Ending Balance (j)
*	Oct-02	(\$5,173,417)	\$153,852	\$724,402	(\$570,550)	(\$5,743,967)		\$0	(\$23,154)	(\$5,767,121)
	Nov-02	(5,767,121)	421,812	699,251	(277,439)	(6,044,560)	0.424%	(25,051)		(6,069,610)
	Dec-02	(6,069,610)	464,755	771,295	(306,540)	(6,376,150)	0.424%	(26,395)		(6,402,545)
	Jan-03	(6,402,545)	524,859	900,998	(376,138)	(6,778,684)	0.424%	(27,955)		(6,806,639)
	Feb-03	(6,806,639)	516,035	896,579	(380,545)	(7,187,184)	0.424%	(29,679)		(7,216,862)
	Mar-03	(7,216,862)	495,851	861,193	(365,342)	(7,582,204)	0.384%	(28,427)		(7,610,631)
	Apr-03	(7,610,631)	451,052	784,772	(333,720)	(7,944,351)	0.384%	(29,879)		(7,974,229)
	May-03	(7,974,229)	413,867	718,945	(305,078)	(8,279,307)	0.384%	(31,220)		(8,310,527)
	Jun-03	(8,310,527)	435,800	757,136	(321,336)	(8,631,863)	0.384%	(32,544)		(8,664,407)
	Jul-03	(8,664,407)	493,477	857,780	(364,304)	(9,028,711)	0.384%	(33,986)		(9,062,696)
	Aug-03	(9,062,696)	556,626	967,315	(410,689)	(9,473,385)	0.384%	(35,605)		(9,508,990)
	Sep-03	(9,508,990)	547,648	951,799	(404,151)	(9,913,141)	0.384%	(37,307)		(9,950,448)
**	Oct-03	(9,950,448)	294,901		294,901	(9,655,547)	0.384%	(37,660)		(9,693,207)
	Total	(\$5,173,417)	\$5,770,536	\$9,891,467	(\$4,120,930)	(\$9,294,347)		(\$398,859)		(\$9,693,207)

* Indicates prorated revenues for usage on and after October 1, 2002

** Indicates estimated revenues for September 2003 billed in October 2003.

Column (a) Column (j) from previous row; beginning balance from Docket No. 3479, filed November 2002

Column (b) From Transition Revenues to Narragansett Electric Company for the former Newport Electric

Column (c) From Transition Bills to Narragansett Electric Company for the former Newport Electric

Column (d) Column (c) - Column (b)

Column (e) Column (a) + Column (d)

Column (f) (Column (a) + Column (e)) ÷ 2

Column (g) Customer Deposit Rate ÷ 12

Column (h) Column (f) * Column (g)

Column (i)

Column (j) Column (e) + Column (h) + Column (i)

THE NARRAGANSETT ELECTRIC COMPANY
Re: Rate Changes for January 1, 2004
Witness: Jeanne A. Lloyd

Exhibit JAL-4
Calculation of Proposed Transmission Charge

The Narragansett Electric Company
Calculation of Transmission Service Adjustment Factor
Effective January 1, 2004 - December 31, 2004

(1) Forecasted 2004 Transmission Expense	\$38,708,098	
(2) 2004 Forecasted kWh Sales	<u>7,690,900,000</u>	
(3) Average 2004 Transmission Expense per kWh	\$0.00503	
(4) Average 2003 Transmission Expense per kWh	\$0.00514	
(5) Increase(Decrease) in Average Transmission Expense		(\$0.00011)
(6) Elimination of 2003 over recovery factor		\$0.00054
(7) Implementation of 2004 factor		<u>(\$0.00026)</u>
(8) Total Increase(Decrease) in Transmission Adjustment Factor		\$0.00017
(9) Current 2003 Transmission Adjustment Factor		\$0.00063
(10) Increase(Decrease) in 2004 Factor		<u>\$0.00017</u>
(11) Proposed 2004 Transmission Adjustment Factor		\$0.00080

-
- (1) from Exhibit AMR-1
(2) from Company forecast
(3) Line (1) ÷ Line (2)
(4) from RIPUC Docket No. 3479, Exhibit JAL-4, Line (4)
(5) Line (3) - Line (4)
(6) from Exhibit JAL-5, page 10, factor in effect from Jan 1, 2003 through Dec 30, 2003
(7) from Exhibit JAL-5, page 12
(8) Line (6) + Line (7) + Line (8)
(9) Current factor
(10) Line (8)
(11) Line (9) + Line (10)

THE NARRAGANSETT ELECTRIC COMPANY
Re: Rate Changes for January 1, 2004
Witness: Jeanne A. Lloyd

Exhibit JAL-5
Transmission Reconciliation
For the period
October 2002 through September 2003

Narragansett Electric Company
Base Transmission Charge Reconciliation
October 2002 through September 2003**Transmission Reconciliation Balance @September 30, 2003**

	<u>Month</u>	<u>Over/(Under) Beginning Balance</u> (a)	<u>Transmission Revenue</u> (b)	<u>Transmission Adjustment</u> (c)	<u>Transmission Expense</u> (d)	<u>Monthly Over/(Under)</u> (e)	<u>Over/(Under) Ending Balance</u> (f)
(1)	Oct-02	\$2,894,617	\$1,836,504		\$3,620,311	(\$1,783,807)	\$1,110,810
	Nov-02	\$1,110,810	\$3,624,912		\$2,402,102	\$1,222,810	\$2,333,620
	Dec-02	\$2,333,620	\$3,895,393	(\$131,871)	\$3,821,727	(\$58,205)	\$2,275,415
	Jan-03	\$2,275,415	\$3,805,465		\$3,574,250	\$231,215	\$2,506,630
	Feb-03	\$2,506,630	\$3,336,102		\$3,395,621	(\$59,519)	\$2,447,111
	Mar-03	\$2,447,111	\$3,227,091		\$3,213,503	\$13,588	\$2,460,699
	Apr-03	\$2,460,699	\$2,950,992		\$2,384,555	\$566,437	\$3,027,135
	May-03	\$3,027,135	\$2,901,774		\$2,797,069	\$104,705	\$3,131,841
	Jun-03	\$3,131,841	\$2,939,342		\$4,337,157	(\$1,397,815)	\$1,734,025
	Jul-03	\$1,734,025	\$3,514,500		\$3,434,484	\$80,016	\$1,814,042
	Aug-03	\$1,814,042	\$3,777,951		\$3,388,642	\$389,309	\$2,203,351
	Sep-03	\$2,203,351	\$3,553,849		\$3,044,375	\$509,474	\$2,712,825
(2)	Oct-03	\$2,712,825	\$1,930,061			\$1,930,061	\$4,642,886
	Total	\$2,894,617	\$41,293,936	(\$131,871)	\$39,413,796	\$1,748,269	\$4,642,886
	Interest through September 2003						\$181,277
	Base Transmission Reconciliation Balance with Interest						\$4,824,163

- (1) Indicates estimated revenues for consumption on and after October 2002
(2) Indicates estimated revenues for September 2003 usage billed in October 2003

Column Descriptions:

- (a) Prior Month Column (f); beginning balance represents 2002 over recovery not refunded per order in RIPUC Docket No. 3479.
(b) from Page 2
(c) Dec 2002: from page 6 - remaining balance from 2002 over recovery.
(d) from Page 4; disputed ISO Tariff expense not included (September expenses estimated)
(e) Column (b) + Column (c) - Column (d)
(f) Column (a) + Column (e)

Narragansett Electric Company Total Transmission Revenue						
	Total Transmission Revenue (a)	Less 2002 Transmission Adjustment Revenue (b)	Less 2003 Transmission Adjustment Revenue (c)	Base Transmission Revenue (d)	Less HVM Credit (e)	Net Base Transmission Revenue (f)
Oct-02	\$2,846,809	(\$769,157)	\$0	\$3,615,966	(\$10,071)	\$3,605,895
Nov-02	\$2,869,827	(\$760,538)	\$0	\$3,630,365	(\$5,453)	\$3,624,912
Dec-02	\$3,060,757	(\$839,336)	\$0	\$3,900,093	(\$4,700)	\$3,895,393
Jan-03	\$3,177,148	(\$458,788)	(\$173,593)	\$3,809,529	(\$4,064)	\$3,805,465
Feb-03	\$2,993,377	\$0	(\$346,204)	\$3,339,580	(\$3,478)	\$3,336,102
Mar-03	\$2,885,376	\$0	(\$345,484)	\$3,230,861	(\$3,770)	\$3,227,091
Apr-03	\$2,644,667	\$0	(\$309,681)	\$2,954,348	(\$3,357)	\$2,950,992
May-03	\$2,601,405	\$0	(\$304,172)	\$2,905,577	(\$3,803)	\$2,901,774
Jun-03	\$2,633,612	\$0	(\$309,305)	\$2,942,916	(\$3,574)	\$2,939,342
Jul-03	\$3,147,785	\$0	(\$370,888)	\$3,518,673	(\$4,173)	\$3,514,500
Aug-03	\$3,378,646	\$0	(\$403,585)	\$3,782,231	(\$4,280)	\$3,777,951
Sep-03	\$3,180,946	\$0	(\$376,770)	\$3,557,717	(\$3,868)	\$3,553,849
Oct-03	\$2,791,061	\$0	(\$329,118)	\$3,120,179	(\$4,664)	\$3,115,515
Total	\$38,211,417	(\$2,827,819)	(\$3,268,800)	\$44,308,036	(\$59,256)	\$44,248,780

- (a) Monthly SMB702 Report, Monthly Standard Offer, Open Access, Last Resort Service Revenue Reports
 (b) from Page 6, Column (c)
 (c) from Page 9, Column (c)
 (d) Column (a) - Column (b) - Column (c)
 (e) from Page 3
 (f) Column (d) - Column (e)

Narragansett Electric Company
Transmission Expense

	NEPOOL PTF Expenses	NEP Non-PTF Expenses	Other NEPOOL Charges	ISO Tariff Expenses - Deferred	Other ISO Tariff Expenses	Total Transmission Expense	Total Transmission Expense less Deferred ISO Tariff Expenses
October-02	\$1,805,710	\$661,965	\$1,090,730	\$94,570	\$61,906	\$3,714,881	\$3,620,311
November-02	\$1,747,080	\$832,509	-\$233,987	\$6,992	\$56,500	\$2,409,094	\$2,402,102
December-02	\$1,805,548	\$1,151,196	\$800,015	\$45,470	\$64,968	\$3,867,197	\$3,821,727
January-03	\$1,882,094	\$627,379	\$988,251	\$50,199	\$76,526	\$3,624,449	\$3,574,250
February-03	\$1,772,804	\$721,472	\$831,638	\$41,081	\$69,707	\$3,436,702	\$3,395,621
March-03	\$1,748,494	\$1,324,540	\$65,490	\$29,069	\$74,979	\$3,242,572	\$3,213,503
April-03	\$1,580,014	\$462,844	\$274,713	\$20,007	\$66,984	\$2,404,562	\$2,384,555
May-03	\$1,477,183	\$1,108,638	\$147,941	\$37,974	\$63,307	\$2,835,043	\$2,797,069
June-03	\$2,236,362	\$1,195,499	\$809,295	\$29,668	\$96,001	\$4,366,825	\$4,337,157
July-03	\$2,239,020	\$1,002,208	\$99,661	\$831	\$93,595	\$3,435,315	\$3,434,484
August-03	\$2,331,626	\$839,445	\$118,922	\$19,074	\$98,649	\$3,407,716	\$3,388,642
September-03	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$20,625,935	\$9,927,695	\$4,992,669	\$374,935	\$823,122	\$36,744,356	\$36,369,421

Source: Monthly NEP, NEPOOL and ISO Bills

Narragansett Electric Company
 Transmission Reconciliation
 Deferred ISO Tariff Expenses

<u>Month</u>	<u>Beginning Balance</u> (a)	<u>Current Month Expense</u> (b)	<u>Ending Balance</u> (c)
Oct-02	\$6,111,685	\$94,570	\$6,206,255
Nov-02	\$6,206,255	\$6,992	\$6,213,247
Dec-02	\$6,213,247	\$45,470	\$6,258,717
Jan-03	\$6,258,717	\$50,199	\$6,308,916
Feb-03	\$6,308,916	\$41,081	\$6,349,997
Mar-03	\$6,349,997	\$29,069	\$6,379,066
Apr-03	\$6,379,066	\$20,007	\$6,399,073
May-03	\$6,399,073	\$37,974	\$6,437,047
Jun-03	\$6,437,047	\$29,668	\$6,466,715
Jul-03	\$6,466,715	\$831	\$6,467,546
Aug-03	\$6,467,546	\$19,074	\$6,486,620
Sep-03	\$6,486,620	\$0	\$6,486,620
	\$6,111,685	\$374,935	\$6,486,620
Ending Balance			\$6,486,620
Interest for the period October 2002 through September 2003			\$302,989
Ending Balance with Interest			\$6,789,609

(a) Prior Month Column (c); beginning balance represents deferred expenses for the period January 1999 through September 2001 as filed in RIPUC Docket No. 3402, Exhibit JAL-11, page 1.
 (b) from Page 4
 (c) Column (a) + Column (b)

Narragansett Electric Company
Transmission Over Recovery Reconciliation
Incurred January 2001 - September 2001

<u>Month</u>	<u>Beginning Over Recovery Balance</u> (a)	<u>Transmission Adjustment Revenue</u> (b)	<u>Ending Over Recovery Balance</u> (c)
Jan-02	\$8,772,500	\$375,213	\$8,397,287
Feb-02	\$8,397,287	\$771,208	\$7,626,080
Mar-02	\$7,626,080	\$697,722	\$6,928,357
Apr-02	\$6,928,357	\$697,071	\$6,231,287
May-02	\$6,231,287	\$665,209	\$5,566,078
Jun-02	\$5,566,078	\$694,283	\$4,871,795
Jul-02	\$4,871,795	\$811,226	\$4,060,569
Aug-02	\$4,060,569	\$886,600	\$3,173,970
Sep-02	\$3,173,970	\$832,334	\$2,341,635
Oct-02	\$2,341,635	\$767,940	\$1,573,695
Nov-02	\$1,573,695	\$759,163	\$814,533
Dec-02	\$814,533	\$838,003	(\$23,470)
Jan-03	(\$23,470)	\$458,144	(\$481,614)
Ending Balance			(\$481,614)
Interest for the period January 2002 through December 2002			\$217,498
Interest - October 2001 through December 2001			\$132,245
Ending Balance with Interest			(\$131,871)

(a) Prior Month Column (c)
(b) from Page 7
(c) Column (a) - Column (b)

Narragansett Electric Company
January 2002 Transmission Cost Adjustment Recovery

		<u>kWh</u> <u>Sales</u> (a)	<u>Jan 2002</u> <u>Transmission</u> <u>Adjustment</u> <u>Factor</u> (b)	<u>Total</u> <u>Jan 2002</u> <u>Transmission</u> <u>Adjustment</u> <u>Revenue</u> (c)	<u>Less</u> <u>HMV</u> <u>Discount</u> (d)	<u>Net</u> <u>2002</u> <u>Transmission</u> <u>Adjustment</u> <u>Revenue</u> (e)
*	Jan-02	305,474,099	(\$0.00123)	(\$375,733)	(\$520)	(\$375,213)
	Feb-02	628,157,390	(\$0.00123)	(\$772,634)	(\$1,426)	(\$771,208)
	Mar-02	568,195,008	(\$0.00123)	(\$698,880)	(\$1,158)	(\$697,722)
	Apr-02	567,623,549	(\$0.00123)	(\$698,177)	(\$1,106)	(\$697,071)
	May-02	541,780,356	(\$0.00123)	(\$666,390)	(\$1,181)	(\$665,209)
	Jun-02	565,372,057	(\$0.00123)	(\$695,408)	(\$1,125)	(\$694,283)
	Jul-02	660,473,240	(\$0.00123)	(\$812,382)	(\$1,156)	(\$811,226)
	Aug-02	721,942,852	(\$0.00123)	(\$887,990)	(\$1,390)	(\$886,600)
	Sep-02	677,650,701	(\$0.00123)	(\$833,510)	(\$1,176)	(\$832,334)
	Oct-02	625,330,590	(\$0.00123)	(\$769,157)	(\$1,216)	(\$767,940)
	Nov-02	618,323,614	(\$0.00123)	(\$760,538)	(\$1,375)	(\$759,163)
	Dec-02	682,387,065	(\$0.00123)	(\$839,336)	(\$1,333)	(\$838,003)
	Jan-03	694,467,195	(\$0.00123)	(\$854,195)	(\$1,199)	(\$852,995)
	Total	6,923,546,227		(\$8,515,962)	(\$13,417)	(\$8,502,545)

* Estimated kWhs consumed after January 1, 2002

- (a) kWhs per Monthly SMB702 Report, Monthly Standard Offer, Open Access, Last Resort Service Revenue Reports
(b) Approved Transmission Adjustment Factor for over recovery incurred for the period January 2001 through September 2001
(c) Column (a) x Column (b)
(d) from Page 8
(e) Column (c) - Column (d)

Narragansett Electric Company
High Voltage Metering Discount Relating to January 2002 Transmission Adjustment Factor Recovery
kWh's Subject to Discount

		<u>kWh</u>	<u>1% Discount</u>	<u>Jan 2002 Transmission Adjustment Factor</u>	<u>HVM Discount</u>
		(a)	(b)	(c)	(d)
Jan-02	*	42,301,019	423,010	(\$0.00123)	(\$520)
Feb-02		115,929,837	1,159,298	(\$0.00123)	(\$1,426)
Mar-02		94,132,536	941,325	(\$0.00123)	(\$1,158)
Apr-02		89,939,038	899,390	(\$0.00123)	(\$1,106)
May-02		96,043,602	960,436	(\$0.00123)	(\$1,181)
Jun-02		91,431,194	914,312	(\$0.00123)	(\$1,125)
Jul-02		93,974,350	939,744	(\$0.00123)	(\$1,156)
Aug-02		113,025,038	1,130,250	(\$0.00123)	(\$1,390)
Sep-02		95,628,230	956,282	(\$0.00123)	(\$1,176)
Oct-02		98,901,882	989,019	(\$0.00123)	(\$1,216)
Nov-02		111,824,955	1,118,250	(\$0.00123)	(\$1,375)
Dec-02		108,398,754	1,083,988	(\$0.00123)	(\$1,333)
Jan-03		97,506,328	975,063	(\$0.00123)	(\$1,199)
Total		1,090,805,907	10,908,059		(\$13,417)

* Estimated HVM kWhs after January 1, 2002

- (a) CIS System Data
- (b) Column (a) x 1%
- (c) Approved Transmission Adjustment Factor for Jan 2001
- (d) Column (b) x Column (c)

The Narragansett Electric Company
Transmission Under Recovery Reconciliation
Incurred October 2001 - September 2002

Approved refund: \$3,950,000

Interest through Dec 2002: \$25,132

Over Recovery Beginning Balance: \$3,975,132

<u>Month</u>	Beginning Over Recovery Balance (a)	Transmission Adjustment Revenue (b)	Ending Over Recovery Balance (c)
Jan-03	\$3,975,132	\$173,349	\$3,801,782
Feb-03	\$3,801,782	\$345,740	\$3,456,043
Mar-03	\$3,456,043	\$344,898	\$3,111,144
Apr-03	\$3,111,144	\$309,213	\$2,801,932
May-03	\$2,801,932	\$303,629	\$2,498,303
Jun-03	\$2,498,303	\$308,786	\$2,189,517
Jul-03	\$2,189,517	\$370,265	\$1,819,251
Aug-03	\$1,819,251	\$402,968	\$1,416,283
Sep-03	\$1,416,283	\$376,226	\$1,040,057
Oct-03	\$1,040,057	\$328,434	\$711,623
Nov-03	\$711,623	\$0	\$711,623
Dec-03	\$711,623	\$0	\$711,623
Jan-04	\$711,623	\$0	\$711,623

Ending Balance \$711,623

Interest through December 2003 \$109,904

Total Ending Balance w/ Interest \$821,528

(a) Prior Month Column (c); beginning balance per R.I.P.U.C. Docket No. 3479, Schedule JAL-5, page 12

(b) from Page 10

(c) Column (a) - Column (b)

Narragansett Electric Company
January 2003 Transmission Cost Adjustment Recovery

	<u>kWh Sales</u> (a)	<u>Jan-03 Transmission Adjustment Factor</u> (b)	<u>Total Jan-03 Transmission Adjustment Revenue</u> (c)	<u>Less HMV Discount</u> (d)	<u>Net Jan-03 Transmission Adjustment Revenue</u> (e)
Jan-03	694,467,195	-\$0.00054	-\$375,012	-\$527	-\$374,486
Feb-03	641,118,206	-\$0.00054	-\$346,204	-\$464	-\$345,740
Mar-03	639,785,878	-\$0.00054	-\$345,484	-\$586	-\$344,898
Apr-03	573,483,862	-\$0.00054	-\$309,681	-\$469	-\$309,213
May-03	563,281,783	-\$0.00054	-\$304,172	-\$543	-\$303,629
Jun-03	572,786,223	-\$0.00054	-\$309,305	-\$519	-\$308,786
Jul-03	686,830,145	-\$0.00054	-\$370,888	-\$623	-\$370,265
Aug-03	747,379,434	-\$0.00054	-\$403,585	-\$617	-\$402,968
Sep-03	697,722,628	-\$0.00054	-\$376,770	-\$544	-\$376,226
Oct-03	609,477,029	-\$0.00054	-\$329,118	-\$684	-\$328,434
Nov-03		-\$0.00054	\$0	\$0	\$0
Dec-03		-\$0.00054	\$0	\$0	\$0
* Jan-04		-\$0.00054	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	6,426,332,383		-\$3,470,219	-\$5,574	-\$3,464,645

* Estimated kWhs consumed in December 2003 but billed in January 2004

- (a) kWhs per Monthly SMB702 Report, Monthly Standard Offer, Open Access, Last Resort Service Revenue Reports
- (b) Approved Transmission Adjustment Factor for January 2003
- (c) Column (a) x Column (b)
- (d) from Page 11
- (e) Column (c) - Column (d)

Narragansett Electric Company
High Voltage Metering Discount Relating to January 2003 Transmission Adjustment Factor Recovery
kWh's Subject to Discount

	<u>kWh</u> (a)	<u>1% Discount</u> (b)	Jan-03 Transmission Adjustment <u>Factor</u> (c)	HVM <u>Discount</u> (d)
Jan-03	97,506,328	975,063	-\$0.00054	-\$527
Feb-03	85,931,792	859,318	-\$0.00054	-\$464
Mar-03	108,499,111	1,084,991	-\$0.00054	-\$586
Apr-03	86,788,101	867,881	-\$0.00054	-\$469
May-03	100,597,555	1,005,976	-\$0.00054	-\$543
Jun-03	96,064,013	960,640	-\$0.00054	-\$519
Jul-03	115,358,031	1,153,580	-\$0.00054	-\$623
Aug-03	114,175,992	1,141,760	-\$0.00054	-\$617
Sep-03	100,762,947	1,007,629	-\$0.00054	-\$544
Oct-03	126,613,882	1,266,139	-\$0.00054	-\$684
Nov-03		0	-\$0.00054	\$0
Dec-03		0	-\$0.00054	\$0
Jan-04	*	0	-\$0.00054	<u>\$0</u>
Total	1,032,297,752	10,322,978		-\$5,574

* Estimated HVM kWhs consumed in December 2003 but billed in January 2004

- (a) CIS System Data
(b) Column (a) x 1%
(c) Approved Transmission Adjustment Factor for 2003
(d) Column (b) x Column (c)

The Narragansett Electric Company
Calculation of Interest and Reconciliation Factor

Balance at September 30, 2003	\$4,824,163
plus: Interest through December 2003	\$27,799
Balance at December 2003	\$4,851,962
less: Over recovery retained	\$2,894,617
Over recovery refunded:	\$1,957,345

Month	Beginning Balance (1)	Surcharge/ (Refund) (2)	Ending Balance (3)	Interest Rate (4)	Interest (5)
Jan-04	\$1,957,345	\$163,112	\$1,794,233	0.384%	\$7,206
Feb-04	\$1,801,439	\$163,767	\$1,637,672	0.384%	\$6,606
Mar-04	\$1,644,278	\$164,428	\$1,479,850	0.384%	\$6,001
Apr-04	\$1,485,851	\$165,095	\$1,320,756	0.384%	\$5,391
May-04	\$1,326,147	\$165,768	\$1,160,379	0.384%	\$4,776
Jun-04	\$1,165,155	\$166,451	\$998,705	0.384%	\$4,156
Jul-04	\$1,002,861	\$167,143	\$835,717	0.384%	\$3,532
Aug-04	\$839,249	\$167,850	\$671,399	0.384%	\$2,902
Sep-04	\$674,301	\$168,575	\$505,726	0.384%	\$2,267
Oct-04	\$507,992	\$169,331	\$338,662	0.384%	\$1,626
Nov-04	\$340,288	\$170,144	\$170,144	0.384%	\$980
Dec-04	\$171,124	\$171,124	\$0	0.384%	\$329
Total Surcharge/(Refund) to Customers with Interest			\$2,003,117		\$45,772
Total Forecasted kWh Sales for 2004			7,690,900,000		
Reconciliation Transmission Adjustment Factor per kWh			\$0.00026		

Notes:

- 1 Column (3) + Column (5) of previous month
- 2 For Jan. 2004, (Column (1)) ÷ 12. For Feb. 2004, (Column (1)) ÷ 11, etc.
- 3 Column (1) - Column (2)
- 4 Current Rate for Customer Deposits
- 5 ((Column (1) + Column (3)) ÷ 2) * Column (4)

THE NARRAGANSETT ELECTRIC COMPANY
Re: Rate Changes for January 1, 2004
Witness: Jeanne A. Lloyd

Exhibit JAL-6
Calculation of Proposed Standard Offer

**The Narragansett Electric Company
Calculation of Standard Offer Charge for January 1, 2004
Based on Most Recent Fuel Price Estimates**

Standard Offer Charge for January 1, 2004

1. Estimated Under/(Over) Recovery @ December 2004	\$26,900,640
2. Projected kWhs for January 2004 through December 2004	6,598,792,200
3. Estimated Fuel Adder for the period January 2004 through December 2004	\$0.00400
4. Current Standard Offer Charge	\$0.05500
5. Estimated Standard Offer Charge effective January 1, 2004	\$0.05900

1. from Exhibit JAL-6, Page 2, Column (g) for January 2004 to December 2004
2. from Exhibit JAL-6, Page 2, Column (b) for January 2004 to December 2004
3. Line 1 ÷ Line 2, truncated to three places
4. per tariff
5. Line 3 + Line 4

THE NARRAGANSETT ELECTRIC COMPANY
Re: Rate Changes for January 1, 2004
Witness: Jeanne A. Lloyd

Exhibit JAL-7
Standard Offer Reconciliation

The Narragansett Electric Company
Standard Offer Reconciliation
Projected Balance at Year Ending December 2003

Section 1. Balance @ September 30, 2003

Month	Over(Under) Beginning Balance (a)	Standard Offer Revenue (b)	Standard Offer Base Expense (c)	Fuel Index Payments (1) (d)	Total Standard Offer Expenses (e)	Monthly Over(Under) (f)	Adjustments (g)	Over(Under) Ending Monthly Balance (h)	Monthly Balance Including Unbilled (i)
(2) Oct-02	\$29,292,626	\$8,752,498	\$21,526,390	\$1,397,670	\$22,924,059	(\$14,171,561)	\$273,359	\$15,394,423	\$27,692,727
(2) Nov-02	15,394,423	24,596,608	21,674,349	1,927,376	23,601,725	994,883	-	16,389,306	30,255,511
(2) Dec-02	16,389,306	27,732,410	23,597,432	0	23,597,432	4,134,978	665,394	21,189,678	35,458,160
(2) Jan-03	21,189,678	28,536,965	26,789,331	0	26,789,331	1,747,634	-	22,937,312	36,437,762
(2) Feb-03	22,937,312	27,000,901	23,976,072	0	23,976,072	3,024,830	-	25,962,141	38,821,500
(2) Mar-03	25,962,141	25,718,718	24,865,841	0	24,865,841	852,877	-	26,815,018	38,492,827
(2) Apr-03	26,815,018	23,355,617	23,082,957	0	23,082,957	272,660	-	27,087,678	38,327,467
(2) May-03	27,087,678	22,479,577	22,975,014	2,559,389	25,534,403	(3,054,826)	7,435	24,040,288	36,326,636
(2) Jun-03	24,040,288	24,572,696	25,151,186	7,798,455	32,949,641	(8,376,945)	5,800,000	21,463,343	38,130,725
(2) Jul-03	21,463,343	33,334,765	31,183,291	10,606,277	41,789,568	(8,454,804)	-	13,008,539	31,142,593
(2) Aug-03	13,008,539	36,268,107	33,112,780	11,861,527	44,974,307	(8,706,200)	-	4,302,339	21,691,089
(2) Sep-03	4,302,339	34,777,499	25,724,175	9,241,628	34,965,803	(188,304)	-	4,114,035	21,601,738
* (2) Oct-03	4,114,035	17,487,702				17,487,702	-	21,601,738	
Totals	\$29,292,626	\$334,614,064	\$303,658,818	\$45,392,322	\$349,051,141	(\$14,437,076)	\$6,746,188	\$21,601,738	
Interest (4)								\$1,224,009	
Ending Balance@ September 30, 2003 with Interest								\$22,825,747	

* For September usage billed in October

Section 2. Projected Balance @ December 31, 2003

(3) Oct-2003	\$22,825,747	\$11,207,288	\$24,816,969	\$8,314,182	\$33,131,150	(\$21,923,862)		\$901,885	\$15,349,812
(3) Nov-2003	901,885	28,895,853	24,918,733	\$8,547,919	33,466,651	(4,570,799)		(3,668,913)	11,119,253
(3) Dec-2003	(3,668,913)	29,576,333	25,505,554	\$8,905,165	34,410,718	(4,834,386)		(8,503,299)	8,144,153
* (3) Jan-2004	(8,503,299)	16,647,452			-	16,647,452		8,144,153	
Totals	\$22,825,747	\$86,326,926	\$75,241,255	\$25,767,265	\$101,008,520	(\$14,681,594)	\$0	\$8,144,153	
Interest (4)								\$178,464	
Ending Balance@ December 31, 2003 with Interest								\$8,322,617	

(1) Per order in RIPUC 3479, beginning in December 2002, fuel expense will be deducted from the balance of the \$20 million supplier lump sum payment shown on page 3 until the balance in that account has been depleted.

(2) Actual revenues and expenses

(3) Estimated revenues and expenses

(4) Interest expense calculation for October 2002 to September 2003 : $(29,292,626 + 21,601,738) / 2 * ((5.09\% * 5/12) + (4.61\% * 7/12))$ Interest expense calculation for October 2003 to December 2003 : $(22,825,747 + 8,144,153) / 2 * (4.61\% * 3/12)$

* For December usage billed in January

Column Notes:

Column (a)	Column (h) from previous row; beginning balance from period ending September 30, 2002, Exhibit JAL-6, RIPUC Docket No. 3479
Column (b)	from Page 5
Column (c)	from Page 6
Column (d)	from Page 6
Column (e)	Column (c) + Column (d)
Column (f)	Column (b) - Column (e)
Column (g)	Oct: Prior period reconciliation adjustments Dec: 2001 Last Resort Service over recovery per order in RIPUC Docket No. 3479. May: Remaining balance from \$20 million supplier payment account June: Supplier credit
Column (h)	Column (a) + Column (f) + Column (g)
Column (i)	Column (h) + 50% of next month's Column (b)

The Narragansett Electric Company
 Standard Offer Reconciliation
 Projected Balance at Year Ending December 31, 2004

Section 1. Projected Balance @ September 30, 2004

Month	Over(Under) Beginning Balance (a)	Standard Offer Revenue (b)	Standard Offer Base Expense (c)	Fuel Index Payments (d)	Total Standard Offer Expenses (e)	Monthly Over(Under) (f)	Over(Under) Ending Monthly Balance (g)	Monthly Balance Including Unbilled (h)
(1) Oct-03	\$22,825,747	11,207,288	\$24,816,969	\$8,314,182	\$33,131,150	(\$21,923,862)	\$901,885	\$15,349,812
(1) Nov-03	901,885	28,895,853	24,918,733	8,547,919	33,466,651	(4,570,799)	(3,668,913)	11,119,253
(1) Dec-03	(3,668,913)	29,576,333	25,505,554	8,905,165	34,410,718	(4,834,386)	(8,503,299)	8,144,153
(1) Jan-04	(8,503,299)	33,294,905	31,133,763	7,022,198	38,155,961	(4,861,056)	(13,364,355)	2,049,550
(1) Feb-04	(13,364,355)	30,827,811	28,826,806	6,115,117	34,941,923	(4,114,112)	(17,478,467)	(2,800,489)
(1) Mar-04	(17,478,467)	29,355,955	27,450,487	4,878,426	32,328,913	(2,972,958)	(20,451,424)	(6,473,982)
(1) Apr-04	(20,451,424)	27,954,884	26,140,358	4,716,751	30,857,109	(2,902,225)	(23,353,650)	(9,934,701)
(1) May-04	(23,353,650)	26,837,897	25,095,873	4,523,406	29,619,279	(2,781,382)	(26,135,032)	(11,761,194)
(1) Jun-04	(26,135,032)	28,747,676	26,881,691	4,610,082	31,491,772	(2,744,096)	(28,879,128)	(12,786,866)
(1) Jul-04	(28,879,128)	32,184,524	30,095,456	4,851,085	34,946,541	(2,762,017)	(31,641,145)	(15,194,251)
(1) Aug-04	(31,641,145)	32,893,790	30,758,684	4,796,513	35,555,196	(2,661,407)	(34,302,552)	(18,462,521)
(1) Sep-04	(34,302,552)	31,680,063	29,623,739	4,487,049	34,110,788	(2,430,725)	(36,733,277)	(21,804,956)
* (1) Oct-04	(36,733,277)	14,928,321				14,928,321	(21,804,956)	
Totals	\$22,825,747	\$358,385,298	\$331,248,110	\$71,767,892	\$403,016,002	(\$44,630,704)	(\$21,804,956)	
Interest (2)							\$23,529	
Ending Balance@ September 30, 2004 with Interest							(\$21,781,427)	

- (1) Estimated revenues and expenses
- (2) Interest expense calculation : $(22,825,747 + -21,804,956)/2 * (4.61\%)$

* For September usage billed in October

Section 2. Projected Balance @ December 31, 2004

Month	Over(Under) Beginning Balance (a)	Standard Offer Revenue (b)	Standard Offer Base Expense (c)	Fuel Index Payments (d)	Total Standard Offer Expenses (e)	Monthly Over(Under) (f)	Over(Under) Ending Monthly Balance (g)	Monthly Balance Including Unbilled (h)
(1) Oct-04	(\$21,781,427)	\$14,928,321	\$27,918,674	\$4,190,787	\$32,109,460	(\$17,181,140)	(\$38,962,567)	(\$24,310,780)
(1) Nov-04	(38,962,567)	29,303,574	27,401,506	4,059,877	31,461,383	(2,157,809)	(41,120,376)	(26,122,450)
(1) Dec-04	(41,120,376)	29,995,852	28,048,848	4,095,797	32,144,645	(2,148,794)	(43,269,169)	(26,621,717)
* (1) Jan-05	(43,269,169)	16,647,452				16,647,452	(26,621,717)	
Totals	(\$21,781,427)	\$90,875,199	\$83,369,028	\$12,346,461	\$95,715,489	(\$4,840,290)	(\$26,621,717)	
Interest (3)							(\$278,923)	
Ending Balance@ December 31, 2004 with Interest							(\$26,900,640)	

* For December usage billed in January

- (1) Estimated revenues and expenses
- (3) Interest expense calculation : $(-21,781,427 + -26,621,717)/2 * (4.61\% * 3/12)$

Column Notes:

- Column (a) Column (g) from previous row; beginning balance from Page 1.
- Column (b) from Page 5
- Column (c) from Page 6
- Column (d) from Page 6
- Column (e) Column (c) + Column (d)
- Column (f) Column (b) - Column (e)
- Column (g) Column (a) + Column (f)
- Column (h) Column (g) + 50% of next month's Column (b)

The Narragansett Electric Company
 Summary of Standard Offer Revenue

	Actual		
	<u>Gross</u> <u>Revenue</u> (a)	<u>HVM</u> <u>Discount</u> (b)	<u>Net</u> <u>Revenue</u> (c)
Oct-02	\$25,231,870	(\$27,801)	\$25,204,069
Nov-02	24,626,547	(29,939)	24,596,608
Dec-02	27,763,072	(30,663)	27,732,410
Jan-03	28,564,650	(27,685)	28,536,965
Feb-03	27,029,244	(28,342)	27,000,901
Mar-03	25,746,786	(28,067)	25,718,718
Apr-03	23,380,727	(25,110)	23,355,617
May-03	22,506,879	(27,302)	22,479,577
Jun-03	24,599,780	(27,083)	24,572,696
Jul-03	33,364,552	(29,787)	33,334,765
Aug-03	36,302,268	(34,161)	36,268,107
Sep-03	34,816,919	(39,420)	34,777,499
Oct-03	28,731,005	(36,014)	28,694,991

Notes:

- (a) from Company SMB702 monthly revenue reports
- (b) Page 4
- (c) Column (a) + Column (b)

The Narragansett Electric Company
Summary of Standard Offer Revenue - HVM Discount

	kWh Subject to Discount (a)	Discounted kWhs (b)	Effective Standard Offer Rate (c)	Standard Offer HVM Discount (d)
* Oct-02 Sept usage	33,718,719	337,187	\$0.04662	\$15,720
* Oct-02 Oct usage	25,914,342	259,143	\$0.04662	12,081
Nov-02	64,220,074	642,201	\$0.04662	29,939
Dec-02	65,771,404	657,714	\$0.04662	30,663
* Jan-03 Dec usage	28,415,470	284,155	\$0.04662	13,247
* Jan-03 Jan usage	30,968,088	309,681	\$0.04662	14,437
Feb-03	60,794,662	607,947	\$0.04662	28,342
Mar-03	60,204,821	602,048	\$0.04662	28,067
Apr-03	53,861,701	538,617	\$0.04662	25,110
May-03	58,562,705	585,627	\$0.04662	27,302
Jun-03 May usage	32,262,709	322,627	\$0.04662	15,041
Jun-03 June usage	21,895,664	218,957	\$0.05500	12,043
Jul-03	54,158,373	541,584	\$0.05500	29,787
Aug-03	62,110,252	621,103	\$0.05500	34,161
Sep-03	71,672,737	716,727	\$0.05500	39,420
* Oct-03 Sep usage	37,708,701	377,087	\$0.05500	20,740
* Oct-03 Oct usage	27,771,361	277,714	\$0.05500	15,274

* Usage for these months prorated for rate changes effective for usage on and after the 1st day of the month.

Notes:

- (a) CIS System Data
- (b) Column (a) x 1%
- (c) Currently effective tariff
- (d) Column (b) x Column (c)

**The Narragansett Electric Company
 Standard Offer Reconciliation
 \$20 Million Lump Sum Payment Account**

	<u>Beginning Balance</u> (1)	<u>Fuel Payments</u> (2)	<u>Ending Balance</u> (3)	<u>Interest Balance</u> (4)	<u>Interest Rate</u> (5)	<u>Interest</u> (6)	<u>Ending Balance w/ Interest</u> (7)
Dec-01 \$	20,000,000		\$20,000,000	\$20,000,000	0.503%	\$100,500	\$20,100,500
Jan-02	20,100,500		20,100,500	20,100,500	0.503%	101,005	20,201,505
Feb-02	20,201,505		20,201,505	20,201,505	0.503%	101,513	20,303,018
Mar-02	20,303,018		20,303,018	20,303,018	0.424%	86,119	20,389,136
Apr-02	20,389,136		20,389,136	20,389,136	0.424%	86,484	20,475,620
May-02	20,475,620		20,475,620	20,475,620	0.424%	86,851	20,562,471
Jun-02	20,562,471		20,562,471	20,562,471	0.424%	87,219	20,649,690
Jul-02	20,649,690		20,649,690	20,649,690	0.424%	87,589	20,737,279
Aug-02	20,737,279		20,737,279	20,737,279	0.424%	87,961	20,825,240
Sep-02	20,825,240		20,825,240	20,825,240	0.424%	88,334	20,913,573
Oct-02	20,913,573		20,913,573	20,913,573	0.424%	88,708	21,002,282
Nov-02	21,002,282		21,002,282	21,002,282	0.424%	89,085	21,091,367
(1) Dec-02	21,091,367	2,910,091	18,181,275	19,636,321	0.424%	83,291	18,264,566
(1) Jan-03	18,264,566	972,306	17,292,260	17,778,413	0.424%	75,410	17,367,670
(1) Feb-03	17,367,670	2,584,631	14,783,039	16,075,354	0.424%	68,186	14,851,225
(1) Mar-03	14,851,225	5,098,542	9,752,683	12,301,954	0.384%	47,260	9,799,943
(1) Apr-03	9,799,943	5,955,239	3,844,705	6,822,324	0.384%	26,209	3,870,914
(1) May-03	3,870,914	3,870,914	-	1,935,457	0.384%	7,435	7,435
Total Fuel Payments		\$21,391,723					

(1) actual expenses

Column Notes:

- column (1) from prior month column (7)
- column (2) pursuant to RIPUC order in Docket No. 3749, fuel index payments will be deducted from the balance of the \$20 million lump sum payment
- column (3) column (1) - column (2)
- column (4) (column (1) + column (3))/2
- column (5) customer deposits rate (6.03% eff. 03/01/01, 5.09% eff.03/01/02, 4.61% eff. 03/01/03)
- column (6) column (4) * column (5)
- column (7) column (3) + column (6)

The Narragansett Electric Company
Standard Offer Reconciliation
Estimated Revenue for November 2003 through January 2005

(1) Estimated Standard Offer kWh Deliveries 85.8%

<u>Month</u>	<u>Estimated Total Company kWh Deliveries</u> (a)	<u>Estimated Standard Offer Deliveries</u> (b)	<u>Standard Offer Rate</u> (c)	<u>Total Revenues</u> (d)
Nov-03	612,330,000	525,379,140	\$0.05500	\$28,895,853
Dec-03	626,750,000	537,751,500	\$0.05500	\$29,576,333
Jan-04	705,550,000	605,361,900	\$0.05500	\$33,294,905
Feb-04	653,270,000	560,505,660	\$0.05500	\$30,827,811
Mar-04	622,080,000	533,744,640	\$0.05500	\$29,355,955
Apr-04	592,390,000	508,270,620	\$0.05500	\$27,954,884
May-04	568,720,000	487,961,760	\$0.05500	\$26,837,897
Jun-04	609,190,000	522,685,020	\$0.05500	\$28,747,676
Jul-04	682,020,000	585,173,160	\$0.05500	\$32,184,524
Aug-04	697,050,000	598,068,900	\$0.05500	\$32,893,790
Sep-04	671,330,000	576,001,140	\$0.05500	\$31,680,063
Oct-04	632,690,000	542,848,020	\$0.05500	\$29,856,641
Nov-04	620,970,000	532,792,260	\$0.05500	\$29,303,574
Dec-04	635,640,000	545,379,120	\$0.05500	\$29,995,852
Jan-05	705,550,000	605,361,900	\$0.05500	\$33,294,905

Column Notes:

- (a) Per Company forecast
(b) Column (a) x Line (1)
(c) Per currently effective tariff
(d) Column (b) x Column (c)
- (1) From Page 6, Line (3)

The Narragansett Electric Company
 Standard Offer Reconciliation
 Estimated Standard Offer Expenses (October 2003 through December 2004)

Section 1. Estimation of Standard Offer kWh Deliveries

	<u>Oct-03</u>
(1) Standard Offer kWhs	523,233,581
(2) Total kWh Deliveries	609,477,029
(3) Percentage of Standard Offer kWhs to Total kWhs	85.8%

Notes:

- (1) Company revenue reports
- (2) Company revenue reports
- (3) Line (1) ÷ Line (2)

Section 2. Calculation of Projected Expenses

	Projected Total Company kWh Deliveries (a)	% of Standard Offer kWhs to Total kWhs (b)	Projected Standard Offer kWh Deliveries (c)	Base Standard Offer Charge (d)	Base Standard Offer Expenses (e)	Projected Fuel Index Cost per kWh (f)	Projected Fuel Index Payments (g)	Total Projected Standard Offer Expenses (h)
Oct-03	609,477,029	85.8%	523,233,581	\$0.04743	\$24,816,969	\$0.01589	\$8,314,182	\$33,131,150
Nov-03	612,330,000	85.8%	525,379,140	\$0.04743	\$24,918,733	\$0.01627	\$8,547,919	\$33,466,651
Dec-03	626,750,000	85.8%	537,751,500	\$0.04743	\$25,505,554	\$0.01656	\$8,905,165	\$34,410,718
Jan-04	705,550,000	85.8%	605,361,900	\$0.05143	\$31,133,763	\$0.01160	\$7,022,198	\$38,155,961
Feb-04	653,270,000	85.8%	560,505,660	\$0.05143	\$28,826,806	\$0.01091	\$6,115,117	\$34,941,923
Mar-04	622,080,000	85.8%	533,744,640	\$0.05143	\$27,450,487	\$0.00914	\$4,878,426	\$32,328,913
Apr-04	592,390,000	85.8%	508,270,620	\$0.05143	\$26,140,358	\$0.00928	\$4,716,751	\$30,857,109
May-04	568,720,000	85.8%	487,961,760	\$0.05143	\$25,095,873	\$0.00927	\$4,523,406	\$29,619,279
Jun-04	609,190,000	85.8%	522,685,020	\$0.05143	\$26,881,691	\$0.00882	\$4,610,082	\$31,491,772
Jul-04	682,020,000	85.8%	585,173,160	\$0.05143	\$30,095,456	\$0.00829	\$4,851,085	\$34,946,541
Aug-04	697,050,000	85.8%	598,068,900	\$0.05143	\$30,758,684	\$0.00802	\$4,796,513	\$35,555,196
Sep-04	671,330,000	85.8%	576,001,140	\$0.05143	\$29,623,739	\$0.00779	\$4,487,049	\$34,110,788
Oct-04	632,690,000	85.8%	542,848,020	\$0.05143	\$27,918,674	\$0.00772	\$4,190,787	\$32,109,460
Nov-04	620,970,000	85.8%	532,792,260	\$0.05143	\$27,401,506	\$0.00762	\$4,059,877	\$31,461,383
Dec-04	635,640,000	85.8%	545,379,120	\$0.05143	\$28,048,848	\$0.00751	\$4,095,797	\$32,144,645
							Total Expected Fuel Payments through December 2004	\$84,114,352

Column Notes:

- (a) Per Company forecast
- (b) Section 1, Line (3)
- (c) Column (a) x Column (b)
- (d) Per standard offer contract (includes estimate for base SO adjustment for contract amendment as approved in RIPUC Docket No. 3496)
- (e) Column (c) x Column (d)
- (f) Company estimate based on fuel prices as reported on 10/28/03, 10/29/03 & 10/30/03
- (g) Column (c) x Column (f)
- (h) Column (e) + Column (g)

THE NARRAGANSETT ELECTRIC COMPANY
Re: Rate Changes for January 1, 2004
Witness: Jeanne A. Lloyd

Exhibit JAL-8
Last Resort Reconciliation
for the period October 2002 through September 2003

The Narragansett Electric Company
Last Resort Reconciliation

Month	(Under)/Over Beginning Balance (a)	Last Resort Revenue (b)	Last Resort Expense (c)	Monthly (Under)/Over (d)	Adjustments (e)	(Under)/Over Ending Balance (g)
* Oct-02	\$0	\$21,551	\$168,977	(\$147,426)		(\$147,426)
Nov-02	(147,426)	188,649	(289,841)	478,489		331,064
Dec-02	331,064	190,347	427,937	(237,590)		93,474
Jan-03	93,474	841,176	973,058	(131,882)		(38,408)
Feb-03	(38,408)	952,209	898,672	53,537		15,129
Mar-03	15,129	968,274	1,220,880	(252,606)		(237,477)
Apr-03	(237,477)	1,298,975	1,465,439	(166,465)		(403,941)
May-03	(403,941)	1,553,706	1,331,291	222,415		(181,527)
Jun-03	(181,527)	1,658,485	1,919,430	(260,945)		(442,472)
Jul-03	(442,472)	1,844,300	2,164,502	(320,202)		(762,673)
Aug-03	(762,673)	2,093,799	1,769,350	324,449		(438,225)
Sep-03	(438,225)	1,290,939	904,621	386,318		(51,907)
** Oct-03	(51,907)	612,074	-	612,074		560,167

Totals	\$0	\$13,514,483	\$12,954,316	\$560,167	\$0	\$560,167
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Interest						\$13,472
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Ending Balance with Interest						\$573,639
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* Indicates revenue for consumption on and after October 1, 2002

** Indicates revenue for consumption in September 2003 but billed in October 2003

Column (a) Column (g) from previous row; October 2002 beginning balance per RIPUC Docket No. 3479.

Column (b) Page 2

Column (c) Last Resort bills

Column (d) Column (b) - Column (c)

Column (e)

Column (g) Column (a) + Column (d) + Column (e)

The Narragansett Electric Company
Summary of Last Resort Revenues

		<u>Last Resort Revenues</u>	<u>HVM Discount</u>	<u>Last Resort Net Revenues</u>
*	Oct-02	\$61,537	(\$69)	\$61,468
	Nov-02	189,782	(1,133)	188,649
	Dec-02	191,499	(1,151)	190,347
	Jan-03	844,331	(3,155)	841,176
	Feb-03	954,948	(2,739)	952,209
	Mar-03	971,860	(3,586)	968,274
	Apr-03	1,302,950	(3,975)	1,298,975
	May-03	1,560,155	(6,450)	1,553,706
	Jun-03	1,664,394	(5,909)	1,658,485
	Jul-03	1,850,877	(6,576)	1,844,300
	Aug-03	2,105,170	(11,371)	2,093,799
	Sep-03	1,297,117	(6,179)	1,290,939
	Oct-03	<u>859,532</u>	<u>(2,646)</u>	<u>856,887</u>
		\$13,854,151	(\$54,938)	\$13,799,213

* Estimated revenue for consumption on and after October 1, 2002

- (a) Company revenue reports
- (b) from Page 3
- (c) Column (a) + Column (b)

The Narragansett Electric Company
 Summary of HVM Discount

	Oct-2002	Nov-2002	Dec-2002	Jan-2003	Feb-2003	Mar-2003	Apr-2003	May-2003	Jun-2003	Jul-2003	Aug-2003	Sep-2003	Oct-2003
G-02													
Billed in Prior Mnth				14,657	16,941	11,622	13,529	11,018	13,960	10,641	12,808	13,800	19,112
Billed in Current mnth				25,563	29,459	31,618	29,711	24,863	24,880	18,999	19,272	21,420	38,388
Prior Mnth Rate	\$0.04500	\$0.04500	\$0.04113	\$0.04134	\$0.04569	\$0.04685	\$0.04741	\$0.04724	\$0.04307	\$0.05737	\$0.06532	\$0.06532	\$0.06504
Current Mnth Rate	\$0.04500	\$0.04113	\$0.04134	\$0.04569	\$0.04685	\$0.04741	\$0.04724	\$0.04307	\$0.05737	\$0.06532	\$0.06532	\$0.06504	\$0.05899
Revenue	\$0	\$0	\$0	\$1,774	\$2,154	\$2,044	\$2,045	\$1,591	\$2,029	\$1,851	\$2,095	\$2,295	\$3,508
HVM Discount (1%)	\$0	\$0	\$0	-\$18	-\$22	-\$20	-\$20	-\$16	-\$20	-\$19	-\$21	-\$23	-\$35
G-32/B-32													
Billed in Prior Mnth	103,278	115,870	149,429	3,600,956	3,014,178	3,177,964	3,551,328	4,053,120	3,731,532	3,426,716	4,325,948	5,512,377	1,045,561
Billed in Current mnth	49,622	39,728	152,271	1,656,374	844,972	1,593,566	1,396,992	3,074,380	2,497,088	2,250,424	3,376,202	1,183,433	345,249
Prior Mnth Rate	\$0.04500	\$0.04500	\$0.04113	\$0.04134	\$0.04569	\$0.04685	\$0.04741	\$0.04724	\$0.04307	\$0.05737	\$0.06532	\$0.06532	\$0.06504
Current Mnth Rate	\$0.04500	\$0.04113	\$0.04134	\$0.04569	\$0.04685	\$0.04741	\$0.04724	\$0.04307	\$0.05737	\$0.06532	\$0.06532	\$0.06504	\$0.05899
Revenue	\$6,881	\$6,848	\$12,441	\$224,543	\$177,305	\$224,439	\$234,362	\$323,883	\$303,975	\$343,588	\$503,104	\$437,039	\$88,370
HVM Discount (1%)	-\$69	-\$68	-\$124	-\$2,245	-\$1,773	-\$2,244	-\$2,344	-\$3,239	-\$3,040	-\$3,436	-\$5,031	-\$4,370	-\$884
G-62/B-62													
Billed in Prior Mnth	-	2,366,000	2,497,000	2,157,000	2,066,000	2,670,632	2,720,000	3,929,593	3,594,077	3,116,616	4,202,773	2,733,000	2,655,000
Billed in Current mnth	-	-	-	-	-	148,368	680,000	3,107,607	2,267,523	2,042,184	5,471,027	-	-
Prior Mnth Rate	\$0.04500	\$0.04500	\$0.04113	\$0.04134	\$0.04569	\$0.04685	\$0.04741	\$0.04724	\$0.04307	\$0.05737	\$0.06532	\$0.06532	\$0.06504
Current Mnth Rate	\$0.04500	\$0.04113	\$0.04134	\$0.04569	\$0.04685	\$0.04741	\$0.04724	\$0.04307	\$0.05737	\$0.06532	\$0.06532	\$0.06504	\$0.05899
Revenue	\$0	\$106,470	\$102,702	\$89,170	\$94,396	\$132,153	\$161,078	\$319,479	\$284,885	\$312,196	\$631,893	\$178,520	\$172,681
HVM Discount (1%)	\$0	-\$1,065	-\$1,027	-\$892	-\$944	-\$1,322	-\$1,611	-\$3,195	-\$2,849	-\$3,122	-\$6,319	-\$1,785	-\$1,727
Total Discount	-\$69	-\$1,133	-\$1,151	-\$3,155	-\$2,739	-\$3,586	-\$3,975	-\$6,450	-\$5,909	-\$6,576	-\$11,371	-\$6,179	-\$2,646
Total kWhs	152,900	2,521,598	2,798,700	7,454,550	5,971,550	7,633,770	8,391,560	14,200,581	12,129,060	10,865,580	17,408,030	9,464,030	4,103,310
Total Prior Month	-\$46	-\$1,117	-\$1,088	-\$2,386	-\$2,329	-\$2,746	-\$2,980	-\$3,776	-\$3,161	-\$3,760	-\$5,579	-\$5,395	-\$2,419
Total Current Month	-\$22	-\$16	-\$63	-\$768	-\$410	-\$841	-\$995	-\$2,673	-\$2,748	-\$2,816	-\$5,792	-\$784	-\$226

THE NARRAGANSETT ELECTRIC COMPANY
Re: Rate Changes for January 1, 2004
Witness: Jeanne A. Lloyd

Exhibit JAL-9
Tariff Cover Sheets

THE NARRAGANSETT ELECTRIC COMPANY
Basic Residential Rate (A-16)
Retail Delivery Service

Effective
January 1, 2004

R.I.P.U.C. No. 1125

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Customer Charge per month</u>	\$2.54
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Charge per kWh</u>	0.436¢
<u>Transmission Adjustment Factor per kWh</u>	0.080¢
<u>Distribution Charge per kWh*</u>	3.642¢
<u>Minimum Charge per month</u>	\$2.54
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢ (Eff. Jan. 1, 1997)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY
Residential Water Heater Control Rate (A-18)
Retail Delivery Service

Effective
January 1, 2004

R.I.P.U.C. No. 1126-A

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Customer Charge per month</u>	\$2.52
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Charge per kWh</u>	0.387¢
<u>Transmission Adjustment Factor per kWh</u>	0.080¢
<u>Distribution Charge per kWh*</u>	3.536¢
<u>Credit per kWh for the first 750 kWh per month</u>	0.661¢
<u>Minimum Charge per month</u>	\$2.52
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢ (Eff. Jan. 1, 1997)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY

Residential Time-Of-Use Rate (A-32)

Retail Delivery Service

Effective
January 1, 2004

R.I.P.U.C. No. 1127-A

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Customer Charge per month</u>	\$2.30
<u>Time-of-use Metering Charge per month</u>	\$4.44
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Charge per kWh</u>	0.392¢
<u>Transmission Adjustment Factor per kWh</u>	0.080¢
<u>Distribution Charge per kWh*</u>	2.558¢
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢ (Eff. Jan. 1, 1997)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY
Low Income Rate (A-60)
Retail Delivery Service

Effective
January 1, 2004

R.I.P.U.C. No. 1128

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Charge per kWh</u>	0.338¢
<u>Transmission Adjustment Factor per kWh</u>	0.080¢
<u>Distribution Charge per kWh*</u>	2.551¢
<u>Water Heater Credit per kWh for the first 750 kWh per month</u>	0.661¢
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢ (Eff. Jan. 1, 1997)
<u>A-60 Rate Credit</u>	0.227¢

Additional Delivery Rates for Blackstone Valley Zone

<u>Blackstone Distribution Charge per first 300 kWh</u>	(1.436)¢
<u>Blackstone Distribution Charge in excess 300 kWh</u>	1.194¢

Additional Delivery Rates for Newport Zone

<u>Newport Distribution Charge first 300 kWh</u>	(0.782)¢
<u>Newport Distribution Charge in excess 300 kWh</u>	1.952¢

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY
General C&I Back-Up Service Rate (B-02)
Retail Delivery Service

Effective
January 1, 2004

R.I.P.U.C. No. 1129

Monthly Charge As Adjusted

	<u>Rates for Back-Up Service</u>	<u>Rates for Supplemental Service</u>
<u>Rates for Retail Delivery Service</u>		
<u>Customer Charge per month</u>	\$103.41	n/a
<u>Distribution Demand Charge per kW in excess 10 kW</u>	\$2.91	\$2.91
<u>Transmission Demand Charge per kW in excess 10 kW</u>	\$1.40	\$1.40
<u>Transmission Adjustment Factor per kWh</u>	0.080¢	0.080¢
<u>Distribution Energy Charge per kWh *</u>	0.992¢	0.992¢
<u>Non-bypassable Transition Charge per kWh</u>	n/a	0.855¢
<u>C&LM Adjustment per kWh</u>	n/a	0.230¢
 <u>Rates for Standard Offer Service or Last Resort Service (Optional)</u>		
<u>Standard Offer per kWh</u>	n/a	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	n/a	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY
Small C&I Back-Up Service Rate (B-06)
Retail Delivery Service

Effective
January 1, 2004

R.I.P.U.C. No. 1130

Monthly Charge As Adjusted

	<u>Rates for Back-Up Service</u>	<u>Rates for Supplemental Service</u>
<u>Rates for Retail Delivery Service</u>		
<u>Customer Charge per month</u>	\$5.73	n/a
<u>Transmission Energy Charge per kWh</u>	0.536¢	0.536¢
<u>Transmission Adjustment Factor per kWh</u>	0.080¢	0.080¢
<u>Distribution Energy Charge per kWh *</u>	3.860¢	3.860¢
<u>Non-bypassable Transition Charge per kWh</u>	n/a	0.855¢
<u>C&LM Adjustment per kWh</u>	n/a	0.230¢
<u>Rates for Standard Offer Service or Last Resort Service (Optional)</u>		
<u>Standard Offer per kWh</u>	n/a	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	n/a	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY
200 kW Back-Up Service Rate (B-32)
Retail Delivery Service

Effective
January 1, 2004

R.I.P.U.C. No. 1131

Monthly Charge As Adjusted

	<u>Rates for Back-Up Service</u>	<u>Rates for Supplemental Service</u>
<u>Rates for Retail Delivery Service</u>		
<u>Customer Charge per month</u>	\$236.43	n/a
<u>Transmission Demand Charge per kW</u>	\$1.27	\$1.27
<u>Distribution Demand Charge per kW</u>	\$1.56	\$1.56
<u>Transmission Adjustment Factor per kWh</u>	0.080¢	0.080¢
<u>Distribution Energy Charge per kWh *</u>	1.101¢	1.101¢
<u>Non-bypassable Transition Charge per kWh</u>	n/a	0.855¢
<u>C&LM Adjustment per kWh</u>	n/a	0.230¢
 <u>Rates for Standard Offer Service or Last Resort Service (Optional)</u>		
<u>Standard Offer per kWh</u>	n/a	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	n/a	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY
3,000 kW Back-Up Service Rate (B-62)
 Retail Delivery Service

Effective
 January 1, 2004

R.I.P.U.C. No. 1132

Monthly Charge As Adjusted

<u>Rates for Retail Delivery Service</u>	<u>Rates for Back-Up Service</u>	<u>Rates for Supplemental Service</u>
<u>Customer Charge per month</u>	\$17,118.72	n/a
<u>Distribution Demand Charge per kW</u>	\$0.75	\$0.75
<u>Transmission Demand Charge per kW</u>	\$1.39	\$1.39
<u>Transmission Adjustment Factor per kWh</u>	0.080¢	0.080¢
<u>Distribution Energy Charge per kWh *</u>	0.396¢	0.396¢
<u>Non-bypassable Transition Charge per kWh</u>	n/a	0.855¢
<u>C&LM Adjustment per kWh</u>	n/a	0.230¢
 <u>Rates for Standard Offer Service or Last Resort Service (Optional)</u>		
<u>Standard Offer per kWh</u>	n/a	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	n/a	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

High Voltage Back-Up Service Rate (B-72)
High Voltage Delivery Service

R.I.P.U.C. No. 1133

Monthly Charge As Adjusted

	<u>Rates for Back-Up Service</u>	<u>Rates for Supplemental Service</u>
<u>Rates for High Voltage Delivery Service</u>		
<u>Customer Charge per month</u>	\$63.75	n/a
<u>Distribution Demand Charge per kW</u>	\$ 0.35	\$ 0.35
<u>Transmission Demand Charge per kW</u>	\$ 1.34	\$ 1.34
<u>Transmission Adjustment Factor per kWh</u>	0.080¢	0.080¢
<u>Distribution Energy Charge per kWh*</u>	0.396¢	0.396¢
<u>Non-Bypassable Transition Charge per kWh</u>	n/a	0.855¢
<u>Conservation and Load Management Adjustment per kWh</u>	n/a	0.230¢
<u>Rates for Standard Offer Service or Last Resort Service (Optional)</u>		
<u>Standard Offer per kWh</u>	n/a	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	n/a	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable). However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY
Small C&I Rate (C-06)
Retail Delivery Service

Effective
January 1, 2004

R.I.P.U.C. No. 1134

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Customer Charge per month</u>	\$5.73
<u>Unmetered Charge per month</u>	\$1.83
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Charge per kWh</u>	0.536¢
<u>Transmission Adjustment Factor per kWh</u>	0.080¢
<u>Distribution Charge per kWh*</u>	3.860¢
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢ (Eff. Jan 1, 1997)

Additional Delivery Rates for Blackstone Valley Zone

Customer Charge Credit equal to the Maximum of (698 - billed kWh) x \$0.00338 or zero

Additional Delivery Rates for Newport Zone

Customer Charge Credit equal to the Maximum of (124 - billed kWh) x \$0.01844 or zero

Rates for Standard Offer Service or Last Resort Service (Optional)

Standard Offer per kWh per Standard Offer Service tariff

Last Resort per kWh per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY
Residential Storage Heating Rate (E-30)
Retail Delivery Service

Effective
January 1, 2004

R.I.P.U.C. No. 1135

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Customer Charge per month</u>	\$7.54
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Charge per kWh</u>	0.261¢
<u>Transmission Adjustment Factor per kWh</u>	0.080¢
<u>Distribution Charge per kWh*</u>	1.582¢
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢ (Eff. Jan. 1, 1997)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY
Storage Cooling Rate (E-40)
Retail Delivery Service

Effective
January 1, 2004

R.I.P.U.C. No. 1136

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Customer Charge per month</u>	\$75.15
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Charge per kWh</u>	0.141¢
<u>Transmission Adjustment Factor per kWh</u>	0.080¢
<u>Distribution Charge per kWh*</u>	
Peak/Shoulder	2.536¢
Off Peak	0.949¢
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢ (Eff. Jan. 1, 1997)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY
General C&I Rate (G-02)
Retail Delivery Service

Effective
January 1, 2004

R.I.P.U.C. No. 1137

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Customer Charge per month</u>	\$103.41
<u>Transmission Charge per kW in excess of 10 kW</u>	\$1.40
<u>Distribution Charge per kW in excess of 10 kW</u>	\$2.91
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Adjustment Factor per kWh</u>	0.080¢
<u>Distribution Charge per kWh*</u>	0.992¢
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢ (Eff. Jan. 1, 1997)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY
Limited Medium Secondary Voltage C&I Rate (G-22)
Retail Delivery Service

Effective
January 1, 2004

R.I.P.U.C. No. 1138

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Distribution Charge per kW</u>	\$1.50
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Charge per kWh</u>	0.386¢
<u>Transmission Adjustment Factor per kWh</u>	0.080¢
<u>Distribution Charge per kWh*</u>	2.215¢
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢ (Eff. Jan. 1, 1997)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY
200 kW Demand Rate (G-32)
Retail Delivery Service

Effective
January 1, 2004

R.I.P.U.C. No. 1139

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Customer Charge per month</u>	\$236.43
<u>Transmission Charge per kW</u>	\$1.27
<u>Distribution Charge per kW</u>	\$1.56
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Adjustment Factor per kWh</u>	0.080¢
<u>Distribution Charge per kWh*</u>	1.101¢
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢ (Eff. Jan. 1, 1997)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per Wh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable).
However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY
3000 kW Demand Rate (G-62)
Retail Delivery Service

Effective
January 1, 2004

R.I.P.U.C. No. 1140

Monthly Charge As Adjusted

Rates for Retail Delivery Services

<u>Customer Charge per month</u>	\$17,118.72
<u>Transmission Charge per kW</u>	\$1.39
<u>Distribution Charge per kW</u>	\$0.75
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Adjustment Factor per kWh</u>	0.080¢
<u>Distribution Charge per kWh*</u>	0.396¢
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢ (Eff. Jan. 1, 1997)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable).
However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY

Effective
January 1, 2004

High Voltage Rate (H-72)
High Voltage Delivery Service

R.I.P.U.C. No. 1141

Monthly Charge As Adjusted

Rates for High Voltage Delivery Service

<u>Customer Charge per month</u>	\$63.75
<u>Transmission Demand Charge per kW</u>	\$1.34
<u>Distribution Demand Charge per kW</u>	\$0.35
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Adjustment Factor per kWh</u>	0.080¢
<u>Distribution Energy Charge per kWh*</u>	0.396¢
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢ (Eff. Jan. 1, 1997)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable).
However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

R.I.P.U.C. No. 1142

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Distribution Charge per kW</u>	\$5.52
<u>Distribution Charge per kVAR</u>	\$0.17
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Charge per kWh</u>	0.408¢
<u>Transmission Adjustment Factor per kWh</u>	0.080¢
<u>Distribution Charge per kWh*</u>	0.574¢
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢ (Eff. Jan. 1, 1997)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable). However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY
Limited Traffic Signal Service (R-02)
Retail Delivery Service

Effective
January 1, 2004

R.I.P.U.C. No. 1143

Monthly Charge as Adjusted

Rates for Retail Delivery Service

<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Charge per kWh</u>	0.259¢
<u>Transmission Adjustment Factor per kWh</u>	0.080¢
<u>Distribution Charge per kWh*</u>	0.867¢
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢ (Eff. Jan. 1, 1997)

Rates for Standard Offer Service or Last Resort (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit. .

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable). However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY

Effective
January 1, 2004

Limited Service - Private Lighting (S-10)
Retail Delivery Service

R.I.P.U.C. No. 1144-A

Luminaire
Type/Lumens

<u>Incandescent</u>	<u>Code</u>	<u>Annual kWh</u>
1,000	10	440
<u>Mercury Vapor</u>		
8,000 Post Top	2	908
4,000	3	561
8,000	4	908
22,000	5	1,897
63,000	6	4,569
22,000 FL	23	1,897
63,000 FL	24	4,569
<u>Sodium Vapor</u>		
4,000	70	248
5,800	71	349
9,600	72	490
27,500	74	1,284
50,000	75	1,968
27,500 FL	77	1,284
50,000 FL	78	1,968
9,600 Post Top	79	490
27,500 (24 hr)	84	2,568

	<u>Narragansett</u> <u>Zone</u>	<u>Blackstone</u> <u>Zone</u>	<u>Newport</u> <u>Zone</u>
Non-Bypassable Transition Charge per kWh	0.855¢	0.855¢	0.855¢
Distribution Energy Charge per kWh*	0.396¢	0.396¢	0.396¢
Transmission Charge per kWh	0.259¢	0.259¢	0.259¢
Transmission Adjustment Factor per kWh	0.080¢	0.080¢	0.080¢
Conservation & Load Management Adjustment per kWh	0.230¢	0.230¢	0.230¢
Streetlight Credit per kWh	0.000¢	4.420¢	2.918¢

Plus Standard Offer per Standard Offer Service tariff (Optional)

Plus Last Resort per Last Resort Service tariff (Optional)

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable). However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

Limited Street Lighting Service (S-12)
Retail Delivery Service

R.I.P.U.C. No. 1145-A

<u>Luminaire</u> <u>Type/Lumens</u>	<u>Code</u>	<u>Annual kWh</u>
<u>Incandescent</u>		
1,000	50, 10	440
2,500	11	845
<u>Mercury Vapor</u>		
4,000	3	561
8,000	4	908
8,000 (post top)	2	908
15,000	17, 18	1,874
22,000	5	1,897
22,000 (24 hr)	64	3,794
63,000	6	4,569
<u>Sodium Vapor</u>		
4,000	70, 710, 711, 750, 755, 756	248
5,800	71	349
9,600	72, 79	490
27,500	74	1,284
50,000	75	1,968
27,500 (24 hr)	84	2,568
50,000 (FL)	78	1,968

Non-Bypassable Transition Charge per kWh 0.855¢

Transmission Charge per kWh 0.259¢

Transmission Adjustment Factor per kWh 0.080¢

Distribution Energy Charge per kWh* 0.396¢

Conservation & Load Management Adjustment per kWh 0.230¢

Plus Standard Offer per Standard Offer Service tariff (Optional)

Plus Last Resort per Last Resort Service tariff (Optional)

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable). However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY
General Streetlighting Service (S-14)
 Retail Delivery Service

Effective
 January 1, 2004

R.I.P.U.C. No. 1146-A

<u>Luminaire</u>		
<u>Type/Lumens</u>	<u>Code</u>	<u>Annual kWh</u>
<u>Incandescent</u>		
1,000	10	440
<u>Mercury Vapor</u>		
8,000 Post Top	02	908
4,000	03	561
8,000	04	908
22,000	05	1,897
63,000	06	4,569
<u>Sodium Vapor</u>		
4,000	70	248
5,800	71	349
9,600	72	490
27,500	74	1,284
50,000	75	1,968
27,500 (24 hr)	84	2,568
50,000 FL	78	1,968
9,600 Post Top	79	490

	<u>Narragansett</u> <u>Zone</u>	<u>Blackstone</u> <u>Zone</u>	<u>Newport</u> <u>Zone</u>
Non-Bypassable Transition Charge per kWh	0.855¢	0.855¢	0.855¢
Distribution Energy Charge per kWh	0.396¢	0.396¢	0.396¢
Transmission Charge per kWh	0.259¢	0.259¢	0.259¢
Transmission Adjustment Factor per kWh	0.080¢	0.080¢	0.080¢
Conservation & Load Management Adj. Per kWh	0.230¢	0.230¢	0.230¢
Streetlight Credit per kWh	0.000¢	4.420¢	2.918¢
Plus Standard Offer	per Standard Offer Service tariff (Optional)		
Plus Last Resort	per Last Resort Service tariff (Optional)		

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable). However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY
Limited Service All-Electric Living (T-06)
Retail Delivery Service

Effective
January 1, 2004

R.I.P.U.C. No. 1147

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Customer Charge per month</u>	\$7.84
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Charge per kWh</u>	0.361¢
<u>Transmission Adjustment Factor per kWh</u>	0.080¢
<u>Distribution Charge per kWh*</u>	2.247¢
<u>Minimum Charge per month</u>	\$7.84
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢ (Eff. Jan. 1, 1997)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable). However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY
Limited Service - Business Space Heating (V-02)
Retail Delivery Service

Effective
January 1, 2004

R.I.P.U.C. No. 1148

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Customer Charge per month</u>	\$7.85
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Charge per kWh</u>	0.547¢
<u>Transmission Adjustment Factor per kWh</u>	0.080¢
<u>Distribution Charge per kWh*</u>	3.038¢
<u>Minimum Charge per month</u>	\$7.85
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢ (Eff. Jan. 1, 1997)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer or Last Resort per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

* In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable). However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY

Effective
January 1, 2004

Electric Propulsion Rate (X-01)
High Voltage Delivery Service

R.I.P.U.C. No. 1149

Monthly Charge As Adjusted

Rates for High Voltage Delivery Service

<u>Customer Charge per month</u>	\$10,000
<u>Transmission Demand Charge per kW</u>	\$1.34
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Adjustment Factor per kWh</u>	0.080¢
<u>Distribution Energy Charge per kWh*</u>	0.396¢
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

In addition to base distribution charge, this charge also includes (0.038¢) per kWh for Rate Settlement credit.

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable).
However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY
Re: Rate Changes for January 1, 2004
Witness: Jeanne A. Lloyd

Exhibit JAL-10
Typical Bill Analysis

The Narragansett Electric Company

Calculation of Monthly Typical Bill

Comparison of Rates in Effect 12/31/03 v. 01/01/04

Impact on A-16 Rate Customers

Monthly kWh	Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
120	\$16.17	\$6.88	\$9.29	\$16.58	\$7.38	\$9.20	\$0.41	2.5%
240	\$29.68	\$13.75	\$15.93	\$30.50	\$14.75	\$15.75	\$0.82	2.8%
500	\$58.98	\$28.65	\$30.33	\$60.68	\$30.73	\$29.95	\$1.70	2.9%
700	\$81.50	\$40.10	\$41.40	\$83.90	\$43.02	\$40.88	\$2.40	2.9%
950	\$109.67	\$54.43	\$55.24	\$112.92	\$58.39	\$54.53	\$3.25	3.0%
1,000	\$115.30	\$57.29	\$58.01	\$118.72	\$61.46	\$57.26	\$3.42	3.0%

Rates in Effect 12/03: A-16

Customer Charge		\$2.54
Transmission Energy Charge (1)	kWh x	\$0.00499
Distribution Energy Charge	kWh x	\$0.03680
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05500

Rates in Effect 01/04: A-16

Customer Charge		\$2.54
Transmission Energy Charge (2)	kWh x	\$0.00516
Distribution Energy Charge	kWh x	\$0.03680
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05900

Note (1): Includes Transmission Adjustment Factor of \$.00063/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00080/kWh.

The Narragansett Electric Company
 Calculation of Monthly Typical Bill
 Comparison of Rates in Effect 12/31/03 v. 01/01/04
 Impact on A-18 Rate Customers

Monthly kWh	Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
280	\$31.79	\$16.04	\$15.75	\$32.75	\$17.21	\$15.54	\$0.96	3.0%
550	\$59.91	\$31.51	\$28.40	\$61.79	\$33.80	\$27.99	\$1.88	3.1%
1,100	\$119.61	\$63.02	\$56.59	\$123.36	\$67.60	\$55.76	\$3.75	3.1%
1,650	\$180.68	\$94.53	\$86.15	\$186.32	\$101.41	\$84.91	\$5.64	3.1%
2,200	\$241.75	\$126.04	\$115.71	\$249.27	\$135.21	\$114.06	\$7.52	3.1%

Rates in Effect 12/03: A-18

Rates in Effect 01/04: A-18

Customer Charge		\$2.52	Customer Charge		\$2.52
Transmission Energy Charge (1)	kWh x	\$0.00450	Transmission Energy Charge (2)	kWh x	\$0.00467
Distribution Energy Charge	kWh x	\$0.03574	Distribution Energy Charge	kWh x	\$0.03574
Transition Energy Charge	kWh x	\$0.00944	Transition Energy Charge	kWh x	\$0.00855
Credit for 1st 750 kWh	kWh x	-\$0.00661	Credit for 1st 750 kWh	kWh x	-\$0.00661
C&LM Adjustment	kWh x	\$0.00230	C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000	S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038	Settlement Cr.	kWh x	-\$0.00038
Gross Earnings Tax		4.00%	Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.05500	Standard Offer Charge	kWh x	\$0.05900

Note (1): Includes Transmission Adjustment Factor of \$.00063/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00080/kWh.

The Narragansett Electric Company

Calculation of Monthly Typical Bill

Comparison of Rates in Effect 12/31/03 v. 01/01/04

Impact on A-32 Rate Customers

Monthly kWh	Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
2,000	\$208.83	\$114.58	\$94.25	\$215.67	\$122.92	\$92.75	\$6.84	3.3%
2,500	\$259.29	\$143.23	\$116.06	\$267.83	\$153.65	\$114.18	\$8.54	3.3%
3,000	\$309.74	\$171.88	\$137.86	\$319.99	\$184.38	\$135.61	\$10.25	3.3%
4,000	\$410.65	\$229.17	\$181.48	\$424.31	\$245.83	\$178.48	\$13.66	3.3%
5,000	\$511.55	\$286.46	\$225.09	\$528.63	\$307.29	\$221.34	\$17.08	3.3%

Rates in Effect 12/03: A-32

Customer Charge		\$2.30
Meter Charge		\$4.44
Transmission Energy Charge (1)	kWh x	\$0.00455
Distribution Energy Charge	kWh x	\$0.02596
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge \$0.05500

Rates in Effect 01/04: A-32

Customer Charge		\$2.30
Meter Charge		\$4.44
Transmission Energy Charge (2)	kWh x	\$0.00472
Distribution Energy Charge	kWh x	\$0.02596
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05900

Note (1): Includes Transmission Adjustment Factor of \$.00063/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00080/kWh.

The Narragansett Electric Company

Calculation of Monthly Typical Bill

Comparison of Rates in Effect 12/31/03 v. 01/01/04

Impact on A-60 Rate Customers

Without Control Credit for Water Heater

Monthly kWh	Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
120	\$11.75	\$6.88	\$4.87	\$12.16	\$7.38	\$4.78	\$0.41	3.5%
240	\$23.50	\$13.75	\$9.75	\$24.32	\$14.75	\$9.57	\$0.82	3.5%
500	\$48.96	\$28.65	\$20.31	\$50.66	\$30.73	\$19.93	\$1.70	3.5%
700	\$68.53	\$40.10	\$28.43	\$70.93	\$43.02	\$27.91	\$2.40	3.5%
950	\$93.01	\$54.43	\$38.58	\$96.26	\$58.39	\$37.87	\$3.25	3.5%

Rates in Effect 12/03: A-60

Rates in Effect 01/04: A-60

Customer Charge		\$0.00	Customer Charge		\$0.00
Transmission Energy Charge (1)	kWh x	\$0.00401	Transmission Energy Charge (2)	kWh x	\$0.00418
Distribution Energy Charge	kWh x	\$0.02589	Distribution Energy Charge	kWh x	\$0.02589
Transition Energy Charge	kWh x	\$0.00944	Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230	C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000	S.O. Adj.	kWh x	\$0.00000
FAS 106 Adjustment, & Settlement Cr.	kWh x	-\$0.00038	Settlement Cr.	kWh x	-\$0.00038
A-60 Rate Credit	kWh x	-\$0.00227	A-60 Rate Credit	kWh x	-\$0.00227
Gross Earnings Tax		4.00%	Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.05500	Standard Offer Charge	kWh x	\$0.05900

Note (1): Includes Transmission Adjustment Factor of \$.00063/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00080/kWh.

The Narragansett Electric Company

Calculation of Monthly Typical Bill

Comparison of Rates in Effect 12/31/03 v. 01/01/04

Impact on A-60 Rate Customers

With Control Credit for Water Heater

Monthly kWh	Rates in Effect 12/03			Rates in Effect 01/04			Difference		0 of Bills
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
95	\$8.64	\$5.44	\$3.20	\$8.97	\$5.84	\$3.13	\$0.33	3.8%	6.0%
190	\$17.30	\$10.89	\$6.41	\$17.95	\$11.68	\$6.27	\$0.65	3.8%	22.0%
380	\$34.59	\$21.77	\$12.82	\$35.88	\$23.35	\$12.53	\$1.29	3.7%	39.0%
550	\$50.06	\$31.51	\$18.55	\$51.94	\$33.80	\$18.14	\$1.88	3.8%	16.0%
750	\$68.27	\$42.97	\$25.30	\$70.82	\$46.09	\$24.73	\$2.55	3.7%	9.0%

Rates in Effect 12/03: A-60

Rates in Effect 01/04: A-60

Customer Charge		\$0.00	Customer Charge		\$0.00
Transmission Energy Charge (1)	kWh x	\$0.00401	Transmission Energy Charge (2)	kWh x	\$0.00418
Distribution Energy Charge	kWh x	\$0.02589	Distribution Energy Charge	kWh x	\$0.02589
Transition Energy Charge	kWh x	\$0.00944	Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230	C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000	S.O. Adj.	kWh x	\$0.00000
FAS 106 Adjustment, & Settlement Cr.	kWh x	-\$0.00038	Settlement Cr.	kWh x	-\$0.00038
A-60 Rate Credit	kWh x	-\$0.00227	A-60 Rate Credit	kWh x	-\$0.00227
Credit for 1st 750 kWh	kWh x	-\$0.00661	Credit for 1st 750 kWh	kWh x	-\$0.00661
Gross Earnings Tax		4.00%	Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.05500	Standard Offer Charge	kWh x	\$0.05900

Note (1): Includes Transmission Adjustment Factor of \$.00063/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00080/kWh.

The Narragansett Electric Company

Calculation of Monthly Typical Bill

Comparison of Rates in Effect 12/31/03 v. 01/01/04

Impact on C-06 Rate Customers

Monthly kWh	Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
255	\$35.54	\$14.61	\$20.93	\$36.41	\$15.67	\$20.74	\$0.87	2.4%
500	\$63.96	\$28.65	\$35.31	\$65.66	\$30.73	\$34.93	\$1.70	2.7%
1,000	\$121.94	\$57.29	\$64.65	\$125.36	\$61.46	\$63.90	\$3.42	2.8%
1,550	\$185.72	\$88.80	\$96.92	\$191.02	\$95.26	\$95.76	\$5.30	2.9%
2,000	\$237.90	\$114.58	\$123.32	\$244.74	\$122.92	\$121.82	\$6.84	2.9%

Rates in Effect 12/03: C-06

Customer Charge		\$5.73
Transmission Energy Charge (1)	kWh x	\$0.00599
Distribution Energy Charge	kWh x	\$0.03898
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05500

Rates in Effect 01/04: C-06

Customer Charge		\$5.73
Transmission Energy Charge (2)	kWh x	\$0.00616
Distribution Energy Charge	kWh x	\$0.03898
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05900

Note (1): Includes Transmission Adjustment Factor of \$0.00063/kWh.

Note (2): Includes Transmission Adjustment Factor of \$0.00080/kWh.

The Narragansett Electric Company
 Calculation of Monthly Typical Bill

Comparison of Rates in Effect 12/31/03 v. 01/01/04
 Impact on G-02 Rate Customers

Hours Use: 200

Monthly Power		Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
20	4,000	\$474.66	\$229.17	\$245.49	\$488.32	\$245.83	\$242.49	\$13.66	2.9%
50	10,000	\$1,092.41	\$572.92	\$519.49	\$1,126.57	\$614.58	\$511.99	\$34.16	3.1%
100	20,000	\$2,121.99	\$1,145.83	\$976.16	\$2,190.33	\$1,229.17	\$961.16	\$68.34	3.2%
150	30,000	\$3,151.57	\$1,718.75	\$1,432.82	\$3,254.07	\$1,843.75	\$1,410.32	\$102.50	3.3%

Rates in Effect 12/03: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00063
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05500

Rates in Effect 01/04: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00080
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05900

The Narragansett Electric Company

Calculation of Monthly Typical Bill

Comparison of Rates in Effect 12/31/03 v. 01/01/04

Impact on G-02 Rate Customers

Hours Use: 300

Monthly Power		Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
20	6,000	\$635.68	\$343.75	\$291.93	\$656.18	\$368.75	\$287.43	\$20.50	3.2%
50	15,000	\$1,494.96	\$859.38	\$635.58	\$1,546.21	\$921.88	\$624.33	\$51.25	3.4%
100	30,000	\$2,927.09	\$1,718.75	\$1,208.34	\$3,029.59	\$1,843.75	\$1,185.84	\$102.50	3.5%
150	45,000	\$4,359.23	\$2,578.13	\$1,781.10	\$4,512.98	\$2,765.63	\$1,747.35	\$153.75	3.5%

Rates in Effect 12/03: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00063
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05500

Rates in Effect 01/04: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00080
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05900

The Narragansett Electric Company

Calculation of Monthly Typical Bill

Comparison of Rates in Effect 12/31/03 v. 01/01/04

Impact on G-02 Rate Customers

Hours Use: 400

Monthly Power		Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
20	8,000	\$796.69	\$458.33	\$338.36	\$824.03	\$491.67	\$332.36	\$27.34	3.4%
50	20,000	\$1,897.51	\$1,145.83	\$751.68	\$1,965.85	\$1,229.17	\$736.68	\$68.34	3.6%
100	40,000	\$3,732.20	\$2,291.67	\$1,440.53	\$3,868.86	\$2,458.33	\$1,410.53	\$136.66	3.7%
150	60,000	\$5,566.89	\$3,437.50	\$2,129.39	\$5,771.89	\$3,687.50	\$2,084.39	\$205.00	3.7%

Rates in Effect 12/03: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00063
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05500

Rates in Effect 01/04: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00080
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05900

The Narragansett Electric Company
Calculation of Monthly Typical Bill

Comparison of Rates in Effect 12/31/03 v. 01/01/04
Impact on G-02 Rate Customers

Hours Use: 500

Monthly Power		Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
20	10,000	\$957.72	\$572.92	\$384.80	\$991.88	\$614.58	\$377.30	\$34.16	3.6%
50	25,000	\$2,300.06	\$1,432.29	\$867.77	\$2,385.48	\$1,536.46	\$849.02	\$85.42	3.7%
100	50,000	\$4,537.30	\$2,864.58	\$1,672.72	\$4,708.14	\$3,072.92	\$1,635.22	\$170.84	3.8%
150	75,000	\$6,774.55	\$4,296.88	\$2,477.67	\$7,030.80	\$4,609.38	\$2,421.42	\$256.25	3.8%

Rates in Effect 12/03: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00063
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05500

Rates in Effect 01/04: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00080
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05900

The Narragansett Electric Company
 Calculation of Monthly Typical Bill

Comparison of Rates in Effect 12/31/03 v. 01/01/04
 Impact on G-02 Rate Customers

Hours Use: 600

Monthly Power		Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
20	12,000	\$1,118.74	\$687.50	\$431.24	\$1,159.74	\$737.50	\$422.24	\$41.00	3.7%
50	30,000	\$2,702.61	\$1,718.75	\$983.86	\$2,805.11	\$1,843.75	\$961.36	\$102.50	3.8%
100	60,000	\$5,342.41	\$3,437.50	\$1,904.91	\$5,547.41	\$3,687.50	\$1,859.91	\$205.00	3.8%
150	90,000	\$7,982.20	\$5,156.25	\$2,825.95	\$8,289.70	\$5,531.25	\$2,758.45	\$307.50	3.9%

Rates in Effect 12/03: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00063
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05500

Rates in Effect 01/04: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00080
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05900

The Narragansett Electric Company
Calculation of Monthly Typical Bill

Comparison of Rates in Effect 12/31/03 v. 01/01/04
Impact on G-32 Rate Customers

Hours Use: 200

Monthly Power		Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
500	100,000	\$9,884.83	\$5,729.17	\$4,155.66	\$10,226.49	\$6,145.83	\$4,080.66	\$341.66	3.5%
1,000	200,000	\$19,523.36	\$11,458.33	\$8,065.03	\$20,206.70	\$12,291.67	\$7,915.03	\$683.34	3.5%
1,500	300,000	\$29,161.91	\$17,187.50	\$11,974.41	\$30,186.91	\$18,437.50	\$11,749.41	\$1,025.00	3.5%
2,000	400,000	\$38,800.45	\$22,916.67	\$15,883.78	\$40,167.11	\$24,583.33	\$15,583.78	\$1,366.66	3.5%
2,500	500,000	\$48,438.99	\$28,645.83	\$19,793.16	\$50,147.33	\$30,729.17	\$19,418.16	\$1,708.34	3.5%

Rates in Effect 12/03: G-32

Rates in Effect 01/04: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00063
Distribution Demand Charge	kW x	\$1.56
Distribution Energy Charge	kWh x	\$0.01139
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00080
Distribution Demand Charge	kW x	\$1.56
Distribution Energy Charge	kWh x	\$0.01139
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4%

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.05500

Standard Offer Charge kWh x \$0.05900

The Narragansett Electric Company
 Calculation of Monthly Typical Bill
 Comparison of Rates in Effect 12/31/03 v. 01/01/04
 Impact on G-32 Rate Customers

Hours Use: 300

Monthly Power		Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
500	150,000	\$13,967.11	\$8,593.75	\$5,373.36	\$14,479.61	\$9,218.75	\$5,260.86	\$512.50	3.7%
1,000	300,000	\$27,687.95	\$17,187.50	\$10,500.45	\$28,712.95	\$18,437.50	\$10,275.45	\$1,025.00	3.7%
1,500	450,000	\$41,408.78	\$25,781.25	\$15,627.53	\$42,946.28	\$27,656.25	\$15,290.03	\$1,537.50	3.7%
2,000	600,000	\$55,129.61	\$34,375.00	\$20,754.61	\$57,179.61	\$36,875.00	\$20,304.61	\$2,050.00	3.7%
2,500	750,000	\$68,850.45	\$42,968.75	\$25,881.70	\$71,412.95	\$46,093.75	\$25,319.20	\$2,562.50	3.7%

Rates in Effect 12/03: G-32

Rates in Effect 01/04: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00063
Distribution Demand Charge	kW x	\$1.56
Distribution Energy Charge	kWh x	\$0.01139
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00080
Distribution Demand Charge	kW x	\$1.56
Distribution Energy Charge	kWh x	\$0.01139
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4%

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.05500

Standard Offer Charge kWh x \$0.05900

The Narragansett Electric Company
 Calculation of Monthly Typical Bill
 Comparison of Rates in Effect 12/31/03 v. 01/01/04
 Impact on G-32 Rate Customers

Hours Use: 400

Monthly Power		Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
500	200,000	\$18,049.40	\$11,458.33	\$6,591.07	\$18,732.74	\$12,291.67	\$6,441.07	\$683.34	3.8%
1,000	400,000	\$35,852.53	\$22,916.67	\$12,935.86	\$37,219.19	\$24,583.33	\$12,635.86	\$1,366.66	3.8%
1,500	600,000	\$53,655.66	\$34,375.00	\$19,280.66	\$55,705.66	\$36,875.00	\$18,830.66	\$2,050.00	3.8%
2,000	800,000	\$71,458.78	\$45,833.33	\$25,625.45	\$74,192.12	\$49,166.67	\$25,025.45	\$2,733.34	3.8%
2,500	1,000,000	\$89,261.91	\$57,291.67	\$31,970.24	\$92,678.57	\$61,458.33	\$31,220.24	\$3,416.66	3.8%

Rates in Effect 12/03: G-32

Rates in Effect 01/04: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00063
Distribution Demand Charge	kW x	\$1.56
Distribution Energy Charge	kWh x	\$0.01139
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00080
Distribution Demand Charge	kW x	\$1.56
Distribution Energy Charge	kWh x	\$0.01139
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4%

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.05500

Standard Offer Charge kWh x \$0.05900

The Narragansett Electric Company

Calculation of Monthly Typical Bill
 Comparison of Rates in Effect 12/31/03 v. 01/01/04
 Impact on G-32 Rate Customers

Hours Use: 500

Monthly Power		Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
500	250,000	\$22,131.70	\$14,322.92	\$7,808.78	\$22,985.86	\$15,364.58	\$7,621.28	\$854.16	3.9%
1,000	500,000	\$44,017.11	\$28,645.83	\$15,371.28	\$45,725.45	\$30,729.17	\$14,996.28	\$1,708.34	3.9%
1,500	750,000	\$65,902.53	\$42,968.75	\$22,933.78	\$68,465.03	\$46,093.75	\$22,371.28	\$2,562.50	3.9%
2,000	1,000,000	\$87,787.95	\$57,291.67	\$30,496.28	\$91,204.61	\$61,458.33	\$29,746.28	\$3,416.66	3.9%
2,500	1,250,000	\$109,673.36	\$71,614.58	\$38,058.78	\$113,944.20	\$76,822.92	\$37,121.28	\$4,270.84	3.9%

Rates in Effect 12/03: G-32

Rates in Effect 01/04: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00063
Distribution Demand Charge	kW x	\$1.56
Distribution Energy Charge	kWh x	\$0.01139
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00080
Distribution Demand Charge	kW x	\$1.56
Distribution Energy Charge	kWh x	\$0.01139
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4%

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.05500

Standard Offer Charge kWh x \$0.05900

The Narragansett Electric Company
 Calculation of Monthly Typical Bill
 Comparison of Rates in Effect 12/31/03 v. 01/01/04
 Impact on G-32 Rate Customers

Hours Use: 600

Monthly Power		Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
500	300,000	\$26,213.99	\$17,187.50	\$9,026.49	\$27,238.99	\$18,437.50	\$8,801.49	\$1,025.00	3.9%
1,000	600,000	\$52,181.70	\$34,375.00	\$17,806.70	\$54,231.70	\$36,875.00	\$17,356.70	\$2,050.00	3.9%
1,500	900,000	\$78,149.41	\$51,562.50	\$26,586.91	\$81,224.41	\$55,312.50	\$25,911.91	\$3,075.00	3.9%
2,000	1,200,000	\$104,117.11	\$68,750.00	\$35,367.11	\$108,217.11	\$73,750.00	\$34,467.11	\$4,100.00	3.9%
2,500	1,500,000	\$130,084.82	\$85,937.50	\$44,147.32	\$135,209.82	\$92,187.50	\$43,022.32	\$5,125.00	3.9%

Rates in Effect 12/03: G-32

Rates in Effect 01/04: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00063
Distribution Demand Charge	kW x	\$1.56
Distribution Energy Charge	kWh x	\$0.01139
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00080
Distribution Demand Charge	kW x	\$1.56
Distribution Energy Charge	kWh x	\$0.01139
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4%

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.05500

Standard Offer Charge kWh x \$0.05900

The Narragansett Electric Company

Calculation of Monthly Typical Bill

Comparison of Rates in Effect 12/31/03 v. 01/01/04

Impact on G-62 Rate Customers

Hours Use: 200

Monthly Power		Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	600,000	\$69,100.75	\$34,375.00	\$34,725.75	\$71,150.75	\$36,875.00	\$34,275.75	\$2,050.00	3.0%
4,000	800,000	\$86,190.33	\$45,833.33	\$40,357.00	\$88,923.67	\$49,166.67	\$39,757.00	\$2,733.34	3.2%
5,000	1,000,000	\$103,279.92	\$57,291.67	\$45,988.25	\$106,696.58	\$61,458.33	\$45,238.25	\$3,416.66	3.3%
6,000	1,200,000	\$120,369.50	\$68,750.00	\$51,619.50	\$124,469.50	\$73,750.00	\$50,719.50	\$4,100.00	3.4%
7,000	1,400,000	\$137,459.08	\$80,208.33	\$57,250.75	\$142,242.42	\$86,041.67	\$56,200.75	\$4,783.34	3.5%

Rates in Effect 12/03: G-62

Rates in Effect 01/04: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00063
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038
Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.05500

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00080
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038
Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.05900

The Narragansett Electric Company

Calculation of Monthly Typical Bill

Comparison of Rates in Effect 12/31/03 v. 01/01/04

Impact on G-62 Rate Customers

Hours Use: 300

Monthly Power		Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	900,000	\$91,391.38	\$51,562.50	\$39,828.88	\$94,466.38	\$55,312.50	\$39,153.88	\$3,075.00	3.4%
4,000	1,200,000	\$115,911.17	\$68,750.00	\$47,161.17	\$120,011.17	\$73,750.00	\$46,261.17	\$4,100.00	3.5%
5,000	1,500,000	\$140,430.96	\$85,937.50	\$54,493.46	\$145,555.96	\$92,187.50	\$53,368.46	\$5,125.00	3.6%
6,000	1,800,000	\$164,950.75	\$103,125.00	\$61,825.75	\$171,100.75	\$110,625.00	\$60,475.75	\$6,150.00	3.7%
7,000	2,100,000	\$189,470.54	\$120,312.50	\$69,158.04	\$196,645.54	\$129,062.50	\$67,583.04	\$7,175.00	3.8%

Rates in Effect 12/03: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00063
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.05500

Rates in Effect 01/04: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00080
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.05900

The Narragansett Electric Company

Calculation of Monthly Typical Bill

Comparison of Rates in Effect 12/31/03 v. 01/01/04

Impact on G-62 Rate Customers

Hours Use: 400

Monthly Power		Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	1,200,000	\$113,682.00	\$68,750.00	\$44,932.00	\$117,782.00	\$73,750.00	\$44,032.00	\$4,100.00	3.6%
4,000	1,600,000	\$145,632.00	\$91,666.67	\$53,965.33	\$151,098.66	\$98,333.33	\$52,765.33	\$5,466.66	3.8%
5,000	2,000,000	\$177,582.00	\$114,583.33	\$62,998.67	\$184,415.34	\$122,916.67	\$61,498.67	\$6,833.34	3.8%
6,000	2,400,000	\$209,532.00	\$137,500.00	\$72,032.00	\$217,732.00	\$147,500.00	\$70,232.00	\$8,200.00	3.9%
7,000	2,800,000	\$241,482.00	\$160,416.67	\$81,065.33	\$251,048.66	\$172,083.33	\$78,965.33	\$9,566.66	4.0%

Rates in Effect 12/03: G-62

Rates in Effect 01/04: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00063
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038
Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.05500

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00080
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038
Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.05900

The Narragansett Electric Company

Calculation of Monthly Typical Bill

Comparison of Rates in Effect 12/31/03 v. 01/01/04

Impact on G-62 Rate Customers

Hours Use: 500

Monthly Power		Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	1,500,000	\$135,972.63	\$85,937.50	\$50,035.13	\$141,097.63	\$92,187.50	\$48,910.13	\$5,125.00	3.8%
4,000	2,000,000	\$175,352.83	\$114,583.33	\$60,769.50	\$182,186.17	\$122,916.67	\$59,269.50	\$6,833.34	3.9%
5,000	2,500,000	\$214,733.05	\$143,229.17	\$71,503.88	\$223,274.71	\$153,645.83	\$69,628.88	\$8,541.66	4.0%
6,000	3,000,000	\$254,113.25	\$171,875.00	\$82,238.25	\$264,363.25	\$184,375.00	\$79,988.25	\$10,250.00	4.0%
7,000	3,500,000	\$293,493.46	\$200,520.83	\$92,972.63	\$305,451.80	\$215,104.17	\$90,347.63	\$11,958.34	4.1%

Rates in Effect 12/03: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00063
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038
Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.05500

Rates in Effect 01/04: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00080
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038
Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.05900

The Narragansett Electric Company

Calculation of Monthly Typical Bill

Comparison of Rates in Effect 12/31/03 v. 01/01/04

Impact on G-62 Rate Customers

Hours Use: 600

Monthly Power		Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	1,800,000	\$158,263.25	\$103,125.00	\$55,138.25	\$164,413.25	\$110,625.00	\$53,788.25	\$6,150.00	3.9%
4,000	2,400,000	\$205,073.67	\$137,500.00	\$67,573.67	\$213,273.67	\$147,500.00	\$65,773.67	\$8,200.00	4.0%
5,000	3,000,000	\$251,884.08	\$171,875.00	\$80,009.08	\$262,134.08	\$184,375.00	\$77,759.08	\$10,250.00	4.1%
6,000	3,600,000	\$298,694.50	\$206,250.00	\$92,444.50	\$310,994.50	\$221,250.00	\$89,744.50	\$12,300.00	4.1%
7,000	4,200,000	\$345,504.92	\$240,625.00	\$104,879.92	\$359,854.92	\$258,125.00	\$101,729.92	\$14,350.00	4.2%

Rates in Effect 12/03: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00063
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038
Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.05500

Rates in Effect 01/04: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00080
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038
Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.05900

The Narragansett Electric Company

Calculation of Monthly Typical Bill

Comparison of Rates in Effect 12/31/03 v. 01/01/04

Impact on T-06 Rate Customers

Monthly kWh	Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
1,800	\$183.39	\$103.13	\$80.26	\$189.54	\$110.63	\$78.91	\$6.15	3.4%
3,600	\$358.60	\$206.25	\$152.35	\$370.90	\$221.25	\$149.65	\$12.30	3.4%
7,000	\$689.57	\$401.04	\$288.53	\$713.49	\$430.21	\$283.28	\$23.92	3.5%
11,000	\$1,078.95	\$630.21	\$448.74	\$1,116.53	\$676.04	\$440.49	\$37.58	3.5%
14,000	\$1,370.98	\$802.08	\$568.90	\$1,418.82	\$860.42	\$558.40	\$47.84	3.5%
20,000	\$1,955.04	\$1,145.83	\$809.21	\$2,023.38	\$1,229.17	\$794.21	\$68.34	3.5%

Rates in Effect 12/03: T-06

Customer Charge		\$7.84
Transmission Energy Charge (1)	kWh x	\$0.00424
Distribution Energy Charge	kWh x	\$0.02285
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05500

Rates in Effect 01/04: T-06

Customer Charge		\$7.84
Transmission Energy Charge (2)	kWh x	\$0.00441
Distribution Energy Charge	kWh x	\$0.02285
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05900

Note (1): Includes Transmission Adjustment Factor of \$.00063/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00080/kWh.

The Narragansett Electric Company

Calculation of Monthly Typical Bill

Comparison of Rates in Effect 12/31/03 v. 01/01/04

Impact on V-02 Rate Customers

Hours Use: 300

Monthly Usage kWh	kW	Rates in Effect 12/03			Rates in Effect 01/04			Increase/(Decrease)	
		Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	10	\$330.74	\$171.88	\$158.86	\$340.99	\$184.38	\$156.61	\$10.25	3.1%
6,000	20	\$653.30	\$343.75	\$309.55	\$673.80	\$368.75	\$305.05	\$20.50	3.1%
15,000	50	\$1,620.99	\$859.38	\$761.61	\$1,672.24	\$921.88	\$750.36	\$51.25	3.2%
30,000	100	\$3,233.80	\$1,718.75	\$1,515.05	\$3,336.30	\$1,843.75	\$1,492.55	\$102.50	3.2%
45,000	150	\$4,846.62	\$2,578.13	\$2,268.49	\$5,000.37	\$2,765.63	\$2,234.74	\$153.75	3.2%

Rates in Effect 12/03:

V-02

Customer Charge		\$7.85
Transmission Energy Charge (1)	kWh x	\$0.00610
Distribution Energy Charge	kWh x	\$0.03076
Transition Energy Charge	kWh x	\$0.00944
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Rates in Effect 01/04:

V-02

Customer Charge		\$7.85
Transmission Energy Charge (2)	kWh x	\$0.00627
Distribution Energy Charge	kWh x	\$0.03076
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05500

Standard Offer Charge kWh x \$0.05900

Note (1): Includes Transmission Adjustment Factor of \$.00063/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00080/kWh.

Testimony of
Michael J. Hager

THE NARRAGANSETT ELECTRIC COMPANY
R.I.P.U.C. Docket
Witness: Hager

DIRECT TESTIMONY
OF
MICHAEL J. HAGER

1 **I. Introduction**

2 Q. Please state your name and business address.

3 A. Michael J. Hager, 55 Bearfoot Road, Northborough, Massachusetts 01532.

4

5 Q. Please state your position.

6 A. I am the Vice President, Energy Supply - NE for National Grid USA Service Company. I
7 am responsible for, among other things, all power procurement and related activities for
8 the distribution companies of National Grid USA (formerly the New England Electric
9 System) including The Narragansett Electric Company (“Narragansett” or “Company”).
10 These activities include the procurement of power for Standard Offer Service and Last
11 Resort Service.

12

13 Q. Will you describe your educational background and training?

14 A. In 1982, I graduated from the University of Hartford with a Bachelor of Science degree
15 in Mechanical Engineering. In 1986, I received a Master of Science degree in
16 Mechanical Engineering from Northeastern University. I am a Licensed Professional
17 Engineer in the Commonwealth of Massachusetts.

18

1 Q. What is your professional background?

2 A. From 1982 to 1992, I was employed by New England Power Service Company in various
3 engineering positions. In these positions, I provided support to New England Power
4 Company's ("NEP") thermal and hydroelectric generating plants with overall
5 responsibility for the management and control of studies and projects from initiation to
6 completion.

7

8 From 1992 to 1997, I was employed by NEP where I conducted wholesale and retail
9 power marketing activities involving the sale and purchase of generation resources to and
10 from investor-owned utilities, municipalities, independent power producers, government
11 agencies, brokers, marketers, and end-use retail customers.

12

13 In June 1997, I was promoted to the position of Standard Offer Portfolio Manager for
14 New England Power Service Company (now National Grid USA Service Company). In
15 November 2000, my title was changed to Manager, Distribution Energy Services to more
16 fully reflect the scope of work performed by my department.

17

18 In April 2002, I was promoted to the position of Director, Energy Supply – NE and took
19 on the added responsibilities of completing the divestiture of NEP's residual generation

1 related interests. In December 2002, I was promoted to the position of Vice President,
2 Energy Supply – New England.

3

4 Q. Have you previously testified before the Commission?

5 A. Yes.

6

7 **II. Purpose of Testimony**

8 Q. What is the purpose of your testimony?

9 A. The purpose of my testimony is to (i) provide an estimate of the costs Narragansett
10 expects to incur under its Standard Offer supply contracts for the period January 2004
11 through December 2004, (ii) provide an update on the status of the dispute resolution
12 with one of the Company's Standard Offer suppliers and (iii) explain the effect on the
13 Company's congestion cost payments resulting from the implementation of the proposed
14 NEPOOL Standard Market Design ("SMD") system.

15

16 **III. Description of Fuel Index Adjustment Provision**

17 Q. What are the Company's current arrangements for procurement of Standard Offer
18 Service?

1 A. The Company has contracts with three suppliers, to serve the load within its pre-merger
2 service territory (“Narragansett Zone”). The Company also has contracts with three
3 suppliers to serve the load within the service territory of the former Blackstone Valley
4 Electric Company and Newport Electric Company (“EUA Zone”). All of the Company’s
5 contracts run through December 31, 2009.

6
7 Q. Please describe the costs that Narragansett incurs under the Standard Offer supply
8 contracts.

9 A. The Standard Offer supply contracts contain two price components – a base price and a
10 fuel index adjustment provision.

11
12 Q. What are the base prices for the period January 2004 through December 2004?

13 A. For all but one of the Company’s Standard Offer contracts, the base price for January
14 2004 through December 2004 is 5.1¢/kWh. For the remaining contract, the base price
15 has been adjusted pursuant to the Commission’s order in R.I.P.U.C. Docket No. 3496.
16 The weighted average base price of all contracts is estimated to be 5.143 ¢ per kWh as
17 shown on Exhibit JAL-7, page 7, column (d).

18

1 Q. Can you describe the fuel index adjustment provision that is contained in the Standard
2 Offer contracts?

3 A. Yes. The Company's contracts with its Standard Offer suppliers contain a fuel index
4 adjustment provision that provides additional payments to those suppliers in the event of
5 substantial increases in the market price of No. 6 residual fuel oil (1% sulphur) and
6 natural gas. In short, the provision compares the sum of the six-month and twelve-month
7 rolling average of oil and gas prices to a preset trigger point. (The six-month rolling
8 average is used for Standard Offer load in the EUA Zone while the twelve-month rolling
9 average is used for Standard Offer load in the Narragansett Zone.) If the sum of the fuel
10 index values exceeds the trigger point in a given month then the Company makes
11 additional payments to the suppliers in that month. If the sum of the fuel index values is
12 less than or equal to the trigger point in a given month, no additional payments are made
13 in that month. Comparisons are made each month and thus payments may be made in
14 some months and not in others. The text of the fuel index adjustment provision that is
15 applicable to each of the Standard Offer contracts is provided as Exhibit MJH-1.

16

17 **IV. Fuel Index Estimate for the Period January 2004 through December 2004**

18 Q. Has the Company conducted an estimate of expected costs under the fuel index
19 adjustment provisions for the period January 2004 through December 2004?

1 A. Yes. The Company has estimated its expected costs under the fuel index adjustment
2 provisions using average gas and crude oil prices as reported in The Wall Street Journal
3 on October 28, 2003, October 29, 2003 and October 30, 2003.

4
5 Q. What gas and oil prices were used in the current estimate?

6 A. Exhibit MJH-2 provides the gas and oil values used in the analysis.

7
8 Q. What were the resulting fuel index trigger payments?

9 A. Exhibit MJH-3 provides the resulting fuel index adjustment payments from the analysis.

10 The analysis shows that the Company would pay an arithmetic average fuel index
11 adjustment payment for the period January 2004 through December 2004 of 0.908 ¢/kWh
12 for the Narragansett Zone load and would pay an arithmetic average fuel index
13 adjustment payment for the same period of 0.811 ¢/kWh for the EUA Zone load. This
14 equates to a total Standard Offer cost of 6.008 ¢/kWh and 5.911 ¢/kWh, respectively.

15
16 Q. How do these costs compare to current market costs for power?

17 A. The Company's market cost proxy for comparable service is the cost it incurs to procure
18 its Last Resort Service requirements or the cost its affiliates incur to procure their Default
19 Service requirements. In July 2003, the Company procured Last Resort Service for the

1 period September 2003 through February 2004 at an arithmetic average rate of
2 6.529¢/kWh. In September 2003, the Company's affiliate in Massachusetts procured its
3 Default Service requirements for residential and small commercial customers for the
4 period November 2003 through April 2004 at an arithmetic average rate of 5.702 ¢/kWh
5 for residential customers and 5.732 ¢/kWh for small commercial customers. Default
6 Service requirements for industrial customers were procured for the period November
7 2003 through January 2004 at an arithmetic average rate of 5.777 ¢/kWh.

8
9 Q. Can you provide the details of the current calculations?

10 A. Yes. Detailed calculations are provided in Exhibit MJH-4.

11
12 **V. Status of Dispute Resolution**

13 Q. Is Narragansett still disputing costs billed to it from its Standard Offer suppliers?

14 A. Yes. As stated in prior proceedings, two of Narragansett's Standard Offer suppliers
15 contend that they are not responsible for certain costs billed to them by ISO New
16 England that are associated with their provision of Standard Offer service. To ensure that
17 the two suppliers continue to provide service, Narragansett agreed to have ISO New
18 England bill it for such disputed costs until such time as a final resolution of the dispute

1 was reached pursuant to the dispute resolution process provided for in the supply
2 contracts.

3

4 Q. Have the disputes been finally resolved?

5 A. Yes. The formal dispute resolution process with one supplier was completed in June
6 2003 with the arbitration panel ruling in favor of the supplier. The Company intends to
7 seek recovery of the disputed costs at a later date. The Company has not pursued a
8 formal dispute resolution process with the second supplier.

9

10 **VI. Effect of NEPOOL Standard Market Design on Standard Offer Supply Costs**

11 Q. When did NEPOOL implement its Standard Market Design (“SMD”) system?

12 A. The NEPOOL SMD system began March 1, 2003.

13

14 Q. Are congestion costs allocated differently under the SMD system than they were under
15 the prior market system?

16 A. Yes. Under the market system rules in effect prior to SMD, congestion costs were
17 allocated to all NEPOOL transmission customers on the basis of each customer’s
18 Network Load. Network Load is a customer’s peak load under the NEPOOL
19 transmission tariff for each month.

1 Under the SMD system, congestion costs are reflected in the congestion component of
2 the locational marginal energy price in each of the eight zones established throughout
3 NEPOOL. Suppliers of energy in each zone will be responsible for congestion costs.

4
5 Q. Will the Company's cost of procuring its Standard Offer supply change as a result of the
6 implementation of SMD?

7 A. That depends on the final interpretation of the Company's contracts. The Company
8 believes that it is not responsible for any congestion costs under the proposed SMD
9 system and that it will not pay any additional amounts as a result of the implementation
10 of the system. For the most part, the Company's Standard Offer Service suppliers have
11 implemented their Standard Offer Service contracts within the NEPOOL market
12 settlement system in a manner that has not resulted in the reallocation of any costs to the
13 Company. However, two of the Company's suppliers have claimed that under the terms
14 of their respective Standard Offer Service supply contract, the Company is responsible
15 for certain costs incurred because of the change in market design resulting from
16 NEPOOL SMD. As a result of how these suppliers have implemented their contracts
17 within the NEPOOL market system, the Company may incur some additional costs under
18 these Standard Offer Service contracts.

1 Q. Please describe the incremental costs that the Company may incur as a result of the
2 implementation of NEPOOL SMD.

3 A. The Company has entered into a confidential implementation agreement with one
4 supplier whereby the supplier and the Company agreed to temporarily bear certain costs
5 that they believe the other is responsible for under the terms of the applicable Standard
6 Offer Service contract until a final resolution of the parties' respective obligations can be
7 obtained. To date, the Company has not been billed, either by the supplier or by ISO-NE,
8 for any incremental costs.

9
10 A second supplier has unilaterally implemented its Standard Offer Service contract
11 within the NEPOOL market settlement system in a manner that has resulted in the
12 Company being billed by ISO-NE for certain post-SMD costs. The Company contends
13 that the supplier is responsible for all of the costs billed to it by ISO-NE. The supplier
14 has agreed that it is responsible for some of the costs and claims the Company is
15 responsible for some of the costs. The Company has deducted all of the costs billed to it
16 from ISO-NE from the amounts that it owed to the supplier. The Company has been
17 billed by ISO-NE approximately \$[1.5] million in Standard Offer Service-related costs
18 through September 2003 related to this supplier.

19

1 Q. Does this conclude your testimony?

2 A. Yes. It does.

Exhibits of
Michael J. Hager

Standard Offer Fuel Index Adjustment Provision

In the event of substantial increases in the market prices of No. 6 residual fuel oil (1% sulphur) and natural gas after 1999, NECO will pay additional amounts to Seller in accordance with this Standard Offer Fuel Index Adjustment Provision, which is calculated as follows:

The Stipulated Price that is in effect for a given billing month is multiplied by a “Fuel Index Adjustment” that is set equal to 1.0 and thus has no impact on the rate paid unless the “Market Gas Price” plus “Market Oil Price” for the billing month exceeds the “Fuel Trigger Point” then in effect, where:

The Stipulated Price is the following predetermined, flat rate, for energy consumed at the customer meter point:

<u>Calendar Year</u>	<u>Price per Kilowatt hour</u>
1998	3.2 cents
1999	3.5 cents
2000	3.8 cents
2001	3.8 cents
2002	4.2 cents
2003	4.7 cents
2004	5.1 cents
2005	5.5 cents
2006	5.9 cents
2007	6.3 cents
2008	6.7 cents
2009	7.1 cents

Seller will be paid the difference between the Stipulated Price as adjusted in accordance with this Standard Offer Fuel Adjustment Provision and the Stipulated Price for each kilowatt-hour it provides in the applicable month.

Market Gas Price is the average of the values of “Gas Index” for the most recent available twelve months (six months for Standard Offer load in the EUA Zone), where:

Gas Index is the average of the daily settlement prices for the last three days that the NYMEX Contract (as defined below) for the month of delivery trades as reported in the AWall Street Journal[≡],

expressed in dollars per MMBtu. NYMEX Contract shall mean the New York Mercantile Exchange Natural Gas Futures Contract as approved by the Commodity Futures Trading Commission for the purchase and sale of natural gas at Henry Hub;

Market Oil Price is the average of the values of “Oil Index” for the most recent available twelve months (six months for Standard Offer load in the EUA Zone), where:

Oil Index is the average for the month of the daily low quotations for cargo delivery of 1.0% sulphur No. 6 residual fuel oil into New York harbor, as reported in “Platt’s Oilgram U.S. Marketscan” in dollars per barrel and converted to dollars per MMBtu by dividing by 6.3; and

If the indices referred to above should become obsolete or no longer suitable, NECO shall file alternate indices with the RIPUC.

Fuel Trigger Point is the following amounts, expressed in dollars per MMBtu, applicable for all months in the specified calendar year:

2000	\$5.35/MMBtu
2001	\$5.35
2002	\$6.09
2003	\$7.01
2004	\$7.74
2005 *	\$8.48
2006 *	\$9.22
2007 *	\$9.95
2008 *	\$10.69
2009 *	\$11.42

* For Narragansett Zone only

In the event that the Fuel Trigger Point is exceeded, the Fuel Adjustment value for the billing month is determined based according to the following formula:

$$\text{Fuel Adjustment} = \frac{(\text{Market Gas Price} + \$0.60/\text{MMBtu}) + (\text{Market Oil Price} + \$0.04/\text{MMBtu})}{\text{Fuel Trigger Point} + \$0.60 + \$0.04/\text{MMBtu}}$$

Where:

Market Gas Price, Market Oil Price and Fuel Trigger Point are as defined above. The values of \$.60 and \$.04/MMBtu represent for gas and oil respectively, estimated basis differentials or market costs of transportation from the point where the index is calculated to a proxy power plant in the New England market.

For example if at a point in the year 2002 the Market Gas Price and Market Oil Price total \$6.50 (\$.50/MMBtu plus \$3.00/MMBtu respectively), the Fuel Trigger Point of 6.09 would be exceeded. In this case the Fuel Adjustment value would be:

$$\frac{(\$3.50 + \$0.60/\text{MMBtu}) + (\$3.00 + \$0.04/\text{MMBtu})}{\$6.09 + \$0.60 + \$0.04/\text{MMBtu}} = 1.0609$$

The Stipulated Price is increased by this Fuel Adjustment factor for the billing month, becoming 4.45484/kWh (4.2 x 1.0609).

In subsequent months the same comparisons are made and, if applicable, a Fuel Adjustment determined.

**Gas and Oil Values
used in Company's Analyses
(\$/mmBtu)**

Month	Gas Index	Oil Index
Jan-04	5.076	4.44
Feb-04	5.066	4.40
Mar-04	4.986	4.35
Apr-04	4.702	4.29
May-04	4.647	4.28
Jun-04	4.655	4.19
Jul-04	4.667	4.17
Aug-04	4.684	4.15
Sep-04	4.670	4.12
Oct-04	4.687	4.10
Nov-04	4.860	4.09
Dec-04	5.027	3.99

**Summary of Additional Payments Estimated to be
Made Pursuant to the Fuel Index Adjustment Provisions
(Cents/kWh)**

Month	Narragansett Zone	EUA Zone
Jan-04	1.266	0.861
Feb-04	1.186	0.819
Mar-04	0.934	0.859
Apr-04	0.939	0.897
May-04	0.924	0.936
Jun-04	0.868	0.921
Jul-04	0.812	0.875
Aug-04	0.800	0.805
Sep-04	0.793	0.742
Oct-04	0.801	0.689
Nov-04	0.795	0.667
Dec-04	0.780	0.669

Prices published in WSJ on: **28-Oct-03 29-Oct-03 30-Oct-03**

**The Narragansett Electric Company
DETERMINATION OF MARKET GAS PRICE**

(Col. A)	(Col. B)	(Col. C)	(Col. D)	(Col. E)	(Col. F)	(Col. G)	(Col. H)	(Col. I)
Contract Month	Last Month of Trading	Settlement Prices (\$/mmBtu)			Gas Index	NGrid's Market Gas Price	EUA's Market Gas Price	SOS Delivery Month
		3rd Last	2nd Last	Last				
Feb-03	Jan-03	\$5.396	\$5.444	\$5.660	\$5.500	\$3.731	\$3.901	Feb-03
Mar-03	Feb-03	\$9.137	\$9.577	\$9.133	\$9.282	\$4.306	\$4.328	Mar-03
Apr-03	Mar-03	\$5.077	\$5.097	\$5.146	\$5.107	\$4.446	\$5.298	Apr-03
May-03	Apr-03	\$5.474	\$5.477	\$5.123	\$5.358	\$4.615	\$5.542	May-03
Jun-03	May-03	\$6.119	\$5.900	\$5.945	\$5.988	\$4.835	\$5.750	Jun-03
Jul-03	Jun-03	\$5.697	\$5.757	\$5.291	\$5.582	\$5.018	\$6.045	Jul-03
Aug-03	Jul-03	\$4.706	\$4.700	\$4.693	\$4.700	\$5.165	\$6.136	Aug-03
Sep-03	Aug-03	\$5.083	\$5.038	\$4.927	\$5.016	\$5.295	\$6.003	Sep-03
Oct-03	Sep-03	\$4.588	\$4.542	\$4.430	\$4.520	\$5.368	\$5.292	Oct-03
Nov-03	Oct-03	\$4.512	\$4.486	\$4.459	\$4.486	\$5.399	\$5.194	Nov-03
Dec-03	Nov-03	\$4.806	\$4.836	\$4.858	\$4.833	\$5.450	\$5.049	Dec-03
Jan-04	Dec-03	\$5.051	\$5.073	\$5.103	\$5.076	\$5.454	\$4.856	Jan-04
Feb-04	Jan-04	\$5.031	\$5.063	\$5.104	\$5.066	\$5.418	\$4.772	Feb-04
Mar-04	Feb-04	\$4.931	\$4.966	\$5.007	\$4.968	\$5.058	\$4.833	Mar-04
Apr-04	Mar-04	\$4.676	\$4.696	\$4.734	\$4.702	\$5.025	\$4.825	Apr-04
May-04	Apr-04	\$4.621	\$4.641	\$4.679	\$4.647	\$4.965	\$4.855	May-04
Jun-04	May-04	\$4.626	\$4.651	\$4.689	\$4.655	\$4.854	\$4.882	Jun-04
Jul-04	Jun-04	\$4.636	\$4.666	\$4.699	\$4.667	\$4.778	\$4.852	Jul-04
Aug-04	Jul-04	\$4.654	\$4.684	\$4.714	\$4.684	\$4.777	\$4.784	Aug-04
Sep-04	Aug-04	\$4.641	\$4.671	\$4.699	\$4.670	\$4.748	\$4.721	Sep-04
Oct-04	Sep-04	\$4.659	\$4.689	\$4.713	\$4.687	\$4.762	\$4.671	Oct-04
Nov-04	Oct-04	\$4.839	\$4.859	\$4.883	\$4.860	\$4.793	\$4.668	Nov-04
Dec-04	Nov-04	\$5.006	\$5.026	\$5.050	\$5.027	\$4.809	\$4.704	Dec-04
Jan-05	Dec-04	\$5.129	\$5.139	\$5.163	\$5.144	\$4.815	n/a	Jan-05
Feb-05	Jan-05	\$5.094	\$5.104	\$5.130	\$5.109	\$4.818	n/a	Feb-05
Mar-05	Feb-05	\$4.919	\$4.934	\$4.960	\$4.938	\$4.816	n/a	Mar-05
Apr-05	Mar-05	\$4.554	\$4.569	\$4.595	\$4.573	\$4.805	n/a	Apr-05
May-05	Apr-05	\$4.467	\$4.484	\$4.510	\$4.487	\$4.792	n/a	May-05
Jun-05	May-05	\$4.469	\$4.486	\$4.512	\$4.489	\$4.778	n/a	Jun-05
Jul-05	Jun-05	\$4.514	\$4.501	\$4.527	\$4.514	\$4.765	n/a	Jul-05
Aug-05	Jul-05	\$4.564	\$4.516	\$4.542	\$4.541	\$4.753	n/a	Aug-05
Sep-05	Aug-05	\$4.489	\$4.506	\$4.532	\$4.509	\$4.740	n/a	Sep-05
Oct-05	Sep-05	\$4.529	\$4.546	\$4.567	\$4.547	\$4.728	n/a	Oct-05
Nov-05	Oct-05	\$4.699	\$4.711	\$4.742	\$4.717	\$4.716	n/a	Nov-05
Dec-05	Nov-05	\$4.879	\$4.886	\$4.927	\$4.897	\$4.705	n/a	Dec-05

Notes:

Col. A - Contract refers to the NYMEX Natural Gas Futures Contract, as approved by the CFTC, for the purchase and sale of natural gas at Henry Hub.

Col. B - Month that trading for the Contract ends (the month before the delivery month)

Col. C - Settlement price for the third last trading day as reported in the Wall Street Journal. (Jan-99 - Nov-03)

- Settlement price as reported in the Wall Street Journal on 28-Oct-03. (Dec-03 Dec-05)

Col. D - Settlement price for the second last trading day as reported in the Wall Street Journal. (Jan-99 - Nov-03)

- Settlement price as reported in the Wall Street Journal on 29-Oct-03. (Dec-03 Dec-05)

Col. E - Settlement price for the last trading day as reported in the Wall Street Journal. (Jan-99 - Nov-03)

- Settlement price as reported in the Wall Street Journal on 30-Oct-03-online. (Dec-03 Dec-05)

Col. F - Average value of Col. C, Col. D and Col. E (=AVERAGE(Col. C..Col. E))

Col. G - Average of the most recent twelve months of values in Col. F (including current SOS delivery month)

Col. H - Average of the most recent six months of values in Col. F (ending month prior to SOS delivery month)

Col. I - month in which SOS was delivered at wholesale.

The Narragansett Electric Company
DETERMINATION OF FUEL ADJUSTMENT VALUE

(Col. A)	(Col. B)	(Col. C)	(Col. D)	(Col. E)	(Col. F)	(Col. G)	(Col. H)	(Col. I)	(Col. J)	(Col. K)	(Col. L)	(Col. M)	(Col. N)
SOS Delivery Month	NGrid's Market Gas Price	NGrid's Market Oil Price	NGrid's Fuel Value	NGrid's Fuel Trigger	NGrid's Adjustment Value	EUA's Market Gas Price	EUA's Market Oil Price	EUA's Fuel Value	EUA's Fuel Trigger	EUA's Adjustment Value	Ngrid Adjustment €/kWh	EUA Adjustment €/kWh	Weighted Adjustment €/kWh
Jan-03	\$3.44	\$3.74	\$7.18	\$7.01	1.02238	\$3.63	\$3.97	\$7.59	\$7.01	1.07608	0.105	0.358	0.171
Feb-03	\$3.73	\$4.01	\$7.74	\$7.01	1.09559	\$3.90	\$4.20	\$8.10	\$7.01	1.14305	0.449	0.672	0.507
Mar-03	\$4.31	\$4.17	\$8.48	\$7.01	1.19197	\$4.33	\$4.46	\$8.79	\$7.01	1.23219	0.902	1.091	0.951
Apr-03	\$4.45	\$4.20	\$8.64	\$7.01	1.21335	\$5.30	\$4.61	\$9.91	\$7.01	1.37866	1.003	1.780	1.205
May-03	\$4.62	\$4.21	\$8.83	\$7.01	1.23747	\$5.54	\$4.54	\$10.09	\$7.01	1.40210	1.116	1.890	1.317
Jun-03	\$4.84	\$4.24	\$9.08	\$7.01	1.27051	\$5.75	\$4.56	\$10.31	\$7.01	1.43160	1.271	2.029	1.468
Jul-03	\$5.02	\$4.31	\$9.33	\$7.01	1.30307	\$6.04	\$4.52	\$10.57	\$7.01	1.46495	1.424	2.185	1.622
Aug-03	\$5.17	\$4.34	\$9.51	\$7.01	1.32652	\$6.14	\$4.42	\$10.55	\$7.01	1.46309	1.534	2.177	1.701
Sep-03	\$5.29	\$4.33	\$9.62	\$7.01	1.34127	\$6.00	\$4.22	\$10.23	\$7.01	1.42045	1.604	1.976	1.701
Oct-03	\$5.37	\$4.32	\$9.69	\$7.01	1.35007	\$5.29	\$4.04	\$9.33	\$7.01	1.30388	1.645	1.428	1.589
Nov-03	\$5.40	\$4.39	\$9.79	\$7.01	1.36310	\$5.19	\$4.10	\$9.29	\$7.01	1.29804	1.707	1.401	1.627
Dec-03	\$5.45	\$4.41	\$9.86	\$7.01	1.37264	\$5.05	\$4.22	\$9.26	\$7.01	1.29461	1.751	1.385	1.656
Jan-04	\$5.45	\$4.37	\$9.82	\$7.74	1.24814	\$4.86	\$4.30	\$9.15	\$7.74	1.16880	1.266	0.861	1.160
Feb-04	\$5.42	\$4.27	\$9.69	\$7.74	1.23253	\$4.77	\$4.31	\$9.09	\$7.74	1.16065	1.186	0.819	1.091
Mar-04	\$5.06	\$4.22	\$9.27	\$7.74	1.18306	\$4.83	\$4.32	\$9.15	\$7.74	1.16836	0.934	0.859	0.914
Apr-04	\$5.02	\$4.26	\$9.28	\$7.74	1.18420	\$4.82	\$4.39	\$9.21	\$7.74	1.17581	0.939	0.897	0.928
May-04	\$4.97	\$4.29	\$9.26	\$7.74	1.18123	\$4.86	\$4.42	\$9.28	\$7.74	1.18344	0.924	0.936	0.927
Jun-04	\$4.85	\$4.31	\$9.17	\$7.74	1.17018	\$4.88	\$4.37	\$9.25	\$7.74	1.18064	0.868	0.921	0.882
Jul-04	\$4.78	\$4.30	\$9.07	\$7.74	1.15928	\$4.85	\$4.33	\$9.18	\$7.74	1.17155	0.812	0.875	0.829
Aug-04	\$4.78	\$4.28	\$9.05	\$7.74	1.15692	\$4.78	\$4.28	\$9.06	\$7.74	1.15792	0.800	0.805	0.802
Sep-04	\$4.75	\$4.29	\$9.04	\$7.74	1.15542	\$4.72	\$4.24	\$8.96	\$7.74	1.14548	0.793	0.742	0.779
Oct-04	\$4.76	\$4.29	\$9.06	\$7.74	1.15711	\$4.67	\$4.20	\$8.87	\$7.74	1.13503	0.801	0.689	0.772
Nov-04	\$4.79	\$4.25	\$9.05	\$7.74	1.15592	\$4.67	\$4.17	\$8.84	\$7.74	1.13079	0.795	0.667	0.762
Dec-04	\$4.81	\$4.21	\$9.02	\$7.74	1.15302	\$4.70	\$4.14	\$8.84	\$7.74	1.13121	0.780	0.669	0.751
Jan-05	\$4.81	\$4.17	\$8.99	\$8.48	1.05578	n/a	n/a	n/a	n/a	n/a	0.307	n/a	0.227
Feb-05	\$4.82	\$4.14	\$8.95	\$8.48	1.05205	n/a	n/a	n/a	n/a	n/a	0.286	n/a	0.212
Mar-05	\$4.82	\$4.10	\$8.92	\$8.48	1.04812	n/a	n/a	n/a	n/a	n/a	0.265	n/a	0.196
Apr-05	\$4.81	\$4.07	\$8.88	\$8.48	1.04377	n/a	n/a	n/a	n/a	n/a	0.241	n/a	0.178
May-05	\$4.79	\$4.05	\$8.84	\$8.48	1.03926	n/a	n/a	n/a	n/a	n/a	0.216	n/a	0.160
Jun-05	\$4.78	\$4.02	\$8.80	\$8.48	1.03531	n/a	n/a	n/a	n/a	n/a	0.194	n/a	0.144
Jul-05	\$4.77	\$4.00	\$8.77	\$8.48	1.03173	n/a	n/a	n/a	n/a	n/a	0.175	n/a	0.129
Aug-05	\$4.75	\$3.99	\$8.74	\$8.48	1.02834	n/a	n/a	n/a	n/a	n/a	0.156	n/a	0.115
Sep-05	\$4.74	\$3.97	\$8.71	\$8.48	1.02512	n/a	n/a	n/a	n/a	n/a	0.138	n/a	0.102
Oct-05	\$4.73	\$3.96	\$8.68	\$8.48	1.02231	n/a	n/a	n/a	n/a	n/a	0.123	n/a	0.091
Nov-05	\$4.72	\$3.94	\$8.66	\$8.48	1.01954	n/a	n/a	n/a	n/a	n/a	0.107	n/a	0.080
Dec-05	\$4.71	\$3.93	\$8.64	\$8.48	1.01724	n/a	n/a	n/a	n/a	n/a	0.095	n/a	0.070

Notes:
Forecast of fuel prices based on NYMEX futures as reported in the Wall Street Journal on October 28, 29 and 30, 2003

Notes:
Col. A - month in which SOS was delivered at wholesale
Col. B - Average of the values of Gas Index for the most recent 12 months. (Col. G - Determination of Market Gas Price)
Col. C - Average of the values of Oil Index for the most recent 12 months. (Col. LL - Determination of Market Oil Price)
Col. D - Col. B + Col. C
Col. E - Applicable value from the Standard Offer Supply Contracts.
Col. F - @if(Col. D > Col. E, (Col. B + \$0.60 + Col. C + \$0.04) / (Col. E + \$0.64), 1.000)
Col. G - Average of the values of Gas Index for the most recent 6 months. (Col. H - Determination of Market Gas Price)
Col. H - Average of the values of Oil Index for the most recent 6 months. (Col. MM - Determination of Market Oil Price)
Col. I - Col. G + Col. H
Col. J - Applicable value from the Standard Offer Supply Contracts.
Col. K - @if(Col. I > Col. J, (Col. G + \$0.60 + Col. H + \$0.04) / (Col. J + \$0.64), 1.000)
Col. L - (Col. F - 1.0) * Applicable Contract Price from the Standard Offer Supply Contracts.
Col. M - (Col. K - 1.0) * Applicable Contract Price from the Standard Offer Supply Contracts.

Testimony of
Anne M Rodrigues

THE NARRAGANSETT ELECTRIC COMPANY
RE: Rate Changes for January 1, 2004
Witness: Anne M. Rodrigues

DIRECT TESTIMONY

OF

Anne M. Rodrigues

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Exhibits

AMR-1 Calculation of 2004 Transmission and ISO-NE Expenses

- 1 -

1 **I. Introduction and Qualifications**

2 Q. Please state your name and business address.

3 A. My name is Anne M. Rodrigues. My business address is 25 Research Drive,
4 Westborough, Massachusetts, 01582.

5

6 Q. By whom are you employed and in what capacity?

7 A. I am a Senior Analyst in Transmission Rates for New England Power Company
8 (“NEP”). My responsibilities include preparation of support for NEP’s
9 transmission rate filings at the Federal Energy Regulatory Commission (“FERC”),
10 monitoring the New England Power Pool’s (“NEPOOL”) and ISO New England’s
11 (“ISO-NE”) Transmission Tariffs through my role as Vice-Chair of the NEPOOL
12 Transmission Settlement Sub-Committee (“TSS”) and as member of the
13 NEPOOL Tariff Committee (“TC”), and involvement with general transmission
14 pricing policy and regulatory matters.

15

16 Q. Please describe your educational background and training.

17 A. In 1987, I graduated from Roger Williams University with a Bachelor of Science
18 in Accounting. In addition, I graduated from Providence College in 1991 with a
19 Masters in Business Administration. Additionally, I have attended numerous
20 seminars and courses in utility ratemaking and cost analysis.

21

22 Q. Please describe your professional background.

- 2 -

1 A. I joined Eastern Utilities Associates (“EUA”) in 1986 in the Accounting
2 Department. In 1987, I transferred to the Rate Department where I provided
3 support for the development of both retail and wholesale rates. I worked in the
4 Rate Department until 1998 developing cost of service, rate design, and revenue
5 forecasts for the retail and wholesale affiliates of EUA including developing and
6 testifying to Fuel Adjustment Clause filings in Rhode Island and Massachusetts.
7 In 1998, I joined the Transmission Services Department where I was responsible
8 for transmission rate-related and regulatory matters including developing the
9 transmission cost of service for Montaup Electric Company. In 2000, following
10 the merger of EUA with National Grid USA, I became a Senior Analyst in
11 Transmission Rates.

12

13 **II. Purpose of Testimony**

14 Q. What is the purpose of your testimony?

15 A. My testimony addresses the estimated 2004 transmission expenses and ISO-NE
16 expenses of The Narragansett Electric Company (“Narragansett”). First, I will
17 summarize the rate structure by which Narragansett pays for transmission service.
18 Second, I will address the assumptions used in the development of Narragansett’s
19 estimated expenses for 2004.

20

21

22

- 3 -

1 **III. Summary of Transmission Services Provided to Narragansett**

2 Q. Does Narragansett take transmission service under rate schedules approved by the
3 FERC?

4 A. Yes. Effective January 1, 1998, Narragansett began taking transmission services,
5 on behalf of its entire customer base, under two tariffs: NEP's FERC Electric
6 Tariff No. 9 and NEPOOL's FERC Electric Tariff No. 1. Additionally, effective
7 January 1, 1999, Narragansett began taking service under ISO-NE's FERC
8 Electric Tariff No. 1.

9
10 Q. Why does Narragansett take transmission services under three separate tariffs?

11 A. The New England transmission rate structure takes into consideration a
12 highway/local type of pricing. That is, Narragansett takes transmission services
13 under the NEPOOL FERC Electric Tariff No. 1 for "highway" facilities, and
14 takes services under NEP's FERC Electric Tariff No. 9 for more local
15 transmission services. I will explain the specific distinctions more fully below.
16 As mentioned, transmission services are also provided to Narragansett under the
17 ISO-NE's FERC Electric Tariff No. 1.

18
19 **A. Explanation of NEPOOL Rates and Services**

20 Q. Please explain more fully the services provided to Narragansett under the
21 NEPOOL FERC Electric Tariff No. 1.

- 4 -

1 A. NEPOOL's FERC Electric Tariff No. 1 provides access over New England's
2 69kV or greater looped transmission facilities, more commonly known as Pool
3 Transmission Facilities or "PTF". These facilities serve as New England's
4 electric transmission "highway". The service provided over these facilities is
5 referred to as Regional Network Service ("RNS"), and costs are recovered
6 through the NEPOOL RNS Rate. In addition, the NEPOOL Tariff provides
7 Scheduling and Dispatch Service, Reliability Must Run ("RMR") Service,
8 Reactive Power and Black Start Services.

9
10 Q. Please briefly describe the NEPOOL RNS Rate.

11 A. NEPOOL's RNS rates continue to be in a period of transition as the transmission
12 rates move from zonal transmission rates to a single, "postage stamp" rate, with
13 the transition to be completed by 2008 ("NEPOOL Transition"). Rates for the
14 PTF assets placed in-service prior to December 1996 ("Pre-97 Property") are
15 derived differently than the rates for PTF assets placed in-service after January 1,
16 1997 ("Post-96 Property"). While both vintages of assets are priced using an
17 annual determination based on an aggregation of the transmission revenue
18 requirements of each of the transmission owners in New England, calculated in
19 accordance with a FERC-approved formula, their unique rate derivations are more
20 fully explained below.

21

22 Q. Please explain the rate derivation for RNS Pre-97 Property.

- 5 -

1 A. As mentioned above, the intent of the NEPOOL Transition is to move zonal
2 transmission rates that previously had been in place in New England to a single,
3 postage-stamp rate for the region. As part of that transition process, until the end
4 of the transition period (2008), each transmission owner's zonal RNS Pre-97 rate
5 is adjusted based on the differential of the individual transmission owner's zonal
6 RNS Pre-97 rate to the average RNS Pre-97 Rate. As of March 2004, a
7 bandwidth of 123% above the average and 50% below the average will be
8 established, where each transmission owner's Pre-97 rate is held within that
9 established bandwidth. To the extent a transmission owner's actual rate exceeded
10 123% of the average or was less than 50% below the average, the remaining
11 transmission owners' rates are adjusted to collect/refund the revenue requirements
12 falling outside the bandwidth. In that way, all transmission owners' rates reflect a
13 movement towards an average, postage-stamp rate. The bandwidth will shrink
14 each year, moving the Pre-97 RNS Rate closer to the average until 2008 when the
15 NEPOOL transition is complete, and all PTF costs are recovered on a regional
16 average basis. New England Power Company's rate for 2004 is not expected to
17 exceed the bandwidth, and therefore, I am not forecasting a significant change to
18 NEP's Pre-97 NEPOOL RNS Rate.

19

20 Q. Please explain the rate derivation for the Post-96 Property.

- 6 -

1 A. The Post-96 property rates apply a single, average New England-wide
2 transmission rate based upon the average Post-96 revenue requirements for all
3 New England Transmission Owners.

4
5 Q. Will there be any changes in the NEPOOL RNS rate during 2004?

6 A. Yes. Exhibit AMR-1, Page 1 of 3, illustrates the changes to the NEPOOL RNS
7 rate. Those changes reflect plant additions, as well as slight adjustments to the
8 rates based on the methodologies described above.

9
10 Q. How are NEPOOL charges for Black Start, Reactive Power, RMR and
11 Scheduling and Dispatching assessed?

12 A. NEPOOL costs for Black Start and Reactive Power Services are assessed to
13 Narragansett each month based on Narragansett's proportionate share of its
14 Network Load to NEPOOL's total load. Exhibit AMR-1, Page 3 of 3 uses
15 NEPOOL's rates for Black Start and Reactive Power Services and applies the
16 charges to Narragansett's loads. RMR costs are only allocated to the Network
17 Load of the reliability region where the service is required, and are described
18 more fully below. Scheduling and Dispatching costs are assessed to Narragansett
19 based on a rate of \$0.753/kW-Yr multiplied by Narragansett's total Network
20 Load.

21
22 Q. What additional information can you provide on RMR costs?

- 7 -

1 A. To the extent that a generation source was needed to maintain the reliability of the
2 NEPOOL Transmission System (e.g., to provide operating reserve requirements
3 to adhere to North American Electric Reliability Council (NERC), Northeast
4 Power Coordinating Council (NPCC) and NEPOOL Reliability criteria), RMR
5 costs are incurred when the ISO enters into a contract to pay fixed costs to the
6 generator that would otherwise have shut down. These RMR costs are only
7 allocated to the Network Load of the reliability region where an RMR generating
8 unit is located.

9
10 Q. Have you estimated any increases to Narragansett due to RMR?

11 A. No, I have not because no RMR contracts currently exist for Rhode Island.

12

13 **B. Explanation of NEP's Tariff No. 9 Rates and Services**

14 Q. What services are provided to Narragansett under NEP's FERC Electric Tariff
15 No. 9?

16 A. NEP's FERC Electric Tariff No. 9 provides access over NEP's local, non-
17 highway transmission facilities, which are not considered PTF ("Non-PTF"
18 facilities). NEP also provides metering, transformation and certain ancillary
19 services to Narragansett under Tariff No. 9, to the extent such services are
20 required by Narragansett and are not otherwise provided under the NEPOOL
21 Tariff.

22

- 8 -

1 C. **Explanation of ISO-NE Tariff No. 1 Services**

2 Q. What services are provided to Narragansett under ISO-NE's FERC Electric Tariff
3 No. 1?

4 A. ISO-NE provides three types of services under its FERC Electric Tariff No. 1.
5 These services include Scheduling System Control and Dispatch (ISO Schedule
6 1), Energy Administration Service (ISO Schedule 2) and Reliability
7 Administration Service (ISO Schedule 3).

8

9 Q. Are there any changes to the services provided to Narragansett under FERC
10 approved ISO-NE Tariff No.1?

11 A. No. There have been no changes to the services provided under ISO's Tariff No.
12 1. However, ISO-NE annually files a revised budget and cost allocation proposal
13 to become effective January 1st each year. The impacts of these annual filings are
14 discussed later in my testimony.

15

16 IV. **Estimate of Narragansett's Transmission Expenses**

17 Q. Did you estimate Narragansett's transmission and ISO-NE expenses for 2004?

18 A. Yes. Based on my knowledge of the NEP, NEPOOL and ISO-NE billing process,
19 I estimate the total transmission and ISO expenses (including certain ancillary
20 services) for 2004 to be approximately \$38.71 million, as shown in Exhibit AMR-
21 1.

22

- 9 -

1 Q. How were the charges to Narragansett Electric under NEP's Tariff 9 determined?

2 A. I used NEP's actual non-PTF expenses for the 12 months ending August 2003,
3 with an increase of \$6.6 million to reflect the additional costs associated with
4 forecasted capital additions anticipated for the rate period. NEP allocates non-
5 PTF expenses to Narragansett's customers on the basis of Network Load, as
6 shown in Exhibit AMR-1, Page 1. Transformation, metering and ancillary
7 services were based on historical costs.

8

9 Q. How were the estimated 2004 NEPOOL RNS transmission charges determined?

10 A. As indicated in Exhibit AMR-1, I have used the currently effective NEPOOL
11 rates, adjusted to reflect (1) the NEPOOL transition described earlier in my
12 testimony and (2) an estimated rate increase to the Post-96 RNS Rate to reflect a
13 forecast of capital expenditures for New England that would be included in the
14 annual formula rate update effective June 1st each year.

15

16 Q. How were the estimates for Black Start, Reactive Power and Load Dispatch
17 charges determined?

18 A. Estimates for Black Start service have been included based on a NEPOOL filing
19 made at FERC in November 2002. I have used the current contracted Black Start
20 kW's of 1,634,220 kW multiplied by the January 1, 2004 rate of \$4.00/kW-yr to
21 estimate the 2004 Black Start costs. This estimate of \$6.5 million for the New

- 10 -

1 England region for Black Start service is shown in Exhibit AMR-1, Workpaper,
2 Page 3.

3

4 For purposes of this filing, I have estimated the Reactive Power charge at \$18.1
5 million for the New England region by using an annualized eight-month average
6 of the actual costs from January 2003 through August 2003, multiplied by a five
7 percent increase (described below) as shown in Exhibit AMR-1, Workpaper, Page
8 3. The Reactive Charge consists of the following components: capacity costs, lost
9 opportunity costs, and cost of energy used to produce VARs. Effective on
10 January 1, 2004, the capacity component will increase from \$1.00/kVAR-yr to
11 \$1.05/kVAR-yr as per FERC Docket ER01-2161. This five percent increase,
12 however, is applied to the total Reactive Charge to indicate the potential that the
13 other components of the Reactive Charge will also be increasing. Finally,
14 estimates for NEPOOL's Schedule 1, Load Dispatching Expense, have been
15 based on the actual rate currently in effect multiplied by the historical NEPOOL
16 load for the 12 month period ending August 2003.

17

18 Q. Have you included any RMR charges to Narragansett for 2004?

19 A. No, I have not included RMR charges to Narragansett for 2004. Since the
20 implementation of Standard Market Design ("SMD") in New England in March
21 of 2003, Narragansett has not incurred any RMR charges. Thus, I did not forecast
22 any RMR costs for the Rhode Island reliability region.

- 11 -

1 Q. How were the ISO-NE's estimated 2004 tariff charges determined?

2 A. The estimated ISO-NE's charges to Narragansett are based on a revenue
3 requirement filed each year with FERC. To estimate Narragansett's 2004 ISO-
4 NE charges, ISO-NE's actual loads are multiplied by the appropriate ISO
5 Schedule 2 or 3 Rate for the period September 2002 through August 2003 and
6 adjusted by an inflationary factor. The inflationary factor is developed on page 3,
7 of Exhibit AMR-1, and recognizes the increase or decrease in the ISO-NE's
8 revenue requirement from the budget as filed for the period ending December
9 2003 to the budget as filed for the period ending December 2004. The major
10 increases in the estimates from ISO-NE between 2003 and 2004 are due to
11 increased staffing and additional insurance expenses, as set forth in ISO-NE
12 Witness Pire's testimony in FERC Docket No. ER04-114-000.

13
14 Q. Does your estimate of Narragansett's 2004 expenses for transmission service, and
15 ISO-NE related services represent an increase or decrease from Narragansett's
16 current retail rates?

17 A. The estimated 2004 Narragansett transmission and ISO-NE expenses represents a
18 net increase of \$138,078 from the 2003 forecast, primarily due to the combination
19 of increases in transmission investments, NEPOOL Reactive Power and ISO-
20 related costs, and decreases in NEPOOL costs (i.e., congestion and RMR) passed
21 through to Narragansett as transmission expenses.

- 12 -

1 Q. Does this conclude your testimony?

2 A. Yes.

Exhibits of
Anne M. Rodrigues

Narragansett Electric Company
Summary of Estimated Transmission Expenses
For the Year 2004

NEP Charges

1	Non-PTF	\$11,762,545	
2	Other NEP Charges	<u>153,329</u>	
	Sub-Total NEP Charges		\$11,915,874

NEPOOL Charges

3	PTF	\$22,099,750	
4	NEPOOL Sched. & Disp	986,835	
5	Black Start	416,751	
6	Reactive Power	1,152,749	
7	Reliability Must Run	<u>0</u>	
	Sub-Total NEPOOL Charges		\$24,656,085

ISO Charges

8	ISO Schedule 1	1,017,651	
9	ISO Schedule 2	626,821	
10	ISO Schedule 3	<u>491,667</u>	
			<u>\$2,136,139</u>
11	Total Expenses Flowing Through Current Rates		<u><u>\$38,708,098</u></u>

Line 1: See Page 1 of 3 - Column (2), Line 13
Line 2: See Page 1 of 3 - Column (3 - 5), Line 13
Line 3: See Page 2 of 3 - Column (2), Line 13
Line 4: See Page 2 of 3 - Column (3), Line 13
Line 5: See Page 2 of 3 - Column (5), Line 13
Line 6: See Page 2 of 3 - Column (6), Line 13
Line 7: See Page 2 of 3 - Column (4), Line 13
Line 8: See Page 3 of 3 - Column (1), Line 17
Line 9: See Page 3 of 3 - Column (2), Line 17
Line 10: See Page 3 of 3 - Column (3), Line 17
Line 11: Sum of Lines 1-10

Narragansett Electric Company
Summary of New England Power - Tariff No. 9 Charges
Estimated for the Year 2004

		(1)	(2)	(3)	(4)	(5)	(6)
		Non- PTF Load Ratio % Share	Non-PTF Demand Charge	Scheduling & Dispatch	Transformer Surcharge	Meter Surcharge	Total NEP Costs
1	Jan	23.72%	\$927,768	30,029	1,726	1,046	960,569
2	Feb	24.06%	941,066	-11,607	1,726	1,046	932,231
3	Mar	24.55%	960,232	146,667	1,726	1,046	1,109,671
4	Apr	24.79%	969,619	137,667	1,726	1,046	1,110,058
5	May	25.20%	985,655	4,500	1,726	1,046	992,927
6	Jun	25.86%	1,011,470	-15,396	1,726	1,046	998,846
7	Jul	26.71%	1,044,716	17,188	1,726	1,046	1,064,676
8	Aug	26.98%	1,055,277	-7,738	1,726	1,046	1,050,311
9	Sep	24.35%	952,409	-75,987	1,726	1,046	879,194
10	Oct	25.12%	982,526	-82,044	1,726	1,046	903,254
11	Nov	25.06%	980,180	-26,540	1,726	1,046	956,412
12	Dec	24.33%	951,627	3,326	1,726	1,046	957,725
13	12- Mo Total		\$11,762,545	\$120,065	\$20,712	\$12,552	\$11,915,874

Lines 1-12: Column (1) + (3) Monthly Network Bills for period September 2002 thru August 2003

Lines 1-12: Column (4) + (5): Current Rate as of June 2003

Lines 1-12: Column (2), Workpaper 2 of 3, Line 13 / 12 * Column (1)

Lines 1-12: Column (6), Sum of Column (2) thru (5)

Line 13: Sum of Line 1 - 12

14-Nov-03

Narragansett Electric Company
NEPOOL Tariff No. 1 Charges
Estimated for the Year 2004

	(1) Monthly PTF kW Load	(2) PTF Demand Charge	(3) NEPOOL Sched. & Dispatch	(4) Reliability Must Run	(5) Black Start	(6) Reactive Power	(7) Total NEPOOL	
1	January	1,294,425	\$1,757,182	\$81,225	\$0	\$34,302	\$94,881	\$1,967,590
2	February	1,219,260	1,655,145	76,509	0	32,310	89,372	1,853,336
3	March	1,208,442	1,646,502	75,830	0	32,024	88,579	1,842,935
4	April	1,085,423	1,478,889	68,110	0	28,764	79,562	1,655,325
5	May	1,014,781	1,382,639	63,678	0	26,892	74,383	1,547,592
6	June	1,559,243	2,232,316	97,843	0	41,320	114,293	2,485,772
7	July	1,576,497	2,257,018	98,925	0	41,777	115,557	2,513,277
8	August	1,644,358	2,354,173	103,184	0	43,575	120,531	2,621,463
9	September	1,438,779	2,059,852	90,283	0	38,128	105,463	2,293,726
10	October	1,241,891	1,777,974	77,929	0	32,910	91,031	1,979,844
11	November	1,201,568	1,720,245	75,398	0	31,842	88,075	1,915,560
12	December	1,241,780	1,777,815	77,922	0	32,907	91,022	1,979,666
13	12-Mo Total	15,726,447	\$22,099,750	\$986,835	\$0	\$416,751	\$1,152,749	\$24,656,085

Line 1-12: Column (1)= NEPOOL Monthly Statement September 2002 - August 2003
Line 1-2: Column (2)= Workpapers, Page 1 of 3, Line 3 * Column (1) / 12
Line 3-5: Column (2)= Workpapers, Page 1 of 3, Line 6 * Column (1) / 12
Line 6-12: Column (2)= Workpapers, Page 1 of 3, Line 13 * Column (1) / 12
Line 1-12: Column (3)= Current Rate of \$0.753/kW-Yr * Column (1) / 12
Line 1-12: Column (4)= 0 - No Reliability Must Run Contracts are currently in effect for Rhode Island
Line 1-12: Column (5)= Workpapers, Page 3 of 3, Line 8 * Column (1)
Line 1-12: Column (6)= Workpapers, Page 3 of 3, Line 4 * Column (1)
Column (7) Sum of Columns (2) - (6)
Line 13: Sum of Lines 1 - 12

14-Nov-03

Narragansett Electric Company
Summary of ISO Charges
Estimated for the Year 2004

	(1)	(2)	(3)	(4)
	ISO	ISO	ISO	Total
	Schedule 1	Schedule 2	Schedule 3	ISO Charges
1 January	\$71,936	\$51,332	\$34,385	\$157,653
2 February	\$68,228	\$46,015	\$32,785	\$147,028
3 March	\$70,374	\$47,813	\$32,439	\$150,626
4 April	\$66,911	\$43,868	\$29,131	\$139,910
5 May	\$63,171	\$42,717	\$26,291	\$132,179
6 June	\$96,984	\$46,570	\$42,364	\$185,918
7 July	\$92,187	\$58,030	\$42,841	\$193,058
8 August	\$95,855	\$61,694	\$44,734	\$202,283
9 September	\$70,913	\$50,539	\$40,361	\$161,813
10 October	\$61,055	\$47,888	\$34,167	\$143,110
11 November	\$58,002	\$46,727	\$32,505	\$137,234
12 December	\$59,971	\$50,092	\$34,677	\$144,740
13 Sub-Total	\$875,587	\$593,285	\$426,680	
14 2003 Budget	\$15,012,406	\$71,814,432	\$24,876,083	
15 2004 Budget	\$17,448,161	\$75,873,840	\$28,664,919	
16 % Change	16.22%	5.65%	15.23%	
17 Estimate	\$1,017,651	\$626,821	\$491,667	\$2,136,139

Line 1-12: column 1 - Monthly ISO Bills - for year ending August 2003

Line 1-12: column 2 - 3 - Actual Load * Rate for year ending August 2003

Line 13: Sum of Line 1 through Line 12

Line 14: ISO-NE Proposed Operating Budget (Year 2003)

Line 15: ISO-NE Proposed Operating Budget (Year 2004)

Line 16: Line 15-Line 14 / Line 14

Line 17: Column (1) - (3)=Line 13 + Line 13*Line16, Column (4)= Sum of Columns (1)-(3)

New England Power Company
PTF Rate Calculation
Non-PTF Revenue Requirement
For the Year 2004

Section I:Development of PTF Rate:

1	Currently Effective NEP PTF Rate	Pre -97	\$12.87 /KW-YR
2	Currently Effective NEPOOL PTF Rate	Post-96	3.42 /KW-YR
3	Total Regional Network Service Rate through February 28, 2004		\$16.29 /KW-YR

ESTIMATED Rate Effective March 1, 2004 through May 31, 2004:

4	Estimate Change in Rate - NEP PTF Rate	Pre -97	\$12.93 /KW-YR
5	Currently Effective NEPOOL PTF Rate	Post-96	3.42 /KW-YR
6	Total Regional Network Service Rate through May 31, 2004		\$16.35 /KW-YR

ESTIMATED Increase in Rate Effective June 1, 2004

7	Total ESTIMATED NEPOOL Post-96 Plant Additions		\$111,100,000
8	* Carrying Charge		15.4%
9	/ 2002 NEPOOL Network Load		20,583,685
10	Additional Estimated NEPOOL Post-96 Rate		0.83
11	Pre-97 Rate		\$12.93 /KW-YR
12	Estimated Post-96 Rate		4.25 /KW-YR
13	Pre-97 and Post-96 Rates in effect June 1, 2004 through February 28, 2005		\$17.18 /KW-YR

Line 1 - 2: NEPOOL Informational Filing dated 7/30/2003

Line 3: Line 1 + Line 2

Line 4: Recalculation of RNS Rate using the change in bandwidth per Schedule 9 NEPOOL Tariff

Line 5: NEPOOL Informational Filing dated 7/30/2003

Line 6: Line 4 + Line 5

Line 7: Total NEPOOL 2003 Capital Additions Estimates as provided by Transmission Owners

Line 8: Average NEPOOL Post-96 Carrying Charge - 2002

Line 9: NEPOOL Informational Filing dated 7/30/2003

Line 10: Line 7 * Line 8 / Line 9

Line 11: Line 4

Line 12: Line 5 + Line 10

Line 13: Line 11 + Line 12

New England Power Company
PTF Rate Calculation
Non-PTF Revenue Requirement
For the Year 2004

Section II:

11	NEP's Tariff 9 Non-PTF Revenue Requirement (12 mos. Ended 8/31/03)	\$40,385,907
12	Adjustment for Forecasted 2004 Capital Additions	\$6,550,064
13	Estimated 2004 Non-PTF Revenue Requirement	\$46,935,971
<u>Adjustment for Year End 2004 Capital Additions</u>		
14	Estimated 2004 Non-PTF Transmission Capital Expenditures for Lines	\$10,308,741
15	Est. 2004 Non-PTF Transmission Capital Expenditures for Substations	\$37,257,859
16	Estimated Percentage Transferred to Plant in 2004 for Substations	70%
17	Estimated NEP 2004 Transmission Plant Additions	\$36,389,243
18	Non-PTF Transmission Plant Carrying Charge	18%
19	Adjustment for Forecasted 2004 Capital Additions	\$6,550,064

Section III:

<u>Transmission Plant Carrying Charge</u>		
20	NEP's Tariff 9 Revenue Requirement	40,385,907
21	Total Revenue Credit (12 Mos. Ended 8/31/03)	137,397,167
22	Total Transmission Integrated Facilities Credit (12 Mos. Ended 8/31/03)	(28,778,562)
23	Sub-Total	149,004,512
24	Total Transmission Plant (as of 8/31/03)	816,701,669
25	Non-PTF Transmission Plant Carrying Charge	18%

Line 11: NEP Tariff 9 Billings
Line 12: Line 19
Line 13: Line 11 + Line 12
Line 14 + 15: Transmission Capital Budget
Line 16: Engineering Estimate for Substations
Line 17: Line 14 + (Line 15 * Line 16)
Line 18: Line 25
Line 19: Line 17 * Line 18
Line 20-22: NEP Tariff 9 Billings
Line 23: Sum of Lines 20-22
Line 24: NEP Tariff 9 Billing - August 2003
Line 25: Line 23/Line 24

Narragansett Electric Company
 Summary of Reactive Power & Black Start Costs
 Estimated for the Year 2004

Section I: Development of Reactive Power Estimate

1	Estimated Total NEPOOL Reactive Power Costs	\$18,110,256
2	2002 NEPOOL Network Load (KW)	20,583,685
3	Estimated Rate / KW-Yr	\$0.8798
4	Estimated Rate / KW-Mo	\$0.0733

Section II: Development of Black Start Costs

5	Estimated Total NEPOOL Black Start Costs	\$6,536,880
6	2002 NEPOOL Network Load (KW)	20,583,685
7	Estimated Rate / KW-Yr	\$0.3176
8	Estimated Rate / KW-Mo	\$0.0265

Line 1: Actual 8 Mo Average Annualized * 5% Rate Increase for 2004

Line 2: NEPOOL 2002 12 CP Network Loads

Line 3: Line 1/Line 2

Line 4: Line 3 / 12

Line 5: FERC Filing - \$4.00 * Current Contracted Black Start kW (1,634,220)

Line 6: NEPOOL 2002 12 CP Network Loads

Line 7: Line 5 / Line 6

Line 8: Line 7 / 12

Note: Reactive Power Rate increasing to \$1.05/kVAR-yr in 2004 from \$1.00/kVAR-yr in 2003