

January 27, 2006

VIA HAND DELIVERY AND ELECTRONIC MAIL

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

**Re: Docket 3605: Last Resort Service Acquisition Plan
Last Resort Service Bids and Power Supply Agreement for the Period
March 2006 through October 2006
And Request for Confidential Treatment**

Dear Ms. Massaro:

Enclosed in accordance with Rule 1.2(g) of the Commission's Rules of Practice and Procedure are 10 copies of a redacted power supply agreement and transaction confirmation executed by The Narragansett Electric Company d/b/a National Grid ("National Grid") pursuant to its Last Resort Service Acquisition Plan ("Plan") approved by the Commission in Docket 3605 (Order No. 18495, December 22, 2005; see also Order Nos. 18250, 18122 and 17903). As part of the Plan, National Grid committed to file with the Commission a summary of the initial and final bids received as well as the final executed power supply contract providing Last Resort Service to National Grid's customers in Rhode Island for the period from March 1, 2006 through October 31, 2006.

National Grid respectfully requests confidential and privileged treatment of Attachments 1 and 2 described below. These attachments contain commercially sensitive market information, the disclosure of which could affect the balance of wholesale markets as well as National Grid's ability to negotiate competitive terms with its wholesale suppliers. In compliance with Rule 1.2(g), National Grid is providing one complete unredacted copy of the confidential documents in a sealed envelope marked "**Contains Privileged and Confidential Materials – Do Not Release.**" Copies of the confidential, unredacted documents have also been provided to Paul Roberti, Steve Scialabba and Dr. Stutz representing the Division of Public Utilities and Carriers.

National Grid is hereby filing the following attachments for the Commission's information:

Attachment 1-A confidential summary of the procurement process identifying the key actions taken by National Grid to procure Last Resort Service for its customers.

Attachment 2-The executed confidential Master Power Agreement Transaction Confirmation for the period March 2006 through October 2006 for Last Resort Service. A copy of the Master Power Agreement with the winning bidder was provided in the previous filing of Last Resort Bids provided on July 26, 2005.

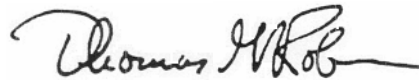
As described above, National Grid has included redacted versions of the executed Master Power Agreement transaction confirmation (Attachment 2 – Redacted) for the public record.

In National Grid's November 1, 2005 Last Resort Service Market Assessment, National Grid informed the Commission that it would be asking bidders to provide proposals that exclude LICAP costs for only October 2006. Accordingly, for October 2006, the Delivered Energy prices do not include any LICAP costs. Since National Grid will reimburse the suppliers for their actual costs to satisfy the capacity obligation, subject to a market cap, as previously described in the Market Assessment, National Grid has included an estimate of the LICAP costs in the rates.

Today, National Grid is also making a separate compliance filing with the Commission to establish the actual Last Resort Service retail rates for the period March 2006 through October 2006. Pursuant to the Commission's approval of the Acquisition Plan, National Grid is establishing the rates based on the final, binding bids received.

Thank you for your attention to this filing. Please feel free to contact me if you have any questions concerning this matter at 508.389.2877.

Very truly yours,



Thomas G. Robinson

Enclosures

cc: Docket 3605 Service List
Steve Scialabba (w/confidential attachments)
Paul Roberti, Esq. (w/confidential attachments)
Dr. John Stutz (w/confidential attachments)

**MASTER POWER AGREEMENT
CONFIRMATION**

This Confirmation shall confirm the Transaction agreed to on, and effective as of January 18, 2006, between **THE NARRAGANSETT ELECTRIC COMPANY**, a Rhode Island corporation (“Buyer”), and _____ corporation, regarding the sale/purchase of Last Resort Service specified herein under the terms and conditions under the Master Power Agreement, dated _____ (the “Master Power Agreement”) between Buyer and Seller, as specified and modified herein. Terms used but not defined herein shall have the meanings ascribed to them in the Master Power Agreement.

- 1. Last Resort Service Requirements Matrix**

- 2. Contract Rate - \$/MWh**

- 3. Load Asset Designation within the ISO Settlement Market System**

- 4. Amount Payable**

- 5. Modifications to the Master Power Agreement**

Master Power Agreement Confirmation

January 18, 2006

Page 2 of 3

6. Security

7. Ratification of the Terms and Conditions of the Agreement

(a) Except as expressly amended or waived by this Confirmation, the terms, conditions, covenants, agreements, warranties and representations contained in the Master Power Agreement are in all respects ratified, confirmed and remade as of the date hereof and, except as amended or waived hereby, shall continue in full force and effect.

(b) Nothing in this Confirmation shall, or shall be construed to, alter or amend any other Confirmation.

8. Counterparts

This Confirmation may be executed in counterparts, all of which together shall constitute one and the same instrument.

This Confirmation constitutes part of and is subject to the terms and provisions of such Master Power Agreement.

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Master Power Agreement Confirmation
January 18, 2006
Page 3 of 3

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Confirmation on their behalf as of the date first above written.

THE NARRAGANSETT ELECTRIC COMPANY

Name (print): _____
Title: _____

Name (print): _____
Title: _____

Certificate of Service

I certify that a copy of the cover letter and materials accompanying this certificate were mailed or hand-deliver to the parties listed below.



Date: January 27, 2006

Joanne M. Scanlon
National Grid

Narragansett Electric Co. – Last Resort Acquisition Plan – Dkt. 3605
Service list as of 5/6/04

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Paul Roberti, Esq. Dept. of Attorney General 150 South Main St. Providence RI 02903	Proberti@riag.state.ri.us	401-222-2424 ext. 2299
	Steve.scialabba@ripuc.state.ri.us	401-222-3016
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