

March 30, 2005

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 3648 - Standard Offer Reconciliation Report

Dear Ms. Massaro:

Enclosed on behalf of The Narragansett Electric Company (“Narragansett” or “Company”) are ten copies of the Company’s Standard Offer Reconciliation report (“Report”) through February 2005. The enclosed Report provides the Company’s most current projection of the Standard Offer reconciliation balance through December 31, 2005 based on actual revenues and actual expenses through February 2005. The projected revenues and expenses are calculated using estimated fuel index payments based on projected gas and oil futures prices as reported in the *Wall Street Journal* for February 22, 23, and 24, 2005.

In Docket No. 3508, the Company agreed to file monthly reconciliation reports with the Commission showing its projected Standard Offer reconciliation balance. That requirement has been continued as part of Docket No. 3648. Pursuant to the Commission’s Order No. 18151 (February 17, 2005) in this proceeding, Narragansett is also required to apply for a rate adjustment if the Company’s projections show that the accrual of the over- or under-collection through December 31, 2005 will be more than \$16 million. Based on the current fuel price estimates, the Company is projecting an under-collection of approximately \$4.4 million as of December 31, 2005 as shown on Attachment 1, page 1.

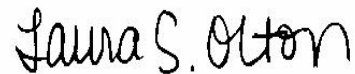
Attachment 1, page 1, of this Report shows the Company’s projected Standard Offer reconciliation balance through December 31, 2005. Pages 2 and 3 of Attachment 1 support the calculation of the Company’s projected Standard Offer revenues and expenses. Projected revenues are estimated by applying the Standard Offer rate of 6.7¢ per kWh to the Company’s forecasted retail Standard Offer deliveries. Standard Offer base expenses are calculated by multiplying the forecasted kWh deliveries by the base wholesale charge in effect for each period under the Company’s wholesale Standard Offer supply contracts. The base wholesale charge shown in Column (d) on Page 3 has been adjusted to include an estimate of the effect of the Standard Offer contract amendment approved by the Commission in Docket No. 3496.

Luly E. Massaro, Commission Clerk
Docket 3648 – Standard Offer Reconciliation Report
March 30, 2005
Page 2 of 2

Attachment 2 shows the calculation of the estimated monthly fuel index adjustment prices per kWh based on the February 22, 23 and 24, 2005 forecasted fuel prices. Pages 1 and 2 include the projections of natural gas and crude oil prices, respectively. The monthly weighted fuel index adjustments are calculated on Page 3.

Thank you for your attention to this filing. If you have any questions regarding this report, please do not hesitate to contact me at (401) 784-7667.

Very truly yours,

A handwritten signature in black ink that reads "Laura S. Olton". The signature is written in a cursive, slightly slanted style.

Laura S. Olton

Enclosures

cc: Docket 3648 Service List
Steve Scialabba, RI Division

Attachment 1

The Narragansett Electric Company

**Report to the R.I.P.U.C.
Standard Offer Reconciliation**

**Projected Balance
for the period October 2004 through December 2005**

Submitted: March 2005

The Narragansett Electric Company
 Standard Offer Reconciliation

Actual Balance for the Period October 2004 through September 2005 and Projected Balance through December 2005

Section 1. Balance @ September 30, 2005

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)	Adjustments (g)	Over(Under) Ending Monthly Balance (h)	Monthly Balance Including Unbilled (i)
(1) Oct-04	(\$376,761)	\$14,128,523	\$26,492,483	\$7,308,707	\$33,801,190	(\$19,672,668)		(\$20,049,429)	(\$2,899,997)
(1) Nov-04	(\$20,049,429)	\$34,298,864	\$26,752,338	\$8,305,944	\$35,058,282	(\$759,418)		(\$20,808,847)	(\$1,250,706)
(1) Dec-04	(\$20,808,847)	\$39,116,281	\$29,627,256	\$10,089,033	\$39,716,289	(\$600,008)		(\$21,408,855)	(\$1,703,393)
(1) Jan-05	(\$21,408,855)	\$39,410,924	\$33,160,403	\$5,557,938	\$38,718,341	\$692,583		(\$20,716,272)	(\$1,967,214)
(2) Feb-05	(\$20,716,272)	\$37,498,116	\$28,633,026	\$5,071,210	\$33,704,236	\$3,793,880		(\$16,922,392)	\$1,605,269
(2) Mar-05	(\$16,922,392)	\$37,055,322	\$30,656,365	\$5,895,668	\$36,552,033	\$503,289		(\$16,419,103)	\$1,219,186
(2) Apr-05	(\$16,419,103)	\$35,276,578	\$29,184,787	\$6,060,200	\$35,244,987	\$31,591		(\$16,387,512)	\$628,150
(2) May-05	(\$16,387,512)	\$34,031,324	\$28,154,572	\$6,074,845	\$34,229,417	(\$198,093)		(\$16,585,605)	\$1,449,084
(2) Jun-05	(\$16,585,605)	\$36,069,377	\$29,840,680	\$6,546,323	\$36,387,003	(\$317,626)		(\$16,903,231)	\$3,345,201
(2) Jul-05	(\$16,903,231)	\$40,496,863	\$33,503,598	\$7,615,828	\$41,119,426	(\$622,564)		(\$17,525,794)	\$3,686,798
(2) Aug-05	(\$17,525,794)	\$42,425,185	\$35,098,925	\$8,339,398	\$43,438,324	(\$1,013,139)		(\$18,538,933)	\$1,445,368
(2) Sep-05	(\$18,538,933)	\$39,968,601	\$33,066,561	\$8,363,579	\$41,430,140	(\$1,461,538)		(\$20,000,471)	\$1,696,807
* (2) Oct-05	(\$20,000,471)	\$21,697,278				\$21,697,278		\$1,696,807	
Totals	(\$376,761)	\$451,473,235	\$364,170,995	\$85,228,673	\$449,399,667	\$2,073,568	\$0	\$1,696,807	
Interest (3)								\$27,468	
Ending Balance@ September 30, 2005 with Interest								\$1,724,275	

- (1) Actual revenues and expenses
- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(-376,761 + 1,696,807)/2 * (4.01\% * 5/12 + 4.27\% * 7/12)$

* For September usage billed in October

Section 2. Projected Balance @ December 31, 2005

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)	Adjustments (g)	Over(Under) Ending Monthly Balance (h)	Monthly Balance Including Unbilled (i)
(2) Oct-05	\$1,724,275	\$13,715,286	\$29,297,290	\$7,642,771	\$36,940,062	(\$23,224,776)		(\$21,500,501)	(\$3,204,325)
(2) Nov-05	(\$21,500,501)	\$36,592,352	\$30,273,345	\$7,831,856	\$38,105,200	(\$1,512,848)		(\$23,013,349)	(\$3,379,644)
(2) Dec-05	(\$23,013,349)	\$39,267,409	\$32,486,455	\$8,697,438	\$41,183,893	(\$1,916,484)		(\$24,929,833)	(\$4,398,930)
* (2) Jan-06	(\$24,929,833)	\$20,530,903				\$20,530,903		(\$4,398,930)	
Totals	\$1,724,275	\$110,105,950	\$92,057,090	\$24,172,065	\$116,229,155	(\$6,123,205)	\$0	(\$4,398,930)	
Interest (3)								(\$14,276)	
Ending Balance@ December 31, 2005 with Interest								(\$4,413,206)	

* For December usage billed in January

- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(1,724,275 + -4,398,930)/2 * (4.27\% * 3/12)$

Column Notes:

- Column (a) Column (h) from previous row; beginning balance from Exhibit JAL-7, RIPUC Docket No. 3648.
- Column (b) from Page 2
- Column (c) from Page 3
- Column (d) from Page 3
- Column (e) Column (c) + Column (d)
- Column (f) Column (b) - Column (e)
- Column (g)

- 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
 Estimated Revenue through January 2006

(1) Estimated Standard Offer kWh Deliveries 86.7%

<u>Month</u>	Estimated Total Company kWh <u>Deliveries</u> (a)	Estimated Standard Offer <u>Deliveries</u> (b)	Standard Offer <u>Rate</u> (c)	Total Estimated <u>Revenues</u> (d)
Feb-05			\$0.06700	\$0
Mar-05	637,906,000	553,064,502	\$0.06700	\$37,055,322
Apr-05	607,285,000	526,516,095	\$0.06700	\$35,276,578
May-05	585,848,000	507,930,216	\$0.06700	\$34,031,324
Jun-05	620,933,000	538,348,911	\$0.06700	\$36,069,377
Jul-05	697,152,000	604,430,784	\$0.06700	\$40,496,863
Aug-05	730,348,000	633,211,716	\$0.06700	\$42,425,185
Sep-05	688,058,000	596,546,286	\$0.06700	\$39,968,601
Oct-05	609,626,000	528,545,742	\$0.06700	\$35,412,565
Nov-05	629,936,000	546,154,512	\$0.06700	\$36,592,352
Dec-05	675,987,000	586,080,729	\$0.06700	\$39,267,409

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 3, Line (3)

The Narragansett Electric Company
 Standard Offer Reconciliation
 Estimated Standard Offer Expenses through December 2005

Section 1. Estimation of Standard Offer kWh Deliveries

	<u>Feb-05</u>
(1) Standard Offer kWhs	560,253,357
(2) Total kWh Deliveries	646,032,306
(3) Percentage of Standard Offer kWhs to Total kWhs	86.7%

Notes:

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

Section 2. Calculation of Estimated Expenses

	Estimated Total Company kWh Deliveries (a)	% of Standard Offer kWhs to Total kWhs (b)	Estimated Standard Offer kWh Deliveries (c)	Estimated Base Standard Offer Charge (d)	Estimated Base Standard Offer Expenses (e)	Estimated Fuel Index Value per kWh (f)	Estimated Fuel Index Payments (g)	Total Estimated Standard Offer Expenses (h)
Mar-05	637,906,000	86.7%	553,064,502	\$0.05543	\$30,656,365	\$0.01066	\$5,895,668	\$36,552,033
Apr-05	607,285,000	86.7%	526,516,095	\$0.05543	\$29,184,787	\$0.01151	\$6,060,200	\$35,244,987
May-05	585,848,000	86.7%	507,930,216	\$0.05543	\$28,154,572	\$0.01196	\$6,074,845	\$34,229,417
Jun-05	620,933,000	86.7%	538,348,911	\$0.05543	\$29,840,680	\$0.01216	\$6,546,323	\$36,387,003
Jul-05	697,152,000	86.7%	604,430,784	\$0.05543	\$33,503,598	\$0.01260	\$7,615,828	\$41,119,426
Aug-05	730,348,000	86.7%	633,211,716	\$0.05543	\$35,098,925	\$0.01317	\$8,339,398	\$43,438,324
Sep-05	688,058,000	86.7%	596,546,286	\$0.05543	\$33,066,561	\$0.01402	\$8,363,579	\$41,430,140
Oct-05	609,626,000	86.7%	528,545,742	\$0.05543	\$29,297,290	\$0.01446	\$7,642,771	\$36,940,062
Nov-05	629,936,000	86.7%	546,154,512	\$0.05543	\$30,273,345	\$0.01434	\$7,831,856	\$38,105,200
Dec-05	675,987,000	86.7%	586,080,729	\$0.05543	\$32,486,455	\$0.01484	\$8,697,438	\$41,183,893
Total Expected Payments through December 2005							\$73,067,906	\$384,630,485

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 futures prices as reported on 02/22/05, 02/23/05 & 02/24/05
- (g) Column (c) x Column (f)
- (h) Column (e) + Column (g)

Attachment 2

The Narragansett Electric Company
Report to the R.I.P.U.C.
Standard Offer Reconciliation

Calculation of the Fuel Index Adjustment
through December 2006

Prices published in WSJ on: 22-Feb-05 23-Feb-05 24-Feb-05

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-04	Jan-04	\$5.727	\$5.716	\$5.775	\$5.739	\$5.561	\$4.945	Feb-04
Mar-04	Feb-04	\$5.127	\$5.077	\$5.150	\$5.118	\$5.214	\$5.118	Mar-04
Apr-04	Mar-04	\$5.336	\$5.395	\$5.365	\$5.365	\$5.235	\$5.135	Apr-04
May-04	Apr-04	\$5.764	\$5.874	\$5.935	\$5.858	\$5.277	\$5.276	May-04
Jun-04	May-04	\$6.705	\$6.684	\$6.680	\$6.690	\$5.335	\$5.505	Jun-04
Jul-04	Jun-04	\$6.485	\$6.353	\$6.141	\$6.326	\$5.397	\$5.832	Jul-04
Aug-04	Jul-04	\$5.957	\$5.989	\$6.048	\$5.998	\$5.505	\$5.849	Aug-04
Sep-04	Aug-04	\$5.298	\$5.189	\$5.082	\$5.190	\$5.520	\$5.893	Sep-04
Oct-04	Sep-04	\$5.392	\$5.262	\$5.723	\$5.459	\$5.598	\$5.904	Oct-04
Nov-04	Oct-04	\$7.890	\$8.402	\$7.626	\$7.973	\$5.889	\$5.920	Nov-04
Dec-04	Nov-04	\$6.762	\$6.793	\$7.976	\$7.177	\$6.093	\$6.273	Dec-04
Jan-05	Dec-04	\$6.668	\$6.160	\$6.213	\$6.347	\$6.103	n/a	Jan-05
Feb-05	Jan-05	\$6.403	\$6.388	\$6.288	\$6.360	\$6.155	n/a	Feb-05
Mar-05	Feb-05	\$6.103	\$6.311	\$6.304	\$6.239	\$6.248	n/a	Mar-05
Apr-05	Mar-05	\$6.221	\$6.420	\$6.454	\$6.365	\$6.332	n/a	Apr-05
May-05	Apr-05	\$6.316	\$6.508	\$6.554	\$6.459	\$6.382	n/a	May-05
Jun-05	May-05	\$6.379	\$6.568	\$6.612	\$6.520	\$6.368	n/a	Jun-05
Jul-05	Jun-05	\$6.442	\$6.628	\$6.670	\$6.580	\$6.389	n/a	Jul-05
Aug-05	Jul-05	\$6.485	\$6.668	\$6.708	\$6.620	\$6.441	n/a	Aug-05
Sep-05	Aug-05	\$6.495	\$6.674	\$6.714	\$6.628	\$6.561	n/a	Sep-05
Oct-05	Sep-05	\$6.525	\$6.701	\$6.741	\$6.656	\$6.660	n/a	Oct-05
Nov-05	Oct-05	\$6.890	\$7.066	\$7.106	\$7.021	\$6.581	n/a	Nov-05
Dec-05	Nov-05	\$7.235	\$7.416	\$7.461	\$7.371	\$6.597	n/a	Dec-05
Jan-06	Dec-05	\$7.470	\$7.651	\$7.696	\$7.606	\$6.702	n/a	Jan-06
Feb-06	Jan-06	\$7.440	\$7.621	\$7.666	\$7.576	\$6.803	n/a	Feb-06
Mar-06	Feb-06	\$7.250	\$7.426	\$7.476	\$7.384	\$6.899	n/a	Mar-06
Apr-06	Mar-06	\$6.330	\$6.446	\$6.476	\$6.417	\$6.903	n/a	Apr-06
May-06	Apr-06	\$6.205	\$6.312	\$6.342	\$6.286	\$6.889	n/a	May-06
Jun-06	May-06	\$6.232	\$6.339	\$6.369	\$6.313	\$6.871	n/a	Jun-06
Jul-06	Jun-06	\$6.265	\$6.366	\$6.399	\$6.343	\$6.852	n/a	Jul-06
Aug-06	Jul-06	\$6.290	\$6.391	\$6.429	\$6.370	\$6.831	n/a	Aug-06
Sep-06	Aug-06	\$6.270	\$6.391	\$6.429	\$6.363	\$6.809	n/a	Sep-06
Oct-06	Sep-06	\$6.290	\$6.391	\$6.429	\$6.370	\$6.785	n/a	Oct-06
Nov-06	Oct-06	\$6.585	\$6.691	\$6.729	\$6.668	\$6.756	n/a	Nov-06
Dec-06	Nov-06	\$6.865	\$6.971	\$7.009	\$6.948	\$6.720	n/a	Dec-06

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 - Dec-06)
- Settlement price as reported in the Wall Street Journal on 22-Feb-05. (Jan-05 - Dec-06)
- Col. D - Settlement price for the second last trading day as reported in the Wall Street Journal. (Jan-99 - Dec-06)
- Settlement price as reported in the Wall Street Journal on 23-Feb-05. (Jan-05 - Dec-06)
- Col. E - Settlement price for the last trading day as reported in the Wall Street Journal. (Jan-99 - Dec-06)
- Settlement price as reported in the Wall Street Journal on 24-Feb-05. (Jan-05 - Dec-06)
- 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 MARKET OIL PRICE

(Col. A)	(Col. B)	(Col. HH)	(Col. II)	(Col. JJ)	(Col. KK)	(Col. LL)	(Col. MM)	(Col. NN)	Prices published in WSJ on:				
SOS Delivery Month	Trading Month	Sum of Values	# of Values	Conversion Factor	Oil Index (\$/mmBtu)	NGrid's Market Oil Price	EUA's Market Oil Price	Average	22-Feb-05	23-Feb-05	24-Feb-05		
Jan-04	Jan-04	530.40	19	6.3	4.43	4.29	4.15	33.0200	33.02	33.02	33.02	<=Jan closing from WSJ on 12/19/03	
Feb-04	Feb-04	494.90	19	6.3	4.13	4.18	4.17	36.2000	36.20	36.20	36.20	<=Feb closing from WSJ on 01/20/04	
Mar-04	Mar-04	564.10	23	6.3	3.89	4.08	4.13	35.6000	35.60	35.60	35.60	<=Mar closing from WSJ on 02/20/04	
Apr-04	Apr-04	535.55	21	6.3	4.05	4.11	4.12	37.1100	37.11	37.11	37.11	<=Apr closing from WSJ on 03/22/04	
May-04	May-04	603.20	20	6.3	4.79	4.18	4.12	37.6000	37.60	37.60	37.60	<=May closing from WSJ on 04/20/04	
Jun-04	Jun-04	619.25	21	6.3	4.68	4.24	4.23	40.9200	40.92	40.92	40.92	<=June closing from WSJ on 05/20/04	
Jul-04	Jul-04	583.85	21	6.3	4.41	4.25	4.33	38.1100	38.11	38.11	38.11	<=July closing from WSJ on 06/22/04	
Aug-04	Aug-04	612.20	22	6.3	4.42	4.25	4.33	40.8600	40.86	40.86	40.86	<=Aug closing from WSJ on 07/20/04	
Sep-04	Sep-04	582.00	21	6.3	4.40	4.29	4.37	47.8600	47.86	47.86	47.86	<=Sept closing from WSJ on 08/20/04	
Oct-04	Oct-04	693.40	21	6.3	5.24	4.39	4.46	47.1000	47.10	47.10	47.10	<=October closing from WSJ on 09/21/04	
Nov-04	Nov-04	572.15	20	6.3	4.54	4.42	4.66	54.9200	54.92	54.92	54.92	<=November closing from WSJ on 10/20/04	
Dec-04	Dec-04	526.50	21	6.3	3.98	4.41	4.62	48.4400	48.44	48.44	48.44	<=December closing from WSJ on 11/19/04	
Jan-05	Jan-05	594.00	20	6.3	4.71	4.44	n/a	45.6400	45.64	45.64	45.64	<=January 2005 closing from WSJ on 12/20/04	
Feb-05	Feb-05	584.70	19	6.3	4.88	4.50	n/a	46.9100	46.91	46.91	46.91	<=February 2005 closing from WSJ on 01/20/05	
Mar-05	Mar-05	51.15			5.33	4.62	n/a	51.1500	51.15	51.15	51.15	<=March 2005 closing from WSJ on 02/22/05	
Apr-05	Apr-05	51.33			5.34	4.73	n/a	51.3267	51.42	51.17	51.39		
May-05	May-05	51.72			5.39	4.78	n/a	51.7200	51.72	51.59	51.85		
Jun-05	Jun-05	51.72			5.39	4.84	n/a	51.7200	51.66	51.59	51.91		
Jul-05	Jul-05	51.45			5.36	4.91	n/a	51.4467	51.35	51.30	51.69		
Aug-05	Aug-05	51.02			5.31	4.99	n/a	51.0233	50.93	50.87	51.27		
Sep-05	Sep-05	50.57			5.27	5.06	n/a	50.5700	50.48	50.41	50.82		
Oct-05	Oct-05	50.11			5.22	5.06	n/a	50.1133	50.02	49.95	50.37		
Nov-05	Nov-05	49.70			5.17	5.11	n/a	49.6967	49.60	49.53	49.96		
Dec-05	Dec-05	49.31			5.13	5.21	n/a	49.3100	49.21	49.14	49.58		
Jan-06	Jan-06	48.87			5.09	5.24	n/a	48.8667	48.78	48.69	49.13		
Feb-06	Feb-06	48.43			5.04	5.25	n/a	48.4300	48.36	48.25	48.68		
Mar-06	Mar-06	48.30			5.03	5.23	n/a	48.2967	48.36	47.85	48.68		
Apr-06	Apr-06	47.93			4.99	5.20	n/a	47.9300	47.63	47.48	48.68		
May-06	May-06	47.82			4.98	5.17	n/a	47.8200	47.30	47.48	48.68		
Jun-06	Jun-06	46.99			4.89	5.12	n/a	46.9867	46.98	46.79	47.19		
Jul-06	Jul-06	46.88			4.88	5.08	n/a	46.8767	46.98	46.46	47.19		
Aug-06	Aug-06	46.88			4.88	5.05	n/a	46.8767	46.98	46.46	47.19		
Sep-06	Sep-06	46.57			4.85	5.01	n/a	46.5733	46.07	46.46	47.19		
Oct-06	Oct-06	45.82			4.77	4.98	n/a	45.8233	46.07	45.52	45.88		
Nov-06	Nov-06	45.63			4.75	4.94	n/a	45.6300	45.49	45.52	45.88		
Dec-06	Dec-06	45.16			4.70	4.91	n/a	45.1600	45.21	44.96	45.31		

- Notes:
- Col. A - month in which SOS was delivered at wholesale.
 - Col. B - month in which oil prices were quoted and delivered.
 - Col. C - Col. GG - daily prices as quoted by Platt's MarketScan.
 - Col. HH - sum of values in Col. C through Col. GG. (Jan-99 - Jan-05)
 - Mar-05 Final Crude oil contract price as reported in the Wall Street Journal on 22-Feb-05
 - average of Crude oil contract prices as reported in the Wall Street Journal on Feb. 22, 23 & 24, 2005
 - Col. II - number of non-zero values in Col. C through Col. GG.
 - Col. JJ - a fixed factor of 6.3 mmBtu per bbl.
 - Col. KK - Col. HH divided by (Col. II x Col. JJ) (Jan-99 - Jan-05)
 - Current month value Col. HH * Mar-05 value in Col KK/ 51.15 (Mar.-05 - Dec-06)
 - Where 51.15 represents the Mar-05 closing value from the WSJ 22-Feb-05
 - Col. LL - Average of the most recent twelve months of values in Col. KK (including current SOS delivery month)
 - Col. MM - Average of the most recent six months of values in Col. KK (ending month prior to SOS delivery month)

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 e/kWh	EUA Adjustment e/kWh	Weighted Adjustment e/kWh
Jan-04	\$5.5406	\$4.2925	\$9.8331	\$7.74	1.24977	\$4.8381	\$4.1543	\$8.9923	\$7.74	1.14944	1.274	0.762	1.141
Feb-04	\$5.5606	\$4.1759	\$9.7364	\$7.74	1.23824	\$4.9451	\$4.1685	\$9.1136	\$7.74	1.16391	1.215	0.836	1.116
Mar-04	\$5.2135	\$4.0831	\$9.2966	\$7.74	1.18576	\$5.1184	\$4.1281	\$9.2465	\$7.74	1.17977	0.947	0.917	0.939
Apr-04	\$5.2351	\$4.1059	\$9.3410	\$7.74	1.19105	\$5.1354	\$4.1232	\$9.2586	\$7.74	1.18121	0.974	0.924	0.961
May-04	\$5.2767	\$4.1827	\$9.4594	\$7.74	1.20518	\$5.2763	\$4.1163	\$9.3926	\$7.74	1.19721	1.046	1.006	1.036
Jun-04	\$5.3352	\$4.2417	\$9.5769	\$7.74	1.21920	\$5.5049	\$4.2262	\$9.7312	\$7.74	1.23761	1.118	1.212	1.142
Jul-04	\$5.3973	\$4.2473	\$9.6445	\$7.74	1.22727	\$5.8323	\$4.3291	\$10.1614	\$7.74	1.28895	1.159	1.474	1.241
Aug-04	\$5.5054	\$4.2506	\$9.7561	\$7.74	1.24058	\$5.8494	\$4.3261	\$10.1755	\$7.74	1.29063	1.227	1.482	1.293
Sep-04	\$5.5199	\$4.2903	\$9.8103	\$7.74	1.24705	\$5.8925	\$4.3732	\$10.2657	\$7.74	1.30139	1.260	1.537	1.332
Oct-04	\$5.5982	\$4.3864	\$9.9845	\$7.74	1.26784	\$5.9044	\$4.4575	\$10.3620	\$7.74	1.31288	1.366	1.596	1.426
Nov-04	\$5.8888	\$4.4208	\$10.3095	\$7.74	1.30663	\$5.9201	\$4.6564	\$10.5764	\$7.74	1.33848	1.564	1.726	1.606
Dec-04	\$6.0931	\$4.4138	\$10.5068	\$7.74	1.33017	\$6.2726	\$4.6153	\$10.8879	\$7.74	1.37564	1.684	1.916	1.744
Jan-05	\$6.1033	\$4.4374	\$10.5407	\$8.48	1.22595	n/a	n/a	n/a	n/a	n/a	1.243	n/a	0.920
Feb-05	\$6.1550	\$4.4999	\$10.6549	\$8.48	1.23848	n/a	n/a	n/a	n/a	n/a	1.312	n/a	0.971
Mar-05	\$6.2484	\$4.6193	\$10.8678	\$8.48	1.26182	n/a	n/a	n/a	n/a	n/a	1.440	n/a	1.066
Apr-05	\$6.3318	\$4.7274	\$11.0591	\$8.48	1.28280	n/a	n/a	n/a	n/a	n/a	1.555	n/a	1.151
May-05	\$6.3819	\$4.7772	\$11.1591	\$8.48	1.29376	n/a	n/a	n/a	n/a	n/a	1.616	n/a	1.196
Jun-05	\$6.3677	\$4.8360	\$11.2037	\$8.48	1.29865	n/a	n/a	n/a	n/a	n/a	1.643	n/a	1.216
Jul-05	\$6.3889	\$4.9146	\$11.3035	\$8.48	1.30960	n/a	n/a	n/a	n/a	n/a	1.703	n/a	1.260
Aug-05	\$6.4407	\$4.9893	\$11.4300	\$8.48	1.32347	n/a	n/a	n/a	n/a	n/a	1.779	n/a	1.317
Sep-05	\$6.5606	\$5.0615	\$11.6221	\$8.48	1.34453	n/a	n/a	n/a	n/a	n/a	1.895	n/a	1.402
Oct-05	\$6.6603	\$5.0596	\$11.7199	\$8.48	1.35525	n/a	n/a	n/a	n/a	n/a	1.954	n/a	1.446
Nov-05	\$6.5809	\$5.1125	\$11.6934	\$8.48	1.35235	n/a	n/a	n/a	n/a	n/a	1.938	n/a	1.434
Dec-05	\$6.5971	\$5.2087	\$11.8058	\$8.48	1.36467	n/a	n/a	n/a	n/a	n/a	2.006	n/a	1.484
Jan-06	\$6.7020	\$5.2399	\$11.9419	\$9.22	1.27605	n/a	n/a	n/a	n/a	n/a	1.629	n/a	1.205
Feb-06	\$6.8033	\$5.2531	\$12.0564	\$9.22	1.28767	n/a	n/a	n/a	n/a	n/a	1.697	n/a	1.256
Mar-06	\$6.8987	\$5.2283	\$12.1270	\$9.22	1.29483	n/a	n/a	n/a	n/a	n/a	1.740	n/a	1.287
Apr-06	\$6.9031	\$5.1989	\$12.1019	\$9.22	1.29228	n/a	n/a	n/a	n/a	n/a	1.724	n/a	1.276
May-06	\$6.8886	\$5.1650	\$12.0537	\$9.22	1.28739	n/a	n/a	n/a	n/a	n/a	1.696	n/a	1.255
Jun-06	\$6.8714	\$5.1239	\$11.9954	\$9.22	1.28148	n/a	n/a	n/a	n/a	n/a	1.661	n/a	1.229
Jul-06	\$6.8517	\$5.0843	\$11.9360	\$9.22	1.27546	n/a	n/a	n/a	n/a	n/a	1.625	n/a	1.203
Aug-06	\$6.8309	\$5.0483	\$11.8792	\$9.22	1.26969	n/a	n/a	n/a	n/a	n/a	1.591	n/a	1.177
Sep-06	\$6.8088	\$5.0136	\$11.8225	\$9.22	1.26394	n/a	n/a	n/a	n/a	n/a	1.557	n/a	1.152
Oct-06	\$6.7850	\$4.9764	\$11.7614	\$9.22	1.25775	n/a	n/a	n/a	n/a	n/a	1.521	n/a	1.125
Nov-06	\$6.7557	\$4.9411	\$11.6968	\$9.22	1.25119	n/a	n/a	n/a	n/a	n/a	1.482	n/a	1.097
Dec-06	\$6.7205	\$4.9051	\$11.6256	\$9.22	1.24397	n/a	n/a	n/a	n/a	n/a	1.439	n/a	1.065

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. I - 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.
- Col. N - (0.74 * Col. K) + (0.26 * Col. L)

Certificate of Service

I certify that a copy of the cover letter and/or any materials accompanying this certificate has been faxed, mailed or hand-delivered to the parties listed below.



Joanne M. Scanlon

March 30, 2005
Date

Narragansett Electric Co. – Annual Reconciliation Filing – Dkt. 3648
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