

May 2, 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 March 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 March 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 March 24, 28, and 29, 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 \$20.8 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.

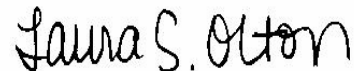
Luly E. Massaro, Commission Clerk
Docket 3648 – Standard Offer Reconciliation Report
March 30, 2005
Page 2 of 2

Attachment 2 shows the calculation of the estimated monthly fuel index adjustment prices per kWh based on the March 24, 28 and 29, 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.

Although the projected Standard Offer under recovery for the period October 2004 through December 2005 exceeds \$16 million in this analysis, the Company does not recommend an adjustment to the Standard Offer rate at this time. The volatility in fuel prices over the past several months has resulted in large swings in the Company's Standard Offer reconciliation projection. Therefore, the Company proposes to maintain the Standard Offer rate at its current level and to continue to monitor fuel prices. If it appears unlikely that fuel prices will decrease over the next several months, the Company will make a filing with the Commission to adjust the rate.

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,



Laura S. Olton

Enclosures

cc: Docket 3648 Service List
Steve Scialabba, 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: April 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) |
| (1) Feb-05 | (\$20,716,272) | \$37,498,116 | \$28,633,026 | \$5,071,210 | \$33,704,236 | \$3,793,880 | | (\$16,922,392) | \$2,053,730 |
| (1) Mar-05 | (\$16,922,392) | \$37,952,243 | \$30,625,393 | \$6,015,288 | \$36,640,680 | \$1,311,562 | | (\$15,610,829) | \$1,885,052 |
| (2) Apr-05 | (\$15,610,829) | \$34,991,762 | \$28,949,154 | \$6,387,302 | \$35,336,457 | (\$344,695) | | (\$15,955,524) | \$922,757 |
| (2) May-05 | (\$15,955,524) | \$33,756,562 | \$27,927,257 | \$6,645,508 | \$34,572,765 | (\$816,203) | | (\$16,771,728) | \$1,117,352 |
| (2) Jun-05 | (\$16,771,728) | \$35,778,159 | \$29,599,752 | \$7,449,333 | \$37,049,085 | (\$1,270,926) | | (\$18,042,653) | \$2,042,296 |
| (2) Jul-05 | (\$18,042,653) | \$40,169,898 | \$33,233,096 | \$8,987,265 | \$42,220,362 | (\$2,050,463) | | (\$20,093,117) | \$948,209 |
| (2) Aug-05 | (\$20,093,117) | \$42,082,652 | \$34,815,543 | \$10,162,646 | \$44,978,189 | (\$2,895,538) | | (\$22,988,654) | (\$3,165,703) |
| (2) Sep-05 | (\$22,988,654) | \$39,645,902 | \$32,799,587 | \$10,461,784 | \$43,261,372 | (\$3,615,470) | | (\$26,604,124) | (\$5,082,025) |
| * (2) Oct-05 | (\$26,604,124) | \$21,522,099 | | | | \$21,522,099 | | (\$5,082,025) | |
| Totals | (\$376,761) | \$450,351,983 | \$362,615,288 | \$92,441,959 | \$455,057,247 | (\$4,705,264) | \$0 | (\$5,082,025) | |
| Interest (3) | | | | | | | | (\$113,588) | |
| Ending Balance@ September 30, 2005 with Interest | | | | | | | | (\$5,195,614) | |

- (1) Actual revenues and expenses
- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(-376,761 + -5,082,025)/2 * (4.01\% * 5/12 + 4.27\% * 7/12)$

* 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 | (\$5,195,614) | \$13,604,552 | \$29,060,749 | \$9,840,705 | \$38,901,454 | (\$25,296,903) | | (\$30,492,516) | (\$12,344,060) |
| (2) Nov-05 | (\$30,492,516) | \$36,296,912 | \$30,028,923 | \$10,461,095 | \$40,490,018 | (\$4,193,106) | | (\$34,685,622) | (\$15,210,437) |
| (2) Dec-05 | (\$34,685,622) | \$38,950,371 | \$32,224,165 | \$11,894,397 | \$44,118,562 | (\$5,168,191) | | (\$39,853,813) | (\$20,704,503) |
| * (2) Jan-06 | (\$39,853,813) | \$19,149,311 | | | | \$19,149,311 | | (\$20,704,503) | |
| Totals | (\$5,195,614) | \$108,001,145 | \$91,313,838 | \$32,196,197 | \$123,510,035 | (\$15,508,889) | \$0 | (\$20,704,503) | |
| Interest (3) | | | | | | | | (\$138,242) | |
| Ending Balance@ December 31, 2005 with Interest | | | | | | | | (\$20,842,745) | |

* For December usage billed in January

- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(-5,195,614 + -20,704,503)/2 * (4.27\% * 3/12)$

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 86.0%

| <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) |
|--------------|---|---|--------------------------------------|--|
| Mar-05 | | - | \$0.06700 | \$0 |
| Apr-05 | 607,285,000 | 522,265,100 | \$0.06700 | \$34,991,762 |
| May-05 | 585,848,000 | 503,829,280 | \$0.06700 | \$33,756,562 |
| Jun-05 | 620,933,000 | 534,002,380 | \$0.06700 | \$35,778,159 |
| Jul-05 | 697,152,000 | 599,550,720 | \$0.06700 | \$40,169,898 |
| Aug-05 | 730,348,000 | 628,099,280 | \$0.06700 | \$42,082,652 |
| Sep-05 | 688,058,000 | 591,729,880 | \$0.06700 | \$39,645,902 |
| Oct-05 | 609,626,000 | 524,278,360 | \$0.06700 | \$35,126,650 |
| Nov-05 | 629,936,000 | 541,744,960 | \$0.06700 | \$36,296,912 |
| Dec-05 | 675,987,000 | 581,348,820 | \$0.06700 | \$38,950,371 |

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>Mar-05</u> |
| (1) Standard Offer kWhs | 567,098,041 |
| (2) Total kWh Deliveries | 659,213,682 |
| (3) Percentage of Standard Offer kWhs to Total kWhs | 86.0% |

Notes:

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

Section 2. Calculation of Estimated Expenses

| | <u>Estimated Total Company kWh Deliveries</u> (a) | <u>% of Standard Offer kWhs to Total kWhs</u> (b) | <u>Estimated Standard Offer kWh Deliveries</u> (c) | <u>Estimated Base Standard Offer Charge</u> (d) | <u>Estimated Base Standard Offer Expenses</u> (e) | <u>Estimated Fuel Index Value per kWh</u> (f) | <u>Estimated Fuel Index Payments</u> (g) | <u>Total Estimated Standard Offer Expenses</u> (h) |
|--------|--|--|---|--|--|--|---|---|
| Apr-05 | 607,285,000 | 86.0% | 522,265,100 | \$0.05543 | \$28,949,154 | \$0.01223 | \$6,387,302 | \$35,336,457 |
| May-05 | 585,848,000 | 86.0% | 503,829,280 | \$0.05543 | \$27,927,257 | \$0.01319 | \$6,645,508 | \$34,572,765 |
| Jun-05 | 620,933,000 | 86.0% | 534,002,380 | \$0.05543 | \$29,599,752 | \$0.01395 | \$7,449,333 | \$37,049,085 |
| Jul-05 | 697,152,000 | 86.0% | 599,550,720 | \$0.05543 | \$33,233,096 | \$0.01499 | \$8,987,265 | \$42,220,362 |
| Aug-05 | 730,348,000 | 86.0% | 628,099,280 | \$0.05543 | \$34,815,543 | \$0.01618 | \$10,162,646 | \$44,978,189 |
| Sep-05 | 688,058,000 | 86.0% | 591,729,880 | \$0.05543 | \$32,799,587 | \$0.01768 | \$10,461,784 | \$43,261,372 |
| Oct-05 | 609,626,000 | 86.0% | 524,278,360 | \$0.05543 | \$29,060,749 | \$0.01877 | \$9,840,705 | \$38,901,454 |
| Nov-05 | 629,936,000 | 86.0% | 541,744,960 | \$0.05543 | \$30,028,923 | \$0.01931 | \$10,461,095 | \$40,490,018 |
| Dec-05 | 675,987,000 | 86.0% | 581,348,820 | \$0.05543 | \$32,224,165 | \$0.02046 | \$11,894,397 | \$44,118,562 |
| | | | | | | | \$82,290,036 | \$360,928,264 |
| | | | Total Expected Payments through December 2005 | | | | | |

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 03/24/05, 03/28/05 & 03/29/05
- (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: 24-Mar-05 28-Mar-05 29-Mar-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 | \$7.062 | \$6.999 | \$7.323 | \$7.128 | \$6.395 | n/a | Apr-05 |
| May-05 | Apr-05 | \$7.184 | \$7.122 | \$7.402 | \$7.236 | \$6.510 | n/a | May-05 |
| Jun-05 | May-05 | \$7.292 | \$7.232 | \$7.510 | \$7.345 | \$6.565 | n/a | Jun-05 |
| Jul-05 | Jun-05 | \$7.379 | \$7.322 | \$7.598 | \$7.433 | \$6.657 | n/a | Jul-05 |
| Aug-05 | Jul-05 | \$7.436 | \$7.382 | \$7.653 | \$7.490 | \$6.781 | n/a | Aug-05 |
| Sep-05 | Aug-05 | \$7.451 | \$7.402 | \$7.668 | \$7.507 | \$6.974 | n/a | Sep-05 |
| Oct-05 | Sep-05 | \$7.480 | \$7.432 | \$7.698 | \$7.537 | \$7.148 | n/a | Oct-05 |
| Nov-05 | Oct-05 | \$7.819 | \$7.772 | \$8.023 | \$7.871 | \$7.139 | n/a | Nov-05 |
| Dec-05 | Nov-05 | \$8.147 | \$8.102 | \$8.343 | \$8.197 | \$7.224 | n/a | Dec-05 |
| Jan-06 | Dec-05 | \$8.363 | \$8.320 | \$8.561 | \$8.415 | \$7.397 | n/a | Jan-06 |
| Feb-06 | Jan-06 | \$8.343 | \$8.305 | \$8.546 | \$8.398 | \$7.566 | n/a | Feb-06 |
| Mar-06 | Feb-06 | \$8.193 | \$8.160 | \$8.401 | \$8.251 | \$7.734 | n/a | Mar-06 |
| Apr-06 | Mar-06 | \$7.023 | \$6.990 | \$7.131 | \$7.048 | \$7.727 | n/a | Apr-06 |
| May-06 | Apr-06 | \$6.878 | \$6.845 | \$6.971 | \$6.898 | \$7.699 | n/a | May-06 |
| Jun-06 | May-06 | \$6.903 | \$6.845 | \$6.996 | \$6.915 | \$7.663 | n/a | Jun-06 |
| Jul-06 | Jun-06 | \$6.933 | \$6.900 | \$7.026 | \$6.953 | \$7.623 | n/a | Jul-06 |
| Aug-06 | Jul-06 | \$6.963 | \$6.930 | \$7.056 | \$6.983 | \$7.581 | n/a | Aug-06 |
| Sep-06 | Aug-06 | \$6.939 | \$6.930 | \$7.056 | \$6.975 | \$7.537 | n/a | Sep-06 |
| Oct-06 | Sep-06 | \$6.961 | \$6.928 | \$7.054 | \$6.981 | \$7.490 | n/a | Oct-06 |
| Nov-06 | Oct-06 | \$6.961 | \$6.928 | \$7.366 | \$7.085 | \$7.425 | n/a | Nov-06 |
| Dec-06 | Nov-06 | \$7.568 | \$7.535 | \$7.661 | \$7.588 | \$7.374 | 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 24-Mar-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 28-Mar-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 29-Mar-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 | 24-Mar-05 | 28-Mar-05 | 29-Mar-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 | 779.75 | 22 | 6.3 | 5.63 | 4.64 | n/a | 51.1500 | 51.15 | 51.15 | 51.15 | <=March 2005 closing from WSJ on 02/22/05 | |
| Apr-05 | Apr-05 | 56.62 | | | 6.23 | 4.83 | n/a | 56.6200 | 56.62 | 56.62 | 56.62 | <=April 2005 closing from WSJ on 03/21/05 | |
| May-05 | May-05 | 54.37 | | | 5.98 | 4.93 | n/a | 54.3733 | 54.84 | 54.05 | 54.23 | | |
| Jun-05 | Jun-05 | 55.13 | | | 6.06 | 5.04 | n/a | 55.1267 | 55.65 | 54.78 | 54.95 | | |
| Jul-05 | Jul-05 | 55.49 | | | 6.10 | 5.18 | n/a | 55.4900 | 56.11 | 55.15 | 55.21 | | |
| Aug-05 | Aug-05 | 55.66 | | | 6.12 | 5.32 | n/a | 55.6567 | 56.35 | 55.31 | 55.31 | | |
| Sep-05 | Sep-05 | 55.64 | | | 6.12 | 5.47 | n/a | 55.6400 | 56.40 | 55.30 | 55.22 | | |
| Oct-05 | Oct-05 | 55.51 | | | 6.11 | 5.54 | n/a | 55.5133 | 56.32 | 55.18 | 55.04 | | |
| Nov-05 | Nov-05 | 55.30 | | | 6.08 | 5.67 | n/a | 55.3033 | 56.15 | 54.97 | 54.79 | | |
| Dec-05 | Dec-05 | 55.09 | | | 6.06 | 5.84 | n/a | 55.0933 | 55.97 | 54.77 | 54.54 | | |
| Jan-06 | Jan-06 | 54.92 | | | 6.04 | 5.95 | n/a | 54.9233 | 55.75 | 54.77 | 54.25 | | |
| Feb-06 | Feb-06 | 54.69 | | | 6.02 | 6.05 | n/a | 54.6933 | 55.53 | 54.30 | 54.25 | | |
| Mar-06 | Mar-06 | 54.44 | | | 5.99 | 6.08 | n/a | 54.4367 | 55.53 | 54.08 | 53.70 | | |
| Apr-06 | Apr-06 | 54.22 | | | 5.96 | 6.05 | n/a | 54.2200 | 55.13 | 54.08 | 53.45 | | |
| May-06 | May-06 | 54.22 | | | 5.96 | 6.05 | n/a | 54.2200 | 55.13 | 54.08 | 53.45 | | |
| Jun-06 | Jun-06 | 53.77 | | | 5.91 | 6.04 | n/a | 53.7667 | 54.79 | 53.52 | 52.99 | | |
| Jul-06 | Jul-06 | 53.71 | | | 5.91 | 6.02 | n/a | 53.7067 | 54.61 | 53.52 | 52.99 | | |
| Aug-06 | Aug-06 | 53.71 | | | 5.91 | 6.01 | n/a | 53.7067 | 54.61 | 53.52 | 52.99 | | |
| Sep-06 | Sep-06 | 53.47 | | | 5.88 | 5.99 | n/a | 53.4733 | 54.61 | 53.52 | 52.29 | | |
| Oct-06 | Oct-06 | 53.47 | | | 5.88 | 5.97 | n/a | 53.4733 | 54.61 | 53.52 | 52.29 | | |
| Nov-06 | Nov-06 | 53.47 | | | 5.88 | 5.95 | n/a | 53.4733 | 54.61 | 53.52 | 52.29 | | |
| Dec-06 | Dec-06 | 52.46 | | | 5.77 | 5.93 | n/a | 52.4633 | 53.58 | 52.27 | 51.54 | | |

- 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. (not shown)
 - Col. HH - sum of values in Col. C through Col. GG. (Jan-99 - Jan-05)
 - Apr-05 Final Crude oil contract price as reported in the Wall Street Journal on 21-Mar-05
 - average of Crude oil contract prices as reported in the Wall Street Journal on Mar. 24, 28 & 29, 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 * Apr-05 value in Col KK/ 56.62 (Apr.-05 - Dec-06)
 - Where 56.62 represents the Apr-05 closing value from the WSJ 21-Mar-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 | \$4.6443 | \$10.8927 | \$8.48 | 1.26456 | n/a | n/a | n/a | n/a | n/a | 1.455 | n/a | 1.077 |
| Apr-05 | \$6.3953 | \$4.8259 | \$11.2213 | \$8.48 | 1.30058 | n/a | n/a | n/a | n/a | n/a | 1.653 | n/a | 1.223 |
| May-05 | \$6.5102 | \$4.9254 | \$11.4356 | \$8.48 | 1.32407 | n/a | n/a | n/a | n/a | n/a | 1.782 | n/a | 1.319 |
| Jun-05 | \$6.5648 | \$5.0406 | \$11.6054 | \$8.48 | 1.34269 | n/a | n/a | n/a | n/a | n/a | 1.885 | n/a | 1.395 |
| Jul-05 | \$6.6570 | \$5.1814 | \$11.8384 | \$8.48 | 1.36825 | n/a | n/a | n/a | n/a | n/a | 2.025 | n/a | 1.499 |
| Aug-05 | \$6.7814 | \$5.3235 | \$12.1048 | \$8.48 | 1.39746 | n/a | n/a | n/a | n/a | n/a | 2.186 | n/a | 1.618 |
| Sep-05 | \$6.9745 | \$5.4669 | \$12.4413 | \$8.48 | 1.43436 | n/a | n/a | n/a | n/a | n/a | 2.389 | n/a | 1.768 |
| Oct-05 | \$7.1476 | \$5.5389 | \$12.6865 | \$8.48 | 1.46124 | n/a | n/a | n/a | n/a | n/a | 2.537 | n/a | 1.877 |
| Nov-05 | \$7.1392 | \$5.6674 | \$12.8066 | \$8.48 | 1.47440 | n/a | n/a | n/a | n/a | n/a | 2.609 | n/a | 1.931 |
| Dec-05 | \$7.2242 | \$5.8407 | \$13.0649 | \$8.48 | 1.50273 | n/a | n/a | n/a | n/a | n/a | 2.765 | n/a | 2.046 |
| Jan-06 | \$7.3965 | \$5.9513 | \$13.3478 | \$9.22 | 1.41864 | n/a | n/a | n/a | n/a | n/a | 2.470 | n/a | 1.828 |
| Feb-06 | \$7.5664 | \$6.0455 | \$13.6119 | \$9.22 | 1.44543 | n/a | n/a | n/a | n/a | n/a | 2.628 | n/a | 1.945 |
| Mar-06 | \$7.7340 | \$6.0757 | \$13.8097 | \$9.22 | 1.46549 | n/a | n/a | n/a | n/a | n/a | 2.746 | n/a | 2.032 |
| Apr-06 | \$7.7274 | \$6.0537 | \$13.7810 | \$9.22 | 1.46258 | n/a | n/a | n/a | n/a | n/a | 2.729 | n/a | 2.020 |
| May-06 | \$7.6992 | \$6.0523 | \$13.7515 | \$9.22 | 1.45958 | n/a | n/a | n/a | n/a | n/a | 2.712 | n/a | 2.007 |
| Jun-06 | \$7.6634 | \$6.0398 | \$13.7032 | \$9.22 | 1.45468 | n/a | n/a | n/a | n/a | n/a | 2.683 | n/a | 1.985 |
| Jul-06 | \$7.6234 | \$6.0234 | \$13.6468 | \$9.22 | 1.44897 | n/a | n/a | n/a | n/a | n/a | 2.649 | n/a | 1.960 |
| Aug-06 | \$7.5811 | \$6.0056 | \$13.5867 | \$9.22 | 1.44287 | n/a | n/a | n/a | n/a | n/a | 2.613 | n/a | 1.934 |
| Sep-06 | \$7.5368 | \$5.9857 | \$13.5225 | \$9.22 | 1.43636 | n/a | n/a | n/a | n/a | n/a | 2.574 | n/a | 1.905 |
| Oct-06 | \$7.4904 | \$5.9670 | \$13.4575 | \$9.22 | 1.42976 | n/a | n/a | n/a | n/a | n/a | 2.536 | n/a | 1.876 |
| Nov-06 | \$7.4249 | \$5.9502 | \$13.3752 | \$9.22 | 1.42142 | n/a | n/a | n/a | n/a | n/a | 2.486 | n/a | 1.840 |
| Dec-06 | \$7.3741 | \$5.9261 | \$13.3003 | \$9.22 | 1.41382 | n/a | n/a | n/a | n/a | n/a | 2.442 | n/a | 1.807 |

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. J - Col. G + Col. H
- Col. K - Applicable value from the Standard Offer Supply Contracts.
- Col. L - @if(Col. J > Col. K, (Col. G + \$0.60 + Col. H + \$0.04) / (Col. J + \$0.64), 1.000)
- 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)

Forecast of fuel prices based on NYMEX futures as reported in the Wall Street Journal on March 24, 28 & 29, 2005

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.

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

May 2, 2005
Date

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