

March 1, 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 the “Company”) are ten copies of the Company’s Standard Offer Reconciliation Report (“Report”) through January 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 January 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 January 25, 26, and 27, 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 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 \$2.7 million as of December 31, 2005 as shown on Attachment 1, page 1.

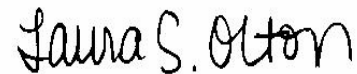
Attachment 1, page 1, of this Report shows the Company’s projected Standard Offer reconciliation balance through December 31, 2005. Pages 2 and 3 of Attachment 1 support the calculation of the Company’s projected Standard Offer revenues and expenses. Projected revenues are estimated by applying the Standard 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
Rhode Island Public Utilities Commission
March 1, 2005
Page 2 of 2

Attachment 2 shows the calculation of the estimated monthly fuel index adjustment prices per kWh based on the January 25, 26 and 27, 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.

Please do not hesitate to contact me at (401) 784-7667 if you have any questions regarding this report.

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

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 1, 2005
Date

Narragansett Electric Co. – Annual Reconciliation Filing – Dkt. 3648
Service list as of 12/08/04

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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: February 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)	(\$1,391,927)
(2) Feb-05	(\$20,716,272)	\$38,648,690	\$31,974,580	\$5,589,639	\$37,564,219	\$1,084,471		(\$19,631,801)	(\$954,551)
(2) Mar-05	(\$19,631,801)	\$37,354,500	\$30,903,879	\$5,915,392	\$36,819,271	\$535,229		(\$19,096,572)	(\$1,315,875)
(2) Apr-05	(\$19,096,572)	\$35,561,395	\$29,420,420	\$6,029,514	\$35,449,934	\$111,461		(\$18,985,111)	(\$1,832,068)
(2) May-05	(\$18,985,111)	\$34,306,087	\$28,381,887	\$5,970,283	\$34,352,170	(\$46,083)		(\$19,031,194)	(\$850,897)
(2) Jun-05	(\$19,031,194)	\$36,360,595	\$30,081,608	\$6,344,110	\$36,425,718	(\$65,123)		(\$19,096,317)	\$1,315,596
(2) Jul-05	(\$19,096,317)	\$40,823,827	\$33,774,100	\$7,293,451	\$41,067,551	(\$243,724)		(\$19,340,042)	\$2,043,817
(2) Aug-05	(\$19,340,042)	\$42,767,718	\$35,382,308	\$7,883,303	\$43,265,611	(\$497,893)		(\$19,837,935)	\$307,716
(2) Sep-05	(\$19,837,935)	\$40,291,300	\$33,333,534	\$7,835,756	\$41,169,290	(\$877,990)		(\$20,715,924)	\$1,156,534
* (2) Oct-05	(\$20,715,924)	\$21,872,458				\$21,872,458		\$1,156,534	
Totals	(\$376,761)	\$454,941,161	\$369,284,796	\$84,123,069	\$453,407,866	\$1,533,295	\$0	\$1,156,534	
Interest (3)								\$16,226	
Ending Balance@ September 30, 2005 with Interest								\$1,172,760	

- (1) Actual revenues and expenses
- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(-376,761 + 1,156,534)/2 * (4.01\% * 5/12 + 4.27\% * 7/12)$

* 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	\$1,172,760	\$13,826,021	\$29,533,831	\$7,075,758	\$36,609,590	(\$22,783,569)		(\$21,610,809)	(\$3,166,913)
(2) Nov-05	(\$21,610,809)	\$36,887,792	\$30,517,766	\$7,135,310	\$37,653,076	(\$765,284)		(\$22,376,093)	(\$2,583,869)
(2) Dec-05	(\$22,376,093)	\$39,584,447	\$32,748,745	\$7,828,267	\$40,577,012	(\$992,565)		(\$23,368,658)	(\$2,671,993)
* (2) Jan-06	(\$23,368,658)	\$20,696,665				\$20,696,665		(\$2,671,993)	
Totals	\$1,172,760	\$110,994,925	\$92,800,342	\$22,039,336	\$114,839,678	(\$3,844,753)	\$0	(\$2,671,993)	
Interest (3)								(\$8,002)	
Ending Balance@ December 31, 2005 with Interest								(\$2,679,995)	

* For December usage billed in January

- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(1,172,760 + -2,671,993)/2 * (4.27\% * 3/12)$

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 87.4%

<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)
Jan-05			\$0.06700	
Feb-05	660,007,000	576,846,118	\$0.06700	\$38,648,690
Mar-05	637,906,000	557,529,844	\$0.06700	\$37,354,500
Apr-05	607,285,000	530,767,090	\$0.06700	\$35,561,395
May-05	585,848,000	512,031,152	\$0.06700	\$34,306,087
Jun-05	620,933,000	542,695,442	\$0.06700	\$36,360,595
Jul-05	697,152,000	609,310,848	\$0.06700	\$40,823,827
Aug-05	730,348,000	638,324,152	\$0.06700	\$42,767,718
Sep-05	688,058,000	601,362,692	\$0.06700	\$40,291,300
Oct-05	609,626,000	532,813,124	\$0.06700	\$35,698,479
Nov-05	629,936,000	550,564,064	\$0.06700	\$36,887,792
Dec-05	675,987,000	590,812,638	\$0.06700	\$39,584,447
Jan-06	706,877,465	617,810,904	\$0.06700	\$41,393,331

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>Jan-05</u>
(1) Standard Offer kWhs	589,044,964
(2) Total kWh Deliveries	673,697,850
(3) Percentage of Standard Offer kWhs to Total kWhs	87.4%

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)
Jan-05	660,007,000	87.4%	576,846,118	\$0.05543	\$31,974,580	\$0.00969	\$5,589,639	\$37,564,219
Feb-05	637,906,000	87.4%	557,529,844	\$0.05543	\$30,903,879	\$0.01061	\$5,915,392	\$36,819,271
Mar-05	607,285,000	87.4%	530,767,090	\$0.05543	\$29,420,420	\$0.01136	\$6,029,514	\$35,449,934
Apr-05	585,848,000	87.4%	512,031,152	\$0.05543	\$28,381,887	\$0.01166	\$5,970,283	\$34,352,170
May-05	620,933,000	87.4%	542,695,442	\$0.05543	\$30,081,608	\$0.01169	\$6,344,110	\$36,425,718
Jun-05	697,152,000	87.4%	609,310,848	\$0.05543	\$33,774,100	\$0.01197	\$7,293,451	\$41,067,551
Jul-05	730,348,000	87.4%	638,324,152	\$0.05543	\$35,382,308	\$0.01235	\$7,883,303	\$43,265,611
Aug-05	688,058,000	87.4%	601,362,692	\$0.05543	\$33,333,534	\$0.01303	\$7,835,756	\$41,169,290
Sep-05	609,626,000	87.4%	532,813,124	\$0.05543	\$29,533,831	\$0.01328	\$7,075,758	\$36,609,590
Oct-05	629,936,000	87.4%	550,564,064	\$0.05543	\$30,517,766	\$0.01296	\$7,135,310	\$37,653,076
Nov-05	675,987,000	87.4%	590,812,638	\$0.05543	\$32,748,745	\$0.01325	\$7,828,267	\$40,577,012
Total Expected Payments through December 2005							\$74,900,784	\$420,953,442

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 01/25/05, 01/26/05 & 01/27/05
- (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: 25-Jan-05 26-Jan-05 27-Jan-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	\$6.444	\$6.421	\$6.352	\$6.406	\$6.262	n/a	Mar-05
Apr-05	Mar-05	\$6.354	\$6.366	\$6.322	\$6.347	\$6.344	n/a	Apr-05
May-05	Apr-05	\$6.362	\$6.386	\$6.345	\$6.364	\$6.386	n/a	May-05
Jun-05	May-05	\$6.402	\$6.426	\$6.385	\$6.404	\$6.363	n/a	Jun-05
Jul-05	Jun-05	\$6.442	\$6.468	\$6.427	\$6.446	\$6.373	n/a	Jul-05
Aug-05	Jul-05	\$6.469	\$6.495	\$6.455	\$6.473	\$6.412	n/a	Aug-05
Sep-05	Aug-05	\$6.440	\$6.472	\$6.435	\$6.449	\$6.517	n/a	Sep-05
Oct-05	Sep-05	\$6.465	\$6.495	\$6.455	\$6.472	\$6.601	n/a	Oct-05
Nov-05	Oct-05	\$6.785	\$6.810	\$6.775	\$6.790	\$6.503	n/a	Nov-05
Dec-05	Nov-05	\$7.105	\$7.125	\$7.090	\$7.107	\$6.497	n/a	Dec-05
Jan-06	Dec-05	\$7.335	\$7.352	\$7.320	\$7.336	\$6.579	n/a	Jan-06
Feb-06	Jan-06	\$7.305	\$7.322	\$7.295	\$7.307	\$6.658	n/a	Feb-06
Mar-06	Feb-06	\$7.100	\$7.117	\$7.095	\$7.104	\$6.717	n/a	Mar-06
Apr-06	Mar-06	\$6.115	\$6.132	\$6.125	\$6.124	\$6.698	n/a	Apr-06
May-06	Apr-06	\$5.985	\$6.002	\$6.000	\$5.996	\$6.667	n/a	May-06
Jun-06	May-06	\$6.002	\$6.019	\$6.020	\$6.014	\$6.635	n/a	Jun-06
Jul-06	Jun-06	\$6.030	\$6.047	\$6.050	\$6.042	\$6.601	n/a	Jul-06
Aug-06	Jul-06	\$6.055	\$6.077	\$6.050	\$6.061	\$6.567	n/a	Aug-06
Sep-06	Aug-06	\$6.055	\$6.077	\$6.050	\$6.061	\$6.534	n/a	Sep-06
Oct-06	Sep-06	\$6.055	\$6.077	\$6.105	\$6.079	\$6.502	n/a	Oct-06
Nov-06	Oct-06	\$6.055	\$6.077	\$6.105	\$6.079	\$6.442	n/a	Nov-06
Dec-06	Nov-06	\$6.680	\$6.707	\$6.715	\$6.701	\$6.409	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 25-Jan-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 26-Jan-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 27-Jan-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	25-Jan-05	26-Jan-05	27-Jan-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	46.91			4.85	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	49.09			5.07	4.59	n/a	49.0867	49.64	48.78	48.84		
Apr-05	Apr-05	49.25			5.09	4.68	n/a	49.2533	49.80	48.94	49.02		
May-05	May-05	49.24			5.09	4.71	n/a	49.2367	49.70	48.95	49.06		
Jun-05	Jun-05	49.01			5.06	4.74	n/a	49.0067	49.42	48.75	48.85		
Jul-05	Jul-05	48.65			5.02	4.79	n/a	48.6467	49.03	48.41	48.50		
Aug-05	Aug-05	48.26			4.98	4.84	n/a	48.2567	48.63	48.04	48.10		
Sep-05	Sep-05	47.87			4.94	4.88	n/a	47.8667	48.23	47.67	47.70		
Oct-05	Oct-05	47.48			4.90	4.85	n/a	47.4767	47.83	47.30	47.30		
Nov-05	Nov-05	47.14			4.87	4.88	n/a	47.1433	47.49	46.98	46.96		
Dec-05	Dec-05	46.83			4.84	4.95	n/a	46.8333	47.18	46.68	46.64		
Jan-06	Jan-06	46.48			4.80	4.96	n/a	46.4767	46.82	46.33	46.28		
Feb-06	Feb-06	46.12			4.76	4.95	n/a	46.1200	46.46	45.98	45.92		
Mar-06	Mar-06	45.90			4.74	4.93	n/a	45.9000	46.13	45.98	45.59		
Apr-06	Apr-06	45.80			4.73	4.90	n/a	45.8033	45.84	45.98	45.59		
May-06	May-06	45.80			4.73	4.87	n/a	45.8033	45.84	45.98	45.59		
Jun-06	Jun-06	44.95			4.64	4.83	n/a	44.9467	45.28	44.84	44.72		
Jul-06	Jul-06	44.95			4.64	4.80	n/a	44.9467	45.28	44.84	44.72		
Aug-06	Aug-06	44.95			4.64	4.77	n/a	44.9467	45.28	44.84	44.72		
Sep-06	Sep-06	44.95			4.64	4.75	n/a	44.9467	45.28	44.84	44.72		
Oct-06	Oct-06	44.95			4.64	4.72	n/a	44.9467	45.28	44.84	44.72		
Nov-06	Nov-06	44.57			4.60	4.70	n/a	44.5667	44.14	44.84	44.72		
Dec-06	Dec-06	43.61			4.50	4.67	n/a	43.6067	43.92	43.54	43.36		

- 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. (columns not shown)
 - Col. HH - sum of values in Col. C through Col. GG. (Jan-99 - Jan-05)
 - Jan-05 Final Crude oil contract price as reported in the Wall Street Journal on 20-Jan-05
 - average of Crude oil contract prices as reported in the Wall Street Journal on Jan. 25, 26 & 27, 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 * Jan-05 value in Col KK/ 45.64 (Feb.-05 - Dec-06)
 - Where 45.64 represents the Jan-05 closing value from the WSJ 20-Jan-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	\$4.4966	\$10.6516	\$8.48	1.23812	n/a	n/a	n/a	n/a	n/a	1.310	n/a	0.969
Mar-05	\$6.2623	\$4.5947	\$10.8570	\$8.48	1.26064	n/a	n/a	n/a	n/a	n/a	1.434	n/a	1.061
Apr-05	\$6.3441	\$4.6814	\$11.0255	\$8.48	1.27911	n/a	n/a	n/a	n/a	n/a	1.535	n/a	1.136
May-05	\$6.3864	\$4.7062	\$11.0926	\$8.48	1.28647	n/a	n/a	n/a	n/a	n/a	1.576	n/a	1.166
Jun-05	\$6.3626	\$4.7380	\$11.1006	\$8.48	1.28735	n/a	n/a	n/a	n/a	n/a	1.580	n/a	1.169
Jul-05	\$6.3725	\$4.7890	\$11.1615	\$8.48	1.29403	n/a	n/a	n/a	n/a	n/a	1.617	n/a	1.197
Aug-05	\$6.4121	\$4.8363	\$11.2484	\$8.48	1.30355	n/a	n/a	n/a	n/a	n/a	1.670	n/a	1.235
Sep-05	\$6.5171	\$4.8817	\$11.3988	\$8.48	1.32004	n/a	n/a	n/a	n/a	n/a	1.760	n/a	1.303
Oct-05	\$6.6014	\$4.8536	\$11.4551	\$8.48	1.32621	n/a	n/a	n/a	n/a	n/a	1.794	n/a	1.328
Nov-05	\$6.5029	\$4.8810	\$11.3839	\$8.48	1.31841	n/a	n/a	n/a	n/a	n/a	1.751	n/a	1.296
Dec-05	\$6.4970	\$4.9525	\$11.4495	\$8.48	1.32561	n/a	n/a	n/a	n/a	n/a	1.791	n/a	1.325
Jan-06	\$6.5794	\$4.9597	\$11.5391	\$9.22	1.23521	n/a	n/a	n/a	n/a	n/a	1.388	n/a	1.027
Feb-06	\$6.6584	\$4.9529	\$11.6113	\$9.22	1.24253	n/a	n/a	n/a	n/a	n/a	1.431	n/a	1.059
Mar-06	\$6.7166	\$4.9255	\$11.6421	\$9.22	1.24565	n/a	n/a	n/a	n/a	n/a	1.449	n/a	1.072
Apr-06	\$6.6980	\$4.8958	\$11.5938	\$9.22	1.24075	n/a	n/a	n/a	n/a	n/a	1.420	n/a	1.051
May-06	\$6.6673	\$4.8662	\$11.5335	\$9.22	1.23463	n/a	n/a	n/a	n/a	n/a	1.384	n/a	1.024
Jun-06	\$6.6347	\$4.8313	\$11.4660	\$9.22	1.22779	n/a	n/a	n/a	n/a	n/a	1.344	n/a	0.995
Jul-06	\$6.6011	\$4.7994	\$11.4005	\$9.22	1.22115	n/a	n/a	n/a	n/a	n/a	1.305	n/a	0.966
Aug-06	\$6.5667	\$4.7710	\$11.3377	\$9.22	1.21477	n/a	n/a	n/a	n/a	n/a	1.267	n/a	0.938
Sep-06	\$6.5344	\$4.7458	\$11.2802	\$9.22	1.20894	n/a	n/a	n/a	n/a	n/a	1.233	n/a	0.912
Oct-06	\$6.5016	\$4.7240	\$11.2257	\$9.22	1.20342	n/a	n/a	n/a	n/a	n/a	1.200	n/a	0.888
Nov-06	\$6.4424	\$4.7019	\$11.1443	\$9.22	1.19516	n/a	n/a	n/a	n/a	n/a	1.151	n/a	0.852
Dec-06	\$6.4086	\$4.6741	\$11.0826	\$9.22	1.18891	n/a	n/a	n/a	n/a	n/a	1.115	n/a	0.825

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)

Forecast of fuel prices based on NYMEX futures as reported in the Wall Street Journal on January 25, 26 & 27, 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.