

September 20, 2006

Ms. Luly Massaro
Commission Clerk
Public Utility Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: Monthly Filing of Gas Cost Recovery ("GCR") Deferred Balances

Dear Ms. Massaro:

Enclosed please find an original and nine copies of National Grid's monthly filing of gas costs and gas cost revenue collections data. Based on ten months of actual data and two months of forecasted data, the October 31, 2006 deferred gas cost balance is projected to be an over-collection of \$18.6 million (see attached Schedule 1, page 2).

The \$18.6 million over-collection is based on a November 1, 2005 starting balance of \$13.1 million plus actual gas costs and gas cost collections for November 2005 through August 2006 along with projected costs for September through October 2006. These projected gas costs are based on the September 12, 2006 NYMEX strip.

Details by month are provided on the attached schedules. Schedule 1, pages 1 and 2, summarizes the deferred gas cost activity by GCR category and by month. This schedule shows that for the month of August 2006, actual gas costs were \$10.0 million, working capital was \$41 thousand and GCR revenue collections were \$7.4 million for a net under-collection of \$2.6 million. Schedule 2 presents actual gas costs for November through August and forecasted gas costs for September through October 2006. Schedule 3 summarizes gas cost revenue collections. Schedule 4 presents the calculation of inventory finance charges. The calculation of working capital is presented on pages 1 and 2 of Schedule 5. Schedule 6 presents customer class specific throughput.

If you have any questions, please feel free to contact me. I can be reached at (401) 574-2309.

Yours truly,



Peter Czekanski
Principal Analyst

cc: Stephen Scialabba
Bruce Oliver

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9-12-2006 NYMEX

| | Nov-05 | Dec-05 | Jan-06 | Feb-06 | Mar-06 | Apr-06 | May-06 | Jun-06 | Jul-06 | Aug-06 | Sep-06 | Oct-06 | Nov - Oct |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| | 30 | 31 | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | |
| | actual | actual | actual | actual | actual | actual | actual | actual | actual | actual | forecast | forecast | |
| I. Supply Fixed Cost Deferred | | | | | | | | | | | | | |
| Beginning Balance | | | | | | | | | | | | | |
| Supply Fixed Costs (net of cap ret) | (\$1,748,842) | (\$1,015,334) | (\$2,147,370) | (\$4,147,587) | (\$5,255,990) | (\$7,218,612) | (\$7,939,510) | (\$7,675,741) | (\$6,647,036) | (\$5,434,537) | (\$3,680,835) | (\$1,608,033) | |
| Capacity Release | \$2,196,146 | \$2,173,666 | \$2,192,742 | \$2,286,086 | \$2,125,049 | \$2,268,662 | \$2,013,853 | \$2,140,830 | \$1,943,464 | \$2,127,619 | \$2,215,566 | \$2,216,691 | \$25,900,374 |
| Working Capital | \$9,500 | \$9,507 | \$9,488 | \$9,499 | \$9,496 | \$9,481 | \$9,423 | \$9,419 | \$9,423 | \$9,423 | \$9,419 | \$9,423 | \$113,491 |
| Total Supply Fixed Costs | \$2,205,646 | \$2,183,173 | \$2,202,230 | \$2,295,585 | \$2,134,535 | \$2,278,143 | \$2,023,276 | \$2,150,249 | \$1,952,987 | \$2,137,042 | \$2,279,989 | \$2,731,119 | \$27,023,873 |
| Supply Fixed - Collections | \$1,487,711 | \$3,308,294 | \$4,188,417 | \$3,384,192 | \$4,087,877 | \$2,963,307 | \$1,720,284 | \$1,086,197 | \$708,407 | \$593,472 | \$843,637 | \$138,616 | \$25,136,264 |
| Prelim. Ending Balance | (\$1,030,907) | (\$2,140,455) | (\$4,133,558) | (\$5,236,194) | (\$7,189,333) | (\$7,903,776) | (\$6,611,690) | (\$5,402,556) | (\$4,324,241) | (\$3,309,119) | (\$2,436,844) | (\$1,594,484) | |
| Month's Average Balance | (\$1,389,875) | (\$1,377,885) | (\$3,140,464) | (\$4,691,891) | (\$6,222,662) | (\$7,561,194) | (\$7,788,014) | (\$7,143,715) | (\$6,024,796) | (\$4,662,752) | (\$2,637,659) | (\$734,708) | |
| Interest Rate (Bank of America Prime) | 5.00% | 5.16% | 5.26% | 5.50% | 5.54% | 5.75% | 5.93% | 6.02% | 6.25% | 6.25% | 6.25% | 6.25% | |
| Interest Applied | (\$5,712) | (\$6,915) | (\$14,030) | (\$19,796) | (\$29,279) | (\$35,734) | (\$39,224) | (\$35,347) | (\$31,981) | (\$24,751) | (\$13,550) | (\$3,900) | (\$260,218) |
| Asset Management Incentive | \$21,285 | | | | | | | | | | | | |
| Supply Fixed Ending Balance | (\$1,015,334) | (\$2,147,370) | (\$4,147,587) | (\$5,255,990) | (\$7,218,612) | (\$7,939,510) | (\$7,675,741) | (\$6,647,036) | (\$5,434,537) | (\$4,662,752) | (\$3,680,835) | (\$1,608,033) | \$134,716 |

II. Storage Fixed Cost Deferred

| | | | | | | | | | | | | | |
|---------------------------------------|-------------|-------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|-------------|
| Beginning Balance | | | | | | | | | | | | | |
| Storage Fixed Costs | (\$602,184) | (\$375,590) | (\$759,027) | (\$1,509,143) | (\$1,990,274) | (\$2,682,958) | (\$2,994,513) | (\$2,820,067) | (\$2,411,431) | (\$1,876,919) | (\$1,306,325) | (\$696,236) | |
| LNG Demand to DAC | \$818,500 | \$847,401 | \$811,714 | \$781,637 | \$828,309 | \$798,160 | \$838,895 | \$837,812 | \$918,102 | \$807,665 | \$865,613 | \$865,613 | \$9,919,412 |
| Supply Related LNG O & M | (\$50,764) | (\$56,454) | (\$64,201) | (\$65,115) | (\$55,338) | (\$47,684) | (\$57,884) | (\$57,790) | (\$53,222) | (\$53,222) | (\$57,790) | (\$57,790) | (\$657,831) |
| Working Capital | \$43,241 | \$43,241 | \$43,241 | \$43,241 | \$43,241 | \$43,241 | \$43,241 | \$43,241 | \$43,241 | \$43,241 | \$43,241 | \$43,241 | \$43,241 |
| Total Storage Fixed Costs | \$814,425 | \$837,734 | \$804,158 | \$773,036 | \$819,682 | \$797,082 | \$827,756 | \$826,763 | \$810,979 | \$801,075 | \$854,682 | \$854,682 | \$9,822,054 |
| Storage Fixed - Collections | \$2,734 | \$1,845 | \$3,857 | (\$1) | \$571 | \$43 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| Prelim. Ending Balance | \$583,091 | \$1,216,362 | \$1,545,362 | \$1,246,901 | \$1,500,926 | \$1,095,210 | \$638,704 | \$405,216 | \$265,115 | \$222,095 | \$239,463 | \$366,135 | \$9,324,824 |
| Month's Average Balance | (\$373,585) | (\$756,546) | (\$1,504,088) | (\$1,982,908) | (\$2,671,989) | (\$2,981,129) | (\$2,805,471) | (\$2,398,520) | (\$1,865,567) | (\$1,297,899) | (\$691,106) | (\$207,689) | |
| Interest Rate (Bank of America Prime) | 5.00% | 5.16% | 5.26% | 5.50% | 5.54% | 5.75% | 5.93% | 6.02% | 6.25% | 6.25% | 6.25% | 6.25% | |
| Interest Applied | (\$2,005) | (\$2,481) | (\$5,055) | (\$7,367) | (\$10,968) | (\$13,384) | (\$14,606) | (\$12,911) | (\$11,352) | (\$8,426) | (\$5,130) | (\$2,399) | (\$96,084) |
| Storage Fixed Ending Balance | (\$375,590) | (\$759,027) | (\$1,509,143) | (\$1,990,274) | (\$2,682,958) | (\$2,994,513) | (\$2,820,067) | (\$2,411,431) | (\$1,876,919) | (\$1,306,325) | (\$696,236) | (\$210,088) | |

III. Variable Supply Cost Deferred

| | | | | | | | | | | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|
| Beginning Balance | | | | | | | | | | | | | |
| Variable Delivery Costs | \$16,218,264 | \$20,538,572 | \$30,305,194 | \$18,063,167 | \$15,005,836 | \$4,440,256 | (\$9,450,775) | (\$14,924,263) | (\$19,012,988) | (\$19,754,983) | (\$19,012,706) | (\$18,123,225) | \$211,921,499 |
| Variable Injections Storage | (\$2,682) | (\$21,445) | (\$27,455) | (\$40,469) | (\$21,116) | (\$3,889) | (\$369) | (\$65) | (\$62) | (\$59) | \$0 | \$0 | (\$117,311) |
| Fuel Cost Allocated to Storage | (\$4,924) | (\$234,737) | (\$338,369) | (\$386,445) | (\$153,231) | (\$8,383) | (\$8,678) | (\$8,398) | (\$8,678) | (\$8,678) | (\$11,974) | (\$11,974) | (\$71,135) |
| Working Capital | \$78,014 | \$175,290 | \$117,401 | \$124,171 | \$120,045 | \$81,470 | \$73,795 | \$73,795 | \$80,102 | \$81,792 | (\$152,847) | (\$153,908) | (\$1,963,731) |
| Total Supply Variable Costs | \$18,429,374 | \$41,408,982 | \$27,733,715 | \$29,333,073 | \$26,356,317 | \$14,521,191 | \$11,157,197 | \$6,552,120 | \$6,257,342 | \$6,524,908 | \$7,278,799 | \$13,116,106 | \$891,801 |
| Supply Variable - Collections | \$14,017,516 | \$31,755,454 | \$40,081,531 | \$32,459,945 | \$38,969,072 | \$28,429,755 | \$16,569,443 | \$10,561,365 | \$9,904,162 | \$5,804,420 | \$6,294,177 | \$9,552,577 | \$210,671,123 |
| Deferred Responsibility | \$18,741 | \$73 | \$2,011 | \$73 | \$467 | (\$29,345) | \$15 | (\$4,273) | (\$7,447) | (\$10,163) | \$0 | \$0 | \$24,397,417 |
| Prelim. Ending Balance | \$20,611,381 | \$30,194,028 | \$17,955,367 | \$14,936,221 | \$4,394,614 | (\$9,436,963) | (\$14,863,036) | (\$18,929,235) | (\$19,024,332) | (\$19,024,332) | (\$18,028,086) | (\$14,559,696) | |
| Month's Average Balance | (\$16,414,822) | (\$25,366,300) | (\$24,130,281) | (\$16,499,694) | (\$9,700,225) | (\$2,499,354) | (\$12,156,905) | (\$16,926,749) | (\$19,332,674) | (\$19,389,658) | (\$18,520,387) | (\$16,341,461) | |
| Interest Rate (Bank of America Prime) | 5.00% | 5.16% | 5.26% | 5.50% | 5.54% | 5.75% | 5.93% | 6.02% | 6.25% | 6.25% | 6.25% | 6.25% | |
| Interest Applied | \$75,677 | \$111,167 | \$107,800 | \$69,615 | \$45,642 | (\$11,812) | (\$61,228) | (\$83,753) | (\$102,622) | (\$102,925) | (\$95,139) | (\$86,744) | (\$134,321) |
| Gas Procurement Incentive (penalty) | (\$148,486) | | | | | | | | | | | | |
| Supply Variable Ending Balance | \$20,538,572 | \$30,305,194 | \$18,063,167 | \$15,005,836 | \$4,440,256 | (\$9,450,775) | (\$14,924,263) | (\$19,012,988) | (\$19,754,983) | (\$19,012,706) | (\$18,123,225) | (\$14,646,441) | |

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8-12-2006 NYMEX

| | Nov-05 | Dec-05 | Jan-06 | Feb-06 | Mar-06 | Apr-06 | May-06 | Jun-06 | Jul-06 | Aug-06 | Sep-06 | Oct-06 | Nov - Oct |
|--|---------------|---------------|-------------|-------------|-------------|-------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| | 30 | 31 | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | forecast |
| | actual | actual | actual | actual | actual | actual | actual | actual | actual | actual | forecast | forecast | |
| I/v. Storage Variable Product Cost-Deferred | | | | | | | | | | | | | |
| Beginning Balance | (\$7,16,944) | (\$1,468,934) | (\$634,322) | \$928,712 | \$4,831,505 | \$3,355,282 | \$575,791 | (\$1,061,909) | (\$1,920,855) | (\$2,311,794) | (\$2,561,803) | (\$2,730,299) | |
| Storage Variable Prod. Costs - LNG | \$191,786 | \$463,460 | \$1,206,480 | \$973,815 | \$256,032 | \$149,871 | \$156,332 | \$181,155 | \$172,920 | \$146,000 | \$326,136 | \$187,958 | \$4,411,925 |
| Storage Variable Prod. Costs - LP | \$3,916 | \$0 | \$678 | \$0 | \$611 | \$3,890 | \$0 | \$226 | \$0 | \$0 | \$0 | \$0 | \$16,411 |
| Storage Variable Prod. Costs - UG | \$4,16,975 | \$3,986,792 | \$5,178,067 | \$6,830,331 | \$2,851,272 | \$335,443 | \$7,271 | \$7,219 | \$7,167 | \$7,216 | \$0 | \$0 | \$19,627,753 |
| Supply Related LNG to DAC | (\$38,105) | (\$94,499) | (\$245,997) | (\$198,561) | (\$52,205) | \$30,559 | \$31,876 | (\$36,938) | (\$35,258) | (\$29,769) | (\$66,499) | (\$38,325) | (\$899,592) |
| Inventory Financing - LNG | \$30,455 | \$30,455 | \$30,455 | \$30,455 | \$30,455 | \$30,455 | \$30,455 | \$30,455 | \$30,455 | \$30,455 | \$30,455 | \$30,455 | \$365,465 |
| Inventory Financing - UG | \$58,642 | \$61,159 | \$54,888 | \$49,254 | \$51,225 | \$52,235 | \$53,621 | \$55,731 | \$57,334 | \$57,269 | \$59,617 | \$60,576 | \$671,351 |
| Inventory Financing - LP | \$269,793 | \$255,209 | \$206,947 | \$141,566 | \$119,410 | \$142,108 | \$170,584 | \$197,927 | \$227,286 | \$257,269 | \$260,913 | \$292,736 | \$2,561,748 |
| Working Capital | \$3,729 | \$3,697 | \$3,663 | \$3,678 | \$3,672 | \$3,672 | \$3,136 | \$3,134 | \$3,146 | \$3,146 | \$3,697 | \$3,697 | \$42,023 |
| Total Storage Variable Product Costs | \$958,758 | \$18,646 | \$26,254 | \$32,482 | \$13,120 | \$2,083 | \$689 | \$774 | \$745 | \$654 | \$1,233 | \$766 | \$99,995 |
| Storage Variable Product Collections | \$1,706,266 | \$4,724,919 | \$6,467,306 | \$7,863,001 | \$3,273,593 | \$680,152 | \$390,213 | \$439,685 | \$463,795 | \$472,240 | \$615,554 | \$637,864 | \$26,897,080 |
| Prelim. Ending Balance | (\$1,464,452) | (\$629,724) | \$928,055 | \$4,819,379 | \$3,336,067 | \$566,524 | (\$1,060,688) | (\$1,913,494) | (\$2,300,590) | (\$2,548,902) | (\$2,716,741) | (\$3,361,800) | \$29,527,874 |
| Month's Average Balance | (\$1,090,698) | (\$1,049,329) | \$146,867 | \$2,874,045 | \$4,083,786 | \$1,960,903 | (\$242,448) | (\$1,487,701) | (\$2,110,723) | (\$2,430,346) | (\$2,639,272) | (\$3,046,050) | |
| Interest Rate (Bank of America Prime) | 5.00% | 5.16% | 5.26% | 5.50% | 5.54% | 5.75% | 5.93% | 6.02% | 6.25% | 6.25% | 6.25% | 6.25% | |
| Interest Applied | (\$4,482) | (\$4,599) | \$656 | \$9,267 | \$19,215 | \$9,267 | (\$1,221) | (\$7,361) | (\$11,204) | (\$12,901) | (\$13,558) | (\$16,169) | (\$30,231) |
| Storage Variable Product Ending Bal. | (\$1,468,934) | (\$634,322) | \$928,712 | \$4,831,505 | \$3,355,282 | \$575,791 | (\$1,061,909) | (\$1,920,855) | (\$2,311,794) | (\$2,561,803) | (\$2,730,299) | (\$3,377,969) | |

I/v. Stor. Var. Non-Prod Cost-Deferred

| | | | | | | | | | | | | | |
|---------------------------------------|-------------|-------------|------------|------------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Beginning Balance | (\$93,281) | (\$200,164) | (\$97,636) | (\$38,211) | \$313,544 | \$33,529 | (\$244,404) | (\$428,094) | (\$524,744) | (\$550,794) | (\$557,327) | (\$496,481) | |
| Storage Variable Non-Prod. Costs | \$31,724 | \$352,408 | \$334,677 | \$441,410 | \$169,228 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,329,447 |
| Variable Delivery Storage Costs | \$2,682 | \$21,445 | \$27,455 | \$40,469 | \$21,116 | \$3,869 | \$69 | \$65 | \$62 | \$59 | \$0 | \$0 | \$17,311 |
| Fuel Costs Allocated to Storage | \$54,924 | \$234,737 | \$338,369 | \$386,445 | \$153,231 | \$167,224 | \$76,818 | \$8,398 | \$9,679 | \$8,678 | \$11,974 | \$11,974 | \$71,135 |
| Working Capital | \$352 | \$2,590 | \$2,980 | \$3,692 | \$1,462 | \$763 | \$349 | \$349 | \$378 | \$385 | \$701 | \$702 | \$1,953,731 |
| Total Storage Var Non-Product Costs | \$92,526 | \$611,808 | \$703,913 | \$872,073 | \$345,488 | \$180,260 | \$85,927 | \$92,548 | \$89,220 | \$90,913 | \$165,522 | \$166,185 | \$3,486,382 |
| Storage Var Non-Product Collections | \$198,807 | \$508,628 | \$644,185 | \$520,898 | \$226,318 | \$457,696 | \$267,927 | \$176,847 | \$112,422 | \$94,513 | \$101,976 | \$154,720 | \$3,864,937 |
| Prelim. Ending Balance | (\$199,563) | (\$146,422) | (\$67,772) | \$137,377 | \$173,129 | (\$105,189) | (\$335,404) | (\$475,243) | (\$536,346) | (\$552,594) | (\$525,554) | (\$490,749) | |
| Month's Average Balance | (\$146,422) | (\$148,575) | (\$67,772) | \$137,377 | \$173,129 | (\$105,189) | (\$335,404) | (\$475,243) | (\$536,346) | (\$552,594) | (\$525,554) | (\$490,749) | |
| Interest Rate (Bank of America Prime) | 5.00% | 5.16% | 5.26% | 5.50% | 5.54% | 5.75% | 5.93% | 6.02% | 6.25% | 6.25% | 6.25% | 6.25% | |
| Interest Applied | (\$602) | (\$651) | \$303 | \$580 | \$815 | (\$497) | (\$1,689) | (\$2,351) | (\$2,847) | (\$2,933) | (\$2,700) | (\$2,605) | (\$15,784) |
| Storage Var Non-Product Ending Bal. | (\$200,164) | (\$97,636) | (\$38,211) | \$313,544 | \$33,529 | (\$244,404) | (\$428,094) | (\$524,744) | (\$550,794) | (\$557,327) | (\$496,481) | (\$487,621) | |

GCR Deferred Summary

| | | | | | | | | | | | | | |
|--|--------------|--------------|----------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|
| Beginning Balance | \$13,057,012 | \$17,478,550 | \$26,666,839 | \$13,296,937 | \$12,904,621 | (\$2,072,503) | \$18,419,001 | (\$26,910,074) | (\$30,517,054) | (\$29,929,027) | (\$27,118,998) | (\$23,654,275) | |
| Gas Costs | \$22,388,066 | \$49,556,964 | \$37,749,784 | \$40,963,598 | \$34,783,565 | \$18,419,001 | \$14,423,144 | \$10,013,889 | \$9,541,203 | \$9,994,867 | \$11,598,762 | \$17,335,923 | \$276,766,736 |
| Working Capital | \$93,921 | \$209,580 | \$159,526 | \$173,096 | \$147,583 | \$77,172 | \$61,211 | \$41,778 | \$40,468 | \$41,474 | \$45,783 | \$70,033 | \$1,161,623 |
| Total Costs | \$22,481,987 | \$49,766,544 | \$37,909,310 | \$41,136,694 | \$34,931,147 | \$18,496,173 | \$14,484,355 | \$10,055,637 | \$9,581,670 | \$10,036,342 | \$11,644,545 | \$17,405,955 | \$277,930,359 |
| Month's Average Balance | \$17,996,125 | \$40,674,776 | \$31,368,280 | \$41,584,168 | \$49,933,695 | \$26,424,921 | \$21,223,050 | \$13,520,885 | \$8,833,637 | \$7,423,808 | \$9,049,745 | \$12,227,265 | \$309,260,365 |
| Prelim. Ending Balance | \$17,542,875 | \$26,570,318 | \$13,207,869 | \$12,849,463 | \$2,097,927 | (\$20,001,251) | (\$26,792,106) | (\$30,375,332) | (\$30,316,332) | (\$27,316,493) | (\$23,524,198) | (\$18,475,584) | |
| Month's Average Balance | \$15,299,943 | \$22,024,434 | \$19,637,354 | \$13,073,200 | \$5,403,347 | (\$11,036,877) | (\$23,422,759) | (\$28,642,703) | (\$30,143,036) | (\$28,622,760) | (\$25,321,598) | (\$21,064,930) | |
| Interest Rate (Bank of America Prime) | 5.00% | 5.16% | 5.26% | 5.50% | 5.54% | 5.75% | 5.93% | 6.02% | 6.25% | 6.25% | 6.25% | 6.25% | |
| Interest Applied | \$62,876 | \$96,521 | \$89,068 | \$55,158 | \$25,424 | (\$52,161) | (\$117,967) | (\$141,723) | (\$160,005) | (\$151,936) | (\$130,077) | (\$111,817) | (\$536,638) |
| Gas Purchase Plan Incentives/(Penalties) | (\$127,201) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$349,431 | \$0 | \$0 | |
| Ending Bal. W/ Interest | \$17,478,550 | \$26,666,839 | \$13,296,937 | \$12,904,621 | (\$2,072,503) | (\$20,053,412) | (\$26,910,074) | (\$30,517,054) | (\$30,929,027) | (\$27,118,998) | (\$23,654,275) | (\$18,587,402) | |
| Under/(Over)-collection | \$4,485,862 | \$9,091,768 | (\$13,458,970) | (\$447,474) | (\$15,002,548) | (\$17,928,748) | (\$6,738,695) | (\$3,465,258) | \$748,033 | \$2,612,534 | \$3,594,800 | \$5,176,690 | |

NATIONAL GRID
GCR Gas Costs Actual/Estimate

| | Nov-05 | Dec-05 | Jan-06 | Feb-06 | Mar-06 | Apr-06 | May-06 | Jun-06 | Jul-06 | Aug-06 | Sep-06 | Oct-06 | Nov-Oct |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Forecast | Forecast | |
| SUPPLY FIXED COSTS - Pipeline Delivery | | | | | | | | | | | | | |
| Conoco | \$2,068,532 | \$2,145,522 | \$2,117,812 | \$2,040,853 | \$2,108,292 | \$1,830,023 | \$2,289,561 | \$2,051,896 | \$1,865,892 | \$2,075,215 | \$529,948 | \$529,948 | \$20,603,538 |
| Algonquin | (\$37,252) | (\$99,311) | (\$62,798) | \$13,795 | (\$62,798) | \$220,530 | (\$320,580) | (\$37,252) | (\$62,798) | (\$63,587) | \$118,987 | \$118,987 | \$547,844 |
| Texas Eastern | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$8,983 | \$8,983 | \$17,965 |
| | | | | | | | | | | | \$94,208 | \$94,208 | \$188,417 |
| | | | | | | | | | | | \$44,413 | \$44,413 | \$88,827 |
| | | | | | | | | | | | \$56,425 | \$56,425 | \$112,851 |
| TETCO | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$17,501 | \$17,501 | \$35,002 |
| | | | | | | | | | | | \$489,105 | \$489,105 | \$978,210 |
| | | | | | | | | | | | \$7,677 | \$7,677 | \$15,355 |
| | | | | | | | | | | | \$1,554 | \$1,554 | \$3,109 |
| | | | | | | | | | | | \$732 | \$732 | \$1,464 |
| | | | | | | | | | | | \$1,124 | \$1,124 | \$2,248 |
| | | | | | | | | | | | \$288 | \$288 | \$576 |
| | | | | | | | | | | | \$8,935 | \$8,935 | \$17,871 |
| | | | | | | | | | | | \$1,092 | \$1,092 | \$2,183 |
| | | | | | | | | | | | \$939 | \$939 | \$1,878 |
| | | | | | | | | | | | \$432 | \$432 | \$865 |
| | | | | | | | | | | | \$202 | \$202 | \$405 |
| Tennessee | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$4,792 | \$4,792 | \$9,584 |
| | | | | | | | | | | | \$156,477 | \$156,477 | \$312,954 |
| | | | | | | | | | | | \$301,530 | \$301,530 | \$603,061 |
| | | | | | | | | | | | \$47,400 | \$47,400 | \$94,800 |
| | | | | | | | | | | | \$5,260 | \$5,260 | \$10,521 |
| | | | | | | | | | | | \$10,610 | \$10,610 | \$21,220 |
| | | | | | | | | | | | \$7,042 | \$7,042 | \$14,084 |
| | | | | | | | | \$4,750 | \$0 | \$0 | \$2,375 | \$2,375 | \$9,500 |
| | | | | | | | | \$0 | \$0 | \$0 | \$1,653 | \$1,653 | \$3,307 |
| | | | | | | | | \$0 | \$0 | \$0 | \$36 | \$36 | \$72 |
| | | | | | | | | | | | \$13,864 | \$13,864 | \$27,728 |
| | | | | | | | | | | | \$4,187 | \$4,187 | \$8,373 |
| | | | | | | | | | | | \$281,930 | \$281,930 | \$563,860 |
| | | | | | | | | | | | \$0 | \$0 | (\$3) |
| | | | | | | | | | | | \$0 | \$0 | \$0 |
| | | | | | | | | | | | \$46,232 | \$46,232 | \$92,464 |
| | | | | | | | | | | | \$27,983 | \$27,983 | \$55,966 |
| | | | | | | | | | | | \$59,862 | \$59,862 | \$119,724 |
| | | | | | | | | | | | \$0 | \$0 | \$0 |
| | | | | | | | | | | | \$2,353,781 | \$2,353,781 | \$4,707,562 |
| TOTAL SUPPLY FIXED COSTS - Pipeline | | | | | | | | | | | | | |
| Less Credits from Mktgr Releases | \$1,819,487 | \$1,822,256 | \$1,823,170 | \$1,921,067 | \$1,757,131 | \$1,903,541 | \$1,649,814 | \$1,774,142 | \$1,576,464 | \$1,761,637 | \$2,353,781 | \$2,353,781 | \$4,707,562 |
| SUPPLY FIXED - Supplier | | | | | | | | | | | | | |
| ANE | \$31,375 | \$31,410 | \$32,697 | \$31,519 | \$31,043 | \$29,371 | \$27,164 | \$29,813 | \$31,250 | \$29,107 | \$31,000 | \$31,000 | \$366,749 |
| ANE OPS Demand | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$39 | \$39 | \$79 |
| BP | \$43,284 | \$18,000 | \$34,875 | \$31,500 | \$34,875 | \$33,750 | \$34,875 | \$34,875 | \$33,750 | \$34,875 | \$33,750 | \$34,875 | \$403,284 |
| LING vapor | \$302,000 | \$302,000 | \$302,000 | \$302,000 | \$302,000 | \$302,000 | \$302,000 | \$302,000 | \$302,000 | \$302,000 | \$302,000 | \$302,000 | \$3,624,000 |
| Total | \$376,659 | \$351,410 | \$369,572 | \$365,019 | \$367,918 | \$365,121 | \$364,039 | \$366,688 | \$367,000 | \$365,982 | \$366,789 | \$367,914 | \$4,394,112 |
| Total Supply Fixed (Pipeline & Supplier) | \$2,196,146 | \$2,173,666 | \$2,192,742 | \$2,286,086 | \$2,125,049 | \$2,268,662 | \$2,013,853 | \$2,140,830 | \$1,943,464 | \$2,127,619 | \$2,720,570 | \$2,721,695 | \$26,910,382 |

NATIONAL GRID
GCR Gas Costs Actual/Estimate

| | Nov-05 Actual | Dec-05 Actual | Jan-06 Actual | Feb-06 Actual | Mar-06 Actual | Apr-06 Actual | May-06 Actual | Jun-06 Actual | Jul-06 Actual | Aug-06 Actual | Sep-06 Forecast | Oct-06 Forecast | Nov-Oct |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|--------------|
| STORAGE FIXED COSTS - Facilities | | | | | | | | | | | | | |
| CONOCO | \$220,877 | \$228,301 | \$200,766 | \$219,712 | \$218,787 | \$217,356 | \$219,425 | \$219,339 | \$219,137 | \$218,885 | \$80,464 | \$80,464 | \$160,927 |
| TEXAS EASTERN SS-1 DEMAND | | | | | | | | | | | \$13,361 | \$13,361 | \$26,723 |
| TEXAS EASTERN SS-1 CAPACITY | | | | | | | | | | | \$845 | \$845 | \$1,690 |
| TEXAS EASTERN FSS-1 DEMAND | | | | | | | | | | | \$610 | \$610 | \$1,221 |
| TEXAS EASTERN FSS-1 CAPACITY | | | | | | | | | | | \$21,466 | \$21,466 | \$42,932 |
| DOMINION GSS DEMAND | | | | | | | | | | | \$15,070 | \$15,070 | \$30,140 |
| DOMINION GSS CAPACITY | | | | | | | | | | | \$26,863 | \$26,863 | \$53,727 |
| DOMINION GSS-TE DEMAND | | | | | | | | | | | \$19,957 | \$19,957 | \$39,913 |
| DOMINION GSS-TE CAPACITY | | | | | | | | | | | \$24,344 | \$24,344 | \$48,689 |
| TENNESSEE FSMA DEMAND | | | | | | | | | | | \$15,084 | \$15,084 | \$30,168 |
| TENNESSEE FSMA CAPACITY | | | | | | | | | | | \$3,818 | \$3,818 | \$7,635 |
| COLUMBIA FSS DEMAND | | | | | | | | | | | \$5,874 | \$5,874 | \$11,748 |
| COLUMBIA FSS CAPACITY | | | | | | | | | | | \$157,500 | \$157,500 | \$1,890,000 |
| ALGONQUIN TANK LEASE PAYMENTS | | | | | | | | | | | \$385,256 | \$385,256 | \$2,345,512 |
| TOTAL FIXED STORAGE COSTS | \$378,377 | \$385,801 | \$358,266 | \$377,212 | \$376,287 | \$374,856 | \$376,925 | \$376,839 | \$376,637 | \$376,385 | \$385,256 | \$385,256 | \$2,345,512 |
| STORAGE FIXED COSTS - Delivery | | | | | | | | | | | | | |
| CONOCO | \$364,568 | \$364,179 | \$364,151 | \$343,161 | \$364,131 | \$238,799 | \$474,991 | \$349,694 | \$356,694 | \$349,259 | \$83,536 | \$83,536 | \$3,569,627 |
| ALGONQUIN FOR TETCO SS-1 | (\$14,822) | (\$21,797) | (\$21,797) | (\$872) | (\$21,797) | \$103,475 | (\$140,094) | (\$14,822) | (\$21,797) | (\$21,797) | \$5,577 | \$5,577 | (\$9,048) |
| ALGONQUIN DELIVERY FOR FSS-1 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$4,880 | \$4,880 | \$9,761 |
| TETCO DELIVERY FOR FSS-1 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,571 | \$1,571 | \$3,142 |
| ALGONQUIN SCT FOR SS-1 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$65,240 | \$65,240 | \$130,480 |
| ALGONQUIN DELIVERY FOR GSS, GSS-TE, | | | | | | | | | | | \$447 | \$447 | \$894 |
| ALGONQUIN SCT DELIVERY FOR GSS-TE, | | | | | | | | | | | \$19,943 | \$19,943 | \$39,885 |
| ALGONQUIN DELIVERY FOR GSS CONV | | | | | | | | | | | \$38,762 | \$38,762 | \$77,524 |
| TENNESSEE DELIVERY FOR GSS | (\$1,089) | (\$153) | \$2,771 | (\$50,668) | (\$4,210) | \$4,662 | \$690 | \$176 | \$225 | \$297 | \$25,062 | \$25,062 | \$50,124 |
| TENNESSEE DELIVERY FOR FSMA | | | | | | | | | | | \$29,313 | \$29,313 | \$58,625 |
| TETCO DELIVERY FOR GSS | | | | | | | | | | | \$3,538 | \$3,538 | \$7,076 |
| TETCO DELIVERY FOR GSS-TE | | | | | | | | | | | \$34,396 | \$34,396 | \$68,791 |
| TETCO DELIVERY FOR GSS CONV | | | | | | | | | | | \$10,674 | \$10,674 | \$21,348 |
| DOMINION DELIVERY FOR GSS | | | | | | | | | | | \$0 | \$0 | \$0 |
| DOMINION DELIVERY FOR GSS CONV | | | | | | | | | | | \$9,116 | \$9,116 | \$18,232 |
| COLUMBIA DELIVERY FOR FSS | | | | | | | | | | | \$15,038 | \$15,038 | \$30,077 |
| COLUMBIA DELIVERY FOR FSS | | | | | | | | | | | \$7,341 | \$7,341 | \$14,681 |
| DISTRIGAS FLS | | | | | | | | | | | \$125,925 | \$125,925 | \$1,336,242 |
| STORAGE DELIVERY FIXED COST \$ | \$91,466 | \$119,371 | \$108,323 | \$112,804 | \$113,898 | \$76,358 | \$126,383 | \$125,925 | \$106,343 | \$103,521 | \$480,358 | \$480,358 | \$5,391,315 |
| TOTAL STORAGE FIXED | \$440,123 | \$461,600 | \$453,448 | \$404,425 | \$452,022 | \$423,294 | \$461,970 | \$460,873 | \$441,465 | \$431,280 | \$865,613 | \$865,613 | \$7,736,827 |
| TOTAL STORAGE FIXED | \$818,500 | \$847,401 | \$811,714 | \$781,637 | \$828,309 | \$798,150 | \$838,895 | \$837,812 | \$818,102 | \$807,665 | \$1,346,000 | \$1,346,000 | \$16,873,142 |
| TOTAL FIXED COSTS | \$3,014,846 | \$3,021,067 | \$3,004,456 | \$3,067,723 | \$2,953,358 | \$3,066,812 | \$2,852,748 | \$2,978,642 | \$2,761,566 | \$2,935,284 | \$3,586,184 | \$3,587,309 | \$34,647,209 |

NATIONAL GRID
GCR Gas Costs Actual/Estimate

| VARIABLE SUPPLY COSTS | Nov-05 | Dec-05 | Jan-06 | Feb-06 | Mar-06 | Apr-06 | May-06 | Jun-06 | Jul-06 | Aug-06 | Sep-06 | Oct-06 | Nov-Oct |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|--------------|--------------|
| | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Forecast | Forecast | |
| Tennessee Zone 0 | | | | | | | | | | | | | |
| Tennessee Zone 1 | | | | | | | | | | | | | |
| Tennessee Dracont | | | | | | | | | | | | | |
| TETCO STX | | | | | | | | | | | | | |
| TETCO ELA | | | | | | | | | | | | | |
| TETCO WLA | | | | | | | | | | | | | |
| TETCO ETX | | | | | | | | | | | | | |
| TETCO NF | | | | | | | | | | | | | |
| M3 Delivered | | | | | | | | | | | | | |
| Maumee Supplemental | | | | | | | | | | | | | |
| Broadrun Col | | | | | | | | | | | | | |
| Columbia AGT | | | | | | | | | | | | | |
| Trans Wharton | | | | | | | | | | | | | |
| Transco to Dominion | | | | | | | | | | | | | |
| Texas Gas to Dominion | | | | | | | | | | | | | |
| ANE to Tennessee | | | | | | | | | | | | | |
| Niagara to Tennessee | | | | | | | | | | | | | |
| TETCO to B & W | | | | | | | | | | | | | |
| Tenn Zone 0 VVG | | | | | | | | | | | | | |
| Tenn Zone 1 VVG | | | | | | | | | | | | | |
| LNG FCS | | | | | | | | | | | | | |
| Hubline | | | | | | | | | | | | | |
| Suppliers | | | | | | | | | | | | | |
| Total Pipeline Commodity Charges | \$19,637,351 | \$41,274,216 | \$28,890,510 | \$30,409,515 | \$29,790,669 | \$15,007,702 | \$11,603,556 | \$7,628,795 | \$6,955,485 | \$7,068,144 | \$7,412,807 | \$13,226,065 | \$22,005,957 |
| | \$19,500,993 | \$42,218,971 | \$27,908,805 | \$30,393,516 | \$29,351,683 | \$15,331,649 | \$11,744,979 | \$7,536,085 | \$7,123,833 | \$7,314,652 | | | |

NATIONAL GRID
GCR Gas Costs Actual/Estimate

VARIABLE STORAGE COSTS

| | Nov-05 Actual | Dec-05 Actual | Jan-06 Actual | Feb-06 Actual | Mar-06 Actual | Apr-06 Actual | May-06 Actual | Jun-06 Actual | Jul-06 Actual | Aug-06 Actual | Sep-06 Forecast | Oct-06 Forecast | Nov-Oct |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|--------------|
| Underground Storage | \$416,975 | \$3,986,792 | \$5,178,067 | \$6,830,331 | \$2,851,272 | \$395,443 | \$7,271 | \$7,219 | \$7,167 | \$7,216 | \$0 | \$0 | \$19,627,753 |
| LNG Withdrawals/Westerly Trucking LP | \$191,786 | \$641,431 | \$1,028,489 | \$973,815 | \$256,032 | \$149,871 | \$156,332 | \$181,155 | \$172,920 | \$146,000 | \$180,917 | \$185,809 | \$4,264,556 |
| | \$3,916 | \$3,237 | \$3,531 | \$0 | \$611 | \$4,890 | \$0 | \$226 | \$0 | \$0 | \$0 | \$0 | \$16,411 |
| TOTAL VARIABLE STORAGE COSTS | \$612,677 | \$4,631,460 | \$6,210,087 | \$7,804,146 | \$3,107,915 | \$490,204 | \$163,603 | \$188,600 | \$180,087 | \$153,216 | \$180,917 | \$185,809 | \$23,908,720 |

TOTAL VARIABLE COSTS

| | | | | | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|--------------|---------------|
| | \$20,113,670 | \$46,850,431 | \$34,118,892 | \$38,197,662 | \$32,459,598 | \$15,821,853 | \$11,908,582 | \$7,724,685 | \$7,303,920 | \$7,467,868 | \$7,593,724 | \$13,411,874 | \$242,972,759 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|--------------|---------------|

TOTAL SUPPLY COSTS

| | | | | | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | \$23,128,316 | \$49,871,498 | \$37,123,348 | \$41,265,385 | \$35,412,956 | \$18,888,665 | \$14,761,330 | \$10,703,327 | \$10,065,486 | \$10,403,152 | \$11,179,908 | \$16,999,182 | \$277,619,968 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|

TOTAL CAPACITY RELEASE CREDITS

| | | | | | | | | | | | | | |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----------|-----------|-------------|
| | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$505,004 | \$505,004 | \$1,010,008 |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----------|-----------|-------------|

TOTAL SUPPLY COSTS AFTER CREDITS

| | | | | | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | \$23,128,316 | \$49,871,498 | \$37,123,348 | \$41,265,385 | \$35,412,956 | \$18,888,665 | \$14,761,330 | \$10,703,327 | \$10,065,486 | \$10,403,152 | \$10,674,904 | \$16,494,178 | \$276,609,960 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|

Storage Costs for FT-2 Calculation

| | | | | | | | | | | | | | |
|----------------------------------|-----------|-------------|-------------|-------------|-------------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|--------------|
| Storage Fixed Costs - Facilities | \$378,377 | \$385,801 | \$358,266 | \$377,212 | \$376,287 | \$374,856 | \$376,925 | \$376,839 | \$376,637 | \$376,385 | \$385,256 | \$385,256 | \$4,528,097 |
| Storage Fixed Costs - Deliveries | \$440,123 | \$461,600 | \$453,448 | \$404,425 | \$452,022 | \$423,294 | \$461,970 | \$460,973 | \$441,465 | \$431,280 | \$480,358 | \$480,358 | \$5,391,315 |
| Variable Delivery Costs | \$2,682 | \$21,445 | \$27,455 | \$40,469 | \$21,116 | \$3,869 | \$69 | \$65 | \$62 | \$59 | \$0 | \$0 | \$117,311 |
| Variable Injection Costs | \$2,804 | \$628 | \$432 | \$58 | \$450 | \$8,383 | \$8,678 | \$8,398 | \$8,679 | \$8,678 | \$11,974 | \$11,974 | \$71,135 |
| Fuel Costs Allocated to Storage | \$54,924 | \$234,737 | \$338,369 | \$386,445 | \$153,231 | \$167,224 | \$76,816 | \$73,735 | \$80,102 | \$81,792 | \$152,847 | \$153,508 | \$1,953,731 |
| Total Storage Costs | \$878,910 | \$1,104,211 | \$1,177,970 | \$1,208,609 | \$1,003,107 | \$977,647 | \$924,458 | \$923,010 | \$906,944 | \$898,193 | \$1,030,434 | \$1,031,095 | \$12,061,588 |

Pipeline Variable

| | | | | | | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|--------------|--------------|
| Less Non-firm Gas Costs | \$19,500,993 | \$42,218,971 | \$27,908,805 | \$30,393,516 | \$29,351,683 | \$15,331,649 | \$11,744,979 | \$7,536,085 | \$7,123,833 | \$7,314,652 | \$7,412,807 | \$13,226,065 | \$22,005,957 |
| Less Company Use | \$1,041,674 | \$888,586 | \$1,112,869 | \$1,001,073 | \$1,018,547 | \$1,073,041 | \$901,408 | \$1,027,167 | \$1,062,153 | \$950,938 | \$913,380 | \$913,380 | \$9,391,315 |
| Less Manchester St Balancing | \$19,890 | \$26,860 | \$44,281 | \$52,525 | \$41,585 | \$24,717 | \$3,243 | \$19,074 | \$20,863 | \$20,863 | \$20,863 | \$20,863 | \$20,863 |
| Plus Cashout | \$9,126 | \$2,826 | \$4,122 | \$2,245 | \$4,360 | \$7,505 | \$7,445 | \$8,426 | \$6,663 | \$6,663 | \$6,663 | \$6,663 | \$6,663 |
| Less Mktkr Over-lakes | \$165,019 | \$38,001 | \$5,944 | \$12,985 | \$31,309 | \$5,031 | \$6,729 | \$27,876 | \$60,826 | (\$10,792) | \$0 | \$0 | \$0 |
| Less Mktkr Withdrawals | \$12,299 | \$58,153 | \$63,875 | \$30,035 | \$45,569 | \$50,305 | \$97,529 | \$59,139 | \$18,558 | \$0 | \$0 | \$0 | \$0 |
| Plus Mktkr Undertakes | \$23,060 | \$10,536 | \$108,662 | \$126,906 | \$17,983 | \$164,680 | \$136,675 | \$135,705 | (\$43,960) | \$88,683 | \$88,683 | \$88,683 | \$88,683 |
| Plus Mktkr Injections | \$974 | \$0 | \$6,694 | \$17,392 | \$16,899 | \$70,873 | \$132,032 | \$69,571 | \$2,116 | \$7,566 | \$7,566 | \$7,566 | \$7,566 |
| Storage Service Charge | | | | | | | | | | | | | |
| Plus Pipeline Srchg/Credit | \$134,751 | \$273,421 | \$209,500 | \$196,922 | \$167,874 | \$232,614 | \$198,198 | \$6,903 | \$406,769 | \$217,071 | \$217,071 | \$217,071 | \$217,071 |
| TOTAL FIRM COMMODITY COSTS | \$18,411,770 | \$41,490,502 | \$27,982,570 | \$29,635,873 | \$28,413,069 | \$14,639,218 | \$11,195,530 | \$6,606,582 | \$6,319,695 | \$6,587,815 | \$7,412,807 | \$13,226,065 | \$22,005,957 |

I. Supply Fixed Cost Collections --

| | Nov-05 actual | Dec-05 actual | Jan-06 actual | Feb-06 actual | Mar-06 actual | Apr-06 actual | May-06 actual | Jun-06 actual | Jul-06 actual | Aug-06 actual | Sep-06 fest | Oct-06 fest | Total Nov-Oct |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------|
| (a) Resid. & Small C & I dth Supply Fixed Cost Factor Res & Small C & I collections | 1,284,429 \$0.8678 \$1,114,678 | 2,644,081 \$0.9673 \$2,557,640 | 3,396,687 \$0.9671 \$3,284,895 | 2,662,585 \$0.9679 \$2,596,547 | 3,241,143 \$0.9660 \$3,131,049 | 2,416,019 \$0.9672 \$2,336,841 | 1,373,949 \$0.9657 \$1,326,850 | 855,332 \$0.9664 \$826,597 | 555,681 \$0.9667 \$537,156 | 458,538 \$0.9669 \$443,359 | 487,537 \$0.9676 \$471,741 | 743,578 \$0.9676 \$719,486 | 20,139,559 \$19,346,839 |
| (b) C & I Medium dth Supply Fixed Cost Factor C & I Medium collections | 264,163 \$0.8345 \$220,443 | 504,773 \$0.9343 \$471,607 | 631,499 \$0.9381 \$592,379 | 533,947 \$0.9327 \$468,020 | 628,896 \$0.9341 \$585,608 | 447,425 \$0.9302 \$416,175 | 277,655 \$0.9293 \$258,033 | 177,651 \$0.9510 \$168,951 | 122,629 \$0.9225 \$113,127 | 108,726 \$0.9232 \$100,381 | 120,195 \$0.9232 \$110,964 | 164,159 \$0.9232 \$151,551 | 3,979,718 \$3,687,239 |
| (c) C & I Large LLF dth Supply Fixed Cost Factor C & I Large LLF collections | 98,871 \$0.9297 \$91,923 | 180,342 \$1.0157 \$163,177 | 219,689 \$1.0144 \$222,847 | 206,675 \$1.0002 \$206,725 | 249,213 \$1.0067 \$250,879 | 132,992 \$1.0068 \$133,891 | 81,275 \$1.0056 \$81,727 | 43,603 \$0.9411 \$41,034 | 25,687 \$0.9596 \$24,650 | 19,301 \$0.9786 \$18,887 | 22,757 \$0.9807 \$22,318 | 64,428 \$0.9807 \$63,185 | 1,344,833 \$1,341,243 |
| (d) C & I Large HLF dth Supply Fixed Cost Factor C & I Large HLF collections | 38,648 \$0.7011 \$27,095 | 55,552 \$0.7073 \$39,293 | 55,399 \$0.7207 \$39,928 | 44,764 \$0.7174 \$32,114 | 58,528 \$0.7283 \$42,626 | 52,749 \$0.7434 \$39,216 | 40,300 \$0.7120 \$28,692 | 37,138 \$0.6808 \$25,283 | 25,538 \$0.7056 \$18,020 | 21,869 \$0.6588 \$14,408 | 30,769 \$0.7056 \$21,711 | 37,253 \$0.7056 \$26,286 | 498,507 \$354,672 |
| (e) C & I Extra Large LLF dth Supply Fixed Cost Factor C & I XL LLF collections | 13,712 \$0.9862 \$13,523 | 31,134 \$0.9586 \$29,844 | 29,003 \$0.9598 \$27,837 | 23,799 \$0.9598 \$22,842 | 34,521 \$0.9598 \$33,133 | 18,412 \$0.9598 \$17,672 | 9,134 \$0.9597 \$8,766 | 3,809 \$0.9598 \$3,464 | 1,188 \$0.9596 \$1,140 | 1,010 \$0.9594 \$969 | 2,230 \$0.9598 \$2,141 | 7,973 \$0.9598 \$7,652 | 175,725 \$168,983 |
| (f) C & I Extra Large HLF dth Supply Fixed Cost Factor C & I XL HLF collections | 35,348 \$0.5672 \$20,049 | 46,029 \$0.5608 \$26,733 | 34,594 \$0.5935 \$20,531 | 48,358 \$0.5779 \$27,944 | 42,050 \$0.5846 \$24,582 | 33,377 \$0.5846 \$19,512 | 27,740 \$0.5846 \$16,216 | 35,697 \$0.5846 \$20,868 | 24,486 \$0.5846 \$14,314 | 26,459 \$0.5846 \$15,468 | 25,251 \$0.5846 \$14,762 | 27,897 \$0.5846 \$16,309 | 407,286 \$237,288 |
| sub-total Dth sub-total Supply Fixed Collections | 1,735,171 \$1,487,711 | 3,461,911 \$3,308,294 | 4,366,871 \$4,188,417 | 3,540,128 \$3,384,192 | 4,252,351 \$4,067,877 | 3,100,974 \$2,963,307 | 1,810,053 \$1,720,284 | 1,153,030 \$1,086,197 | 755,209 \$708,407 | 635,903 \$593,472 | 688,739 \$643,637 | 1,045,288 \$984,469 | 26,545,628 \$25,136,264 |

II. Storage Fixed Cost Collections --

| | | | | | | | | | | | | | |
|--|------------------------------------|------------------------------------|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|---------------------------|
| (a) Resid. & Small C & I dth Storage Fixed Cost Factor Res & Small C & I collections | 1,284,429 \$0.3337 \$428,636 | 2,644,081 \$0.3507 \$927,263 | 3,396,687 \$0.3506 \$1,190,927 | 2,662,585 \$0.3509 \$941,370 | 3,241,143 \$0.3502 \$1,135,151 | 2,416,019 \$0.3507 \$847,213 | 1,373,949 \$0.3501 \$481,045 | 855,332 \$0.3504 \$299,680 | 555,681 \$0.3505 \$194,744 | 458,538 \$0.3505 \$160,737 | 487,537 \$0.3508 \$171,028 | 743,578 \$0.3508 \$260,847 | 20,139,559 \$7,038,641 |
| (b) C & I Medium dth Storage Fixed Cost Factor C & I Medium collections | 264,163 \$0.3188 \$84,213 | 504,773 \$0.3355 \$169,343 | 631,499 \$0.3368 \$212,710 | 533,947 \$0.3349 \$178,828 | 628,896 \$0.3354 \$210,278 | 447,425 \$0.3340 \$149,439 | 277,655 \$0.3337 \$92,653 | 177,651 \$0.3415 \$60,866 | 122,629 \$0.3313 \$40,621 | 108,726 \$0.3315 \$36,045 | 120,195 \$0.3315 \$39,845 | 164,159 \$0.3315 \$54,419 | 1,344,833 \$1,329,060 |
| (c) C & I Large LLF dth Storage Fixed Cost Factor C & I Large LLF collections | 98,871 \$0.3541 \$35,013 | 180,342 \$0.3681 \$66,383 | 219,689 \$0.3676 \$80,759 | 206,675 \$0.3625 \$74,916 | 249,213 \$0.3648 \$90,916 | 132,992 \$0.3648 \$48,521 | 81,275 \$0.3644 \$29,618 | 43,603 \$0.3410 \$14,870 | 25,687 \$0.3478 \$8,933 | 19,301 \$0.3546 \$6,845 | 22,757 \$0.3554 \$8,088 | 64,428 \$0.3554 \$22,898 | 1,344,833 \$487,760 |
| (d) C & I Large HLF dth Storage Fixed Cost Factor C & I Large HLF collections | 38,648 \$0.2710 \$10,474 | 55,552 \$0.2565 \$14,250 | 55,399 \$0.2614 \$14,481 | 44,764 \$0.2602 \$11,647 | 58,528 \$0.2641 \$15,459 | 52,749 \$0.2696 \$14,222 | 40,300 \$0.2582 \$10,406 | 37,138 \$0.2469 \$9,169 | 25,538 \$0.2559 \$6,535 | 21,869 \$0.2389 \$5,225 | 30,769 \$0.2559 \$7,874 | 37,253 \$0.2559 \$9,533 | 498,507 \$129,275 |
| (e) C & I XL LLF dth Storage Fixed Cost Factor C & I XL LLF collections | 13,712 \$0.3813 \$5,229 | 31,134 \$0.3471 \$10,808 | 29,003 \$0.3476 \$10,081 | 23,799 \$0.3476 \$8,272 | 34,521 \$0.3476 \$11,999 | 18,412 \$0.3476 \$6,400 | 9,134 \$0.3476 \$3,175 | 3,809 \$0.3476 \$1,254 | 1,188 \$0.3476 \$413 | 1,010 \$0.3475 \$351 | 2,230 \$0.3476 \$775 | 7,973 \$0.3476 \$2,771 | 175,725 \$61,528 |
| (f) C & I XL HLF dth Storage Fixed Cost Factor C & I XL HLF collections | 35,348 \$0.2187 \$7,729 | 46,029 \$0.2106 \$9,695 | 34,594 \$0.2152 \$7,445 | 48,358 \$0.2096 \$10,134 | 42,050 \$0.2120 \$8,914 | 33,377 \$0.2120 \$7,076 | 27,740 \$0.2120 \$5,881 | 35,697 \$0.2120 \$7,568 | 24,486 \$0.2120 \$5,191 | 26,459 \$0.2120 \$5,609 | 25,251 \$0.2120 \$5,353 | 27,897 \$0.2120 \$5,914 | 407,286 \$86,509 |
| (g) FT-2 dth Storage Fixed Cost Factor | 41,049 \$0.2874 | 70,543 \$0.2708 | 89,021 \$0.3253 | 66,504 \$0.3253 | 86,409 \$0.3253 | 68,673 \$0.3253 | 48,958 \$0.3253 | 36,916 \$0.3253 | 26,676 \$0.3253 | 22,265 \$0.3253 | 19,983 \$0.3253 | 29,983 \$0.3253 | 606,980 \$0.3253 |

| FT-2 collection | Nov-05 actual | Dec-05 actual | Jan-06 actual | Feb-06 actual | Mar-06 actual | Apr-06 actual | May-06 actual | Jun-06 actual | Jul-06 actual | Aug-06 actual | Sep-06 fcst | Oct-06 fcst | Total Nov-Oct |
|-------------------------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| sub-total Dth | \$11,797 | \$19,104 | \$28,959 | \$21,634 | \$28,109 | \$22,339 | \$15,926 | \$12,009 | \$8,678 | \$7,243 | \$6,500 | \$9,753 | \$192,051 |
| sub-total Storage Fixed Collections | 1,776,220 | 3,532,454 | 4,455,892 | 3,606,632 | 4,338,760 | 3,169,647 | 1,859,011 | 1,189,946 | 781,885 | 658,168 | 708,721 | 1,075,271 | 27,152,608 |
| | \$583,091 | \$1,216,846 | \$1,545,362 | \$1,246,801 | \$1,500,826 | \$1,095,210 | \$638,704 | \$405,216 | \$265,115 | \$222,055 | \$239,463 | \$366,135 | \$9,324,824 |

III. Variable Supply Cost Collections --

| | | | | | | | | | | | | | |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| (a) Firm Sales dth | 1,729,275 | 3,450,106 | 4,366,871 | 3,540,128 | 4,252,351 | 3,100,974 | 1,810,053 | 1,153,030 | 755,209 | 635,903 | 688,739 | 1,045,288 | 26,527,927 |
| Variable Supply Cost Factor | \$8,0879 | \$9,1892 | \$9,1679 | \$9,1617 | \$9,1615 | \$9,1646 | \$9,1465 | \$9,1484 | \$9,1244 | \$9,1125 | \$9,1387 | \$9,1387 | \$9,1387 |
| Variable Supply collections | \$13,986,278 | \$31,703,829 | \$40,034,850 | \$32,433,729 | \$38,957,872 | \$28,419,327 | \$16,555,634 | \$10,548,434 | \$6,890,838 | \$5,794,687 | \$6,294,177 | \$9,552,577 | \$241,172,232 |
| (b) TSS Sales dth | 4,499 | 10,318 | 14,139 | 11,594 | 15,859 | 8,479 | 676 | 540 | -540 | 0 | 0 | 0 | 0 |
| TSS Variable Supply Cost F. | \$4.6548 | \$3.7474 | \$2.3826 | \$1.4143 | \$0.0323 | \$0.0000 | \$0.7175 | \$0 | \$485 | | | | |
| TSS surcharge collections | \$20,942 | \$38,666 | \$33,687 | \$16,397 | \$513 | \$0 | \$485 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| (c) NGV Sales dth | 1,397 | 1,487 | 1,408 | 1,064 | 1,158 | 1,130 | 1,130 | 1,415 | 1,458 | 1,065 | 0 | 0 | 1,728 |
| Variable Supply Cost Factor | \$7.3701 | \$7.3699 | \$9,2287 | \$9,2284 | \$9,2288 | \$11,7912 | \$11,7912 | \$9,1385 | \$9,1385 | \$9,1390 | \$9,1387 | \$9,1387 | \$9,1387 |
| Variable Supply collections | \$10,296 | \$10,959 | \$12,994 | \$9,819 | \$10,687 | \$10,428 | \$13,324 | \$12,831 | \$13,324 | \$9,733 | \$0 | \$0 | \$0 |
| TOTAL Variable Supply Collections | \$14,017,516 | \$31,763,454 | \$40,081,531 | \$32,459,945 | \$38,969,072 | \$28,429,755 | \$16,569,443 | \$10,561,365 | \$6,904,162 | \$5,804,420 | \$6,294,177 | \$9,552,577 | \$241,172,232 |

IVa. Storage Variable Product Cost Collections --

| | | | | | | | | | | | | | |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|------------------|------------------|--------------------|---------------------|
| (a) Firm Sales dth | 1,729,275 | 3,450,106 | 4,366,871 | 3,540,128 | 4,252,351 | 3,100,974 | 1,810,053 | 1,153,030 | 755,209 | 635,903 | 688,739 | 1,045,288 | 26,527,927 |
| Variable Supply Cost Factor | \$0.9867 | \$1.1263 | \$1.1232 | \$1.1221 | \$1.1215 | \$1.1219 | \$1.1197 | \$1.1199 | \$1.1170 | \$1.1155 | \$1.1187 | \$1.1187 | \$1.1187 |
| Storage Variable Product collections | \$1,706,266 | \$3,885,709 | \$4,904,928 | \$3,972,333 | \$4,769,031 | \$3,478,910 | \$2,026,692 | \$1,291,270 | \$843,531 | \$709,348 | \$770,492 | \$1,169,364 | \$29,527,874 |

IVb. Storage Variable Non-product Cost Collections --

| | | | | | | | | | | | | | |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|------------------|------------------|--------------------|
| (a) Firm Sales dth | 1,735,171 | 3,461,911 | 4,366,871 | 3,540,128 | 4,252,351 | 3,100,974 | 1,810,053 | 1,153,030 | 755,209 | 635,903 | 688,739 | 1,045,288 | 26,545,628 |
| Variable Supply Cost Factor | \$0.1121 | \$0.1445 | \$0.1446 | \$0.1444 | \$0.1444 | \$0.1444 | \$0.1441 | \$0.1488 | \$0.1438 | \$0.1436 | \$0.1440 | \$0.1440 | \$0.1440 |
| Storage Variable Non-Product collec | \$194,566 | \$500,171 | \$631,366 | \$511,321 | \$613,875 | \$447,807 | \$260,877 | \$171,531 | \$108,581 | \$91,307 | \$99,178 | \$150,522 | \$3,781,102 |
| (b) FT-2 dth | 41,049 | 70,543 | 89,021 | 66,504 | 86,409 | 68,673 | 48,958 | 36,916 | 26,676 | 22,265 | 19,983 | 29,983 | \$83,835 |
| Variable Supply Cost Factor | \$0.1033 | \$0.1199 | \$0.1440 | \$0.1440 | \$0.1440 | \$0.1440 | \$0.1440 | \$0.1440 | \$0.1440 | \$0.1440 | \$0.1400 | \$0.1400 | \$0.1400 |
| Storage Variable Non-Product collec | \$4,241 | \$8,457 | \$12,819 | \$9,577 | \$12,443 | \$9,889 | \$7,050 | \$5,316 | \$3,841 | \$3,206 | \$2,798 | \$4,198 | \$83,835 |
| (c) Total Firm Sales/FT-2 dth | 1,776,220 | 3,532,454 | 4,455,892 | 3,606,632 | 4,338,760 | 3,169,647 | 1,859,011 | 1,189,946 | 781,885 | 658,168 | 708,721 | 1,075,271 | \$3,864,937 |
| Storage Variable Non-Product collec | \$198,807 | \$508,628 | \$644,185 | \$520,898 | \$626,318 | \$457,696 | \$267,927 | \$176,847 | \$112,422 | \$94,513 | \$101,976 | \$154,720 | \$3,864,937 |

| | | | | | | | | | | | | | |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|--------------------|---------------------|----------------------|
| Total Gas Cost Collections | \$17,993,391 | \$40,672,931 | \$51,364,423 | \$41,584,169 | \$49,933,124 | \$36,424,878 | \$21,223,050 | \$13,520,895 | \$8,833,637 | \$7,423,808 | \$8,049,745 | \$12,227,265 | \$309,026,131 |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|--------------------|---------------------|----------------------|

| Line No. | Description (a) | Reference (b) | Nov-05 (c) | Dec-05 (d) | Jan-06 (e) | Feb-06 (f) | Mar-06 (g) | Apr-06 (h) | May-06 (i) | Jun-06 (j) | Jul-06 (k) | Aug-06 (l) | Sep-06 (m) | Oct-06 (n) |
|----------|---------------------------------------|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1 | Storage Inventory Balance | | \$30,031,411 | \$26,447,451 | \$21,446,006 | \$14,670,539 | \$12,374,528 | \$14,726,701 | \$17,677,756 | \$20,511,334 | \$23,553,820 | \$26,660,935 | \$27,038,587 | \$30,336,360 |
| 2 | Cost of Capital | Rate Case (1) | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% |
| 3 | Return on Working Capital Requirement | (1) * (2) | \$2,664,339 | \$2,363,989 | \$1,916,938 | \$1,311,317 | \$1,106,090 | \$1,316,337 | \$1,580,115 | \$1,833,393 | \$2,105,344 | \$2,383,071 | \$2,416,827 | \$2,711,597 |
| 4 | Weighted Cost of Debt | Rate Case (1) * (4) | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% |
| 5 | Interest Charges Financed | (1) * (4) | \$1,211,298 | \$1,066,742 | \$865,011 | \$591,727 | \$489,119 | \$593,992 | \$713,021 | \$827,312 | \$950,029 | \$1,075,352 | \$1,090,585 | \$1,223,598 |
| 6 | Taxable Income | (3) - (5) | \$1,473,041 | \$1,297,247 | \$1,051,927 | \$719,590 | \$606,971 | \$722,345 | \$867,094 | \$1,006,081 | \$1,155,315 | \$1,307,719 | \$1,326,243 | \$1,487,998 |
| 7 | 1 - Combined Tax Rate | Rate Case (6) * (7) | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 |
| 8 | Return and Tax Requirement | (6) * (7) | \$2,266,216 | \$1,985,765 | \$1,618,349 | \$1,107,061 | \$933,801 | \$1,111,300 | \$1,333,991 | \$1,547,817 | \$1,777,407 | \$2,011,875 | \$2,040,373 | \$2,289,228 |
| 9 | Working Capital Requirement | (5) + (8) | \$3,477,515 | \$3,062,507 | \$2,483,360 | \$1,698,789 | \$1,432,920 | \$1,705,292 | \$2,047,012 | \$2,375,129 | \$2,727,436 | \$3,087,228 | \$3,130,958 | \$3,512,827 |
| 10 | Monthly Average | (9) / 12 | \$289,793 | \$255,209 | \$206,947 | \$141,566 | \$119,410 | \$142,108 | \$170,584 | \$197,927 | \$227,286 | \$257,269 | \$260,913 | \$292,736 |
| 11 | LNG Inventory Balance | | \$7,633,531 | \$7,961,207 | \$7,118,934 | \$6,411,551 | \$6,668,139 | \$6,799,534 | \$6,979,939 | \$7,254,697 | \$7,463,385 | \$7,454,863 | \$7,760,511 | \$7,885,410 |
| 12 | Cost of Capital | Rate Case (11) | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% |
| 13 | Return on Working Capital Requirement | (11) * (12) | \$682,318 | \$711,608 | \$636,322 | \$573,093 | \$596,027 | \$607,772 | \$623,898 | \$648,457 | \$667,110 | \$666,348 | \$693,669 | \$704,832 |
| 14 | Weighted Cost of Debt | Rate Case (11) * (14) | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% |
| 15 | Interest Charges Financed | (11) * (14) | \$307,894 | \$321,110 | \$287,138 | \$258,606 | \$268,955 | \$274,255 | \$281,532 | \$292,614 | \$301,031 | \$300,687 | \$313,015 | \$318,053 |
| 16 | Taxable Income | (13) - (15) | \$374,425 | \$390,497 | \$349,184 | \$314,487 | \$327,072 | \$333,517 | \$342,366 | \$355,843 | \$366,079 | \$365,661 | \$380,653 | \$386,779 |
| 17 | 1 - Combined Tax Rate | Rate Case (16) * (17) | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 |
| 18 | Return and Tax Requirement | (16) * (17) | \$576,038 | \$600,765 | \$537,206 | \$483,826 | \$503,188 | \$513,103 | \$526,717 | \$547,451 | \$563,199 | \$562,555 | \$585,620 | \$595,045 |
| 19 | Working Capital Requirement | (15) + (18) | \$883,932 | \$921,875 | \$824,344 | \$742,431 | \$772,143 | \$787,358 | \$808,248 | \$840,064 | \$864,230 | \$863,243 | \$898,636 | \$913,098 |
| 20 | Monthly Average | (19) / 12 | \$73,661 | \$76,823 | \$68,695 | \$61,869 | \$64,345 | \$65,613 | \$67,354 | \$70,005 | \$72,019 | \$71,937 | \$74,886 | \$76,092 |
| 21 | System Balancing Factor | Rate Case (20) * (21) | 20.39% | 20.39% | 20.39% | 20.39% | 20.39% | 20.39% | 20.39% | 20.39% | 20.39% | 20.39% | 20.39% | 20.39% |
| 22 | Balancing Related Inventory Costs | (20) * (21) | \$15,019 | \$15,664 | \$14,007 | \$12,615 | \$13,120 | \$13,379 | \$13,733 | \$14,274 | \$14,685 | \$14,668 | \$15,269 | \$15,515 |
| 23 | Supply Related Inventory Costs | (21) - (22) | \$66,642 | \$61,159 | \$54,688 | \$49,254 | \$51,225 | \$52,235 | \$53,621 | \$55,731 | \$57,334 | \$57,269 | \$59,617 | \$60,576 |
| 24 | Propane Inventory Balance | | \$386,409 | \$383,172 | \$379,641 | \$381,180 | \$380,569 | \$375,680 | \$325,018 | \$324,792 | \$326,014 | \$326,014 | \$383,172 | \$383,172 |
| 25 | Cost of Capital | Rate Case (24) | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% |
| 26 | Return on Working Capital Requirement | (24) * (25) | \$34,539 | \$34,250 | \$33,934 | \$34,072 | \$34,017 | \$33,580 | \$29,052 | \$29,031 | \$29,141 | \$29,141 | \$34,250 | \$34,250 |
| 27 | Weighted Cost of Debt | Rate Case (24) * (27) | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% |
| 28 | Interest Charges Financed | (24) * (27) | \$15,566 | \$15,455 | \$15,313 | \$15,375 | \$15,350 | \$15,153 | \$13,109 | \$13,100 | \$13,150 | \$13,150 | \$15,455 | \$15,455 |
| 29 | Taxable Income | (26) - (28) | \$18,953 | \$18,795 | \$18,621 | \$18,697 | \$18,667 | \$18,427 | \$15,942 | \$15,931 | \$15,991 | \$15,991 | \$18,795 | \$18,795 |
| 30 | 1 - Combined Tax Rate | Rate Case (29) * (30) | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 |
| 31 | Return and Tax Requirement | (29) * (30) | \$29,159 | \$28,915 | \$28,648 | \$28,764 | \$28,718 | \$28,349 | \$24,526 | \$24,509 | \$24,602 | \$24,602 | \$28,915 | \$28,915 |
| 32 | Working Capital Requirement | (28) + (31) | \$44,745 | \$44,370 | \$43,961 | \$44,139 | \$44,068 | \$43,502 | \$37,636 | \$37,610 | \$37,751 | \$37,751 | \$44,370 | \$44,370 |
| 33 | Monthly Average | (32) / 12 | \$3,729 | \$3,697 | \$3,663 | \$3,678 | \$3,672 | \$3,625 | \$3,136 | \$3,134 | \$3,146 | \$3,146 | \$3,697 | \$3,697 |

National Grid
Gas Cost Recovery Filing
Costs Working Capital Calculation

| Line No. | Description (a) | Reference (b) | Nov-05 | Dec-05 | Jan-06 | Feb-06 | Mar-06 | Apr-06 | May-06 | Jun-06 | Jul-06 | Aug-06 | Sep-06 | Oct-06 | Total |
|----------|---|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| 1 | Supply Fixed Costs | | \$2,721,944 | \$2,722,105 | \$2,722,105 | \$2,718,920 | \$2,721,695 | \$2,720,570 | \$2,721,695 | \$2,720,570 | \$2,721,695 | \$2,721,695 | \$2,720,570 | \$2,721,695 | \$32,655,260 |
| 2 | Capacity Release Revenue | | \$482,328 | \$485,747 | \$490,345 | \$484,507 | \$490,345 | \$490,345 | \$505,004 | \$505,004 | \$505,004 | \$505,004 | \$505,004 | \$505,004 | \$5,958,642 |
| 3 | Allowable Working Capital Costs | (1) - (2) | \$2,234,616 | \$2,236,358 | \$2,231,760 | \$2,234,413 | \$2,231,350 | \$2,230,225 | \$2,216,691 | \$2,215,566 | \$2,216,691 | \$2,216,691 | \$2,215,566 | \$2,216,691 | \$26,696,618 |
| 4 | Number of Days Lag | Rate Case | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | |
| 5 | Working Capital Requirement | (3) * (4) / 365 | \$82,038 | \$82,102 | \$81,933 | \$82,030 | \$81,918 | \$81,877 | \$81,380 | \$81,339 | \$81,380 | \$81,380 | \$81,339 | \$81,380 | \$9,919,412 |
| 6 | Cost of Capital | Rate Case | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | \$657,831 |
| 7 | Return on Working Capital Requirement | (5) * (6) | \$7,333 | \$7,339 | \$7,324 | \$7,332 | \$7,322 | \$7,319 | \$7,274 | \$7,270 | \$7,274 | \$7,274 | \$7,270 | \$7,274 | \$657,831 |
| 8 | Weighted Cost of Debt | Rate Case | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | \$0 |
| 9 | Interest Expense | (5) * (8) | \$3,309 | \$3,312 | \$3,305 | \$3,309 | \$3,304 | \$3,302 | \$3,282 | \$3,281 | \$3,282 | \$3,282 | \$3,281 | \$3,282 | \$0 |
| 10 | Taxable Income | (7) - (9) | \$4,024 | \$4,027 | \$4,019 | \$4,024 | \$4,018 | \$4,016 | \$3,992 | \$3,990 | \$3,992 | \$3,992 | \$3,990 | \$3,992 | \$0 |
| 11 | 1 - Combined Tax Rate | Rate Case | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | \$0 |
| 12 | Return and Tax Requirement | (10) / (11) | \$6,191 | \$6,196 | \$6,183 | \$6,190 | \$6,182 | \$6,179 | \$6,141 | \$6,138 | \$6,141 | \$6,141 | \$6,138 | \$6,141 | \$0 |
| 13 | Supply Fixed Working Capital Requirement | (9) + (12) | \$9,500 | \$9,507 | \$9,488 | \$9,499 | \$9,486 | \$9,481 | \$9,423 | \$9,419 | \$9,423 | \$9,423 | \$9,419 | \$9,423 | \$113,491 |
| 14 | Storage Fixed Costs | | \$818,500 | \$847,401 | \$811,714 | \$781,637 | \$826,309 | \$798,150 | \$838,895 | \$837,812 | \$818,102 | \$807,665 | \$865,613 | \$865,613 | \$9,919,412 |
| 15 | Less: LNG Demand to DAC | | \$50,764 | \$56,464 | \$54,201 | \$55,115 | \$56,338 | \$47,684 | \$57,884 | \$57,790 | \$53,798 | \$53,222 | \$57,790 | \$57,790 | \$657,831 |
| 16 | Less: Credits | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 17 | Plus: Supply Related LNG O&M Costs | | \$43,241 | \$43,241 | \$43,241 | \$43,241 | \$43,241 | \$43,241 | \$43,241 | \$43,241 | \$43,241 | \$43,241 | \$43,241 | \$43,241 | \$0 |
| 18 | Allowable Working Capital Costs | (14) - (15) + (16) | \$810,977 | \$834,188 | \$800,754 | \$789,763 | \$816,212 | \$793,708 | \$824,252 | \$823,263 | \$807,546 | \$797,684 | \$851,064 | \$851,064 | \$518,894 |
| 19 | Number of Days Lag | Rate Case | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | \$6,780,476 |
| 20 | Working Capital Requirement | (17) * (18) / 365 | \$29,773 | \$30,625 | \$29,398 | \$28,260 | \$29,965 | \$29,139 | \$30,260 | \$30,224 | \$29,647 | \$29,285 | \$31,245 | \$31,245 | \$3,358,311 |
| 21 | Cost of Capital | Rate Case | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | \$292,833 |
| 22 | Return on Working Capital Requirement | (19) * (20) | \$2,661 | \$2,737 | \$2,628 | \$2,526 | \$2,678 | \$2,605 | \$2,705 | \$2,702 | \$2,650 | \$2,618 | \$2,793 | \$2,793 | \$292,833 |
| 23 | Weighted Cost of Debt | Rate Case | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | \$0 |
| 24 | Interest Expense | (19) * (22) | \$1,201 | \$1,235 | \$1,186 | \$1,140 | \$1,209 | \$1,175 | \$1,221 | \$1,219 | \$1,186 | \$1,181 | \$1,260 | \$1,260 | \$127,833 |
| 25 | Taxable Income | (19) - (23) | \$1,460 | \$1,502 | \$1,442 | \$1,386 | \$1,470 | \$1,429 | \$1,484 | \$1,482 | \$1,454 | \$1,436 | \$1,533 | \$1,533 | \$163,833 |
| 26 | 1 - Combined Tax Rate | Rate Case | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | \$103,833 |
| 27 | Return and Tax Requirement | (24) / (25) | \$2,247 | \$2,311 | \$2,218 | \$2,133 | \$2,261 | \$2,199 | \$2,283 | \$2,281 | \$2,237 | \$2,210 | \$2,358 | \$2,358 | \$238,833 |
| 28 | Storage Fixed Working Capital Requirement | (23) + (26) | \$3,448 | \$3,546 | \$3,404 | \$3,272 | \$3,470 | \$3,374 | \$3,504 | \$3,500 | \$3,433 | \$3,391 | \$3,618 | \$3,618 | \$41,578 |

National Grid
Gas Cost Recovery Filing
Costs Working Capital Calculation

| Line No. | Description (a) | Reference (b) | Nov-05 | Dec-05 | Jan-06 | Feb-06 | Mar-06 | Apr-06 | May-06 | Jun-06 | Jul-06 | Aug-06 | Sep-06 | Oct-06 | Total |
|----------|---|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|--------------|---------------|
| 1 | Supply Variable Costs | | \$18,411,770 | \$41,490,502 | \$27,982,570 | \$29,635,873 | \$28,413,069 | \$14,639,218 | \$11,195,530 | \$6,606,582 | \$6,319,685 | \$6,587,815 | \$7,412,807 | \$13,226,065 | \$211,921,499 |
| 2a | Less: Non-firm Sales | | | \$21,445 | \$27,455 | \$40,469 | \$21,116 | \$3,889 | \$69 | \$65 | \$62 | \$59 | \$0 | \$0 | \$0 |
| 2b | Less: Variable Delivery Storage Costs | | | \$628 | \$432 | \$8,398 | \$8,679 | \$8,383 | \$8,679 | \$8,398 | \$8,679 | \$8,678 | \$11,974 | \$11,974 | \$117,311 |
| 2c | Less: Variable Injection Storage Costs | | | \$234,924 | \$338,369 | \$386,445 | \$153,231 | \$167,224 | \$76,816 | \$73,735 | \$80,102 | \$81,792 | \$152,847 | \$153,508 | \$71,135 |
| 2d | Less: Fuel Costs Allocated to Storage | | | \$256,810 | \$366,256 | \$426,972 | \$174,798 | \$179,497 | \$85,563 | \$82,198 | \$88,842 | \$90,528 | \$164,821 | \$165,482 | \$0 |
| 2e | Less: Supply Refunds | | | \$4,123,682 | \$27,616,314 | \$29,208,902 | \$28,238,272 | \$14,469,721 | \$11,109,967 | \$6,524,384 | \$6,230,853 | \$6,497,287 | \$7,247,967 | \$13,060,593 | \$209,779,322 |
| 3 | Allowable Working Capital Costs | (1) - (2) | | | | | | | | | | | | | |
| 4 | Number of Days Lag | Rate Case | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 |
| 5 | Working Capital Requirement | (3) * (4) / 365 | \$673,721 | \$1,513,785 | \$1,013,859 | \$1,072,327 | \$1,036,893 | \$530,850 | \$407,873 | \$239,525 | \$228,749 | \$238,531 | \$266,090 | \$479,484 | \$4,794,844 |
| 6 | Cost of Capital | Rate Case | \$0 | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% |
| 7 | Return on Working Capital Requirement | (5) * (6) | \$60,220 | \$135,309 | \$90,623 | \$95,849 | \$92,864 | \$47,450 | \$36,457 | \$21,410 | \$20,447 | \$21,321 | \$23,784 | \$42,858 | \$42,858 |
| 8 | Weighted Cost of Debt | Rate Case | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% |
| 9 | Interest Expense | (5) * (8) | \$27,174 | \$61,058 | \$40,893 | \$43,252 | \$41,814 | \$21,412 | \$16,451 | \$9,661 | \$9,226 | \$9,621 | \$10,733 | \$19,340 | \$19,340 |
| 10 | Taxable Income | (7) - (9) | \$33,046 | \$74,251 | \$49,730 | \$52,588 | \$50,850 | \$26,038 | \$20,006 | \$11,749 | \$11,220 | \$11,700 | \$13,052 | \$23,519 | \$23,519 |
| 11 | 1 - Combined Tax Rate | Rate Case | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 |
| 12 | Return and Tax Requirement | (10) / (11) | \$50,840 | \$114,233 | \$76,507 | \$80,919 | \$78,230 | \$40,059 | \$30,779 | \$18,075 | \$17,262 | \$18,000 | \$20,080 | \$36,183 | \$36,183 |
| 13 | Supply Variable Working Capital Requirement | (9) + (12) | \$78,014 | \$175,290 | \$117,401 | \$124,171 | \$120,045 | \$61,470 | \$47,230 | \$27,736 | \$26,488 | \$27,621 | \$30,812 | \$55,522 | \$891,801 |
| 14 | Storage Variable Product Costs | | \$612,877 | \$4,450,252 | \$6,391,295 | \$7,804,146 | \$3,107,915 | \$490,204 | \$163,603 | \$188,600 | \$180,087 | \$153,216 | \$328,136 | \$187,868 | \$24,056,089 |
| 15 | Less: Balancing Related LNG Commodity (to DAC) | | (\$39,105) | (\$94,499) | (\$245,997) | (\$198,561) | (\$62,205) | (\$30,598) | (\$31,876) | (\$36,998) | (\$36,258) | (\$29,769) | (\$66,499) | (\$38,325) | (\$899,592) |
| 16 | Plus: Supply Related LNG O&M Costs | | \$30,455 | \$30,455 | \$30,455 | \$30,455 | \$30,455 | \$30,455 | \$30,455 | \$30,455 | \$30,455 | \$30,455 | \$30,455 | \$30,455 | \$365,465 |
| 17 | Allowable Working Capital Costs | (14) + (15) + (16) | \$604,227 | \$4,386,208 | \$6,175,753 | \$7,636,041 | \$3,086,166 | \$490,101 | \$162,182 | \$182,118 | \$175,284 | \$153,902 | \$290,093 | \$160,089 | \$23,521,963 |
| 18 | Number of Days Lag | Rate Case | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 |
| 19 | Working Capital Requirement | (17) * (18) / 365 | \$22,175 | \$161,028 | \$228,726 | \$280,337 | \$113,300 | \$17,993 | \$5,854 | \$6,686 | \$6,435 | \$5,650 | \$10,650 | \$6,611 | \$6,611 |
| 20 | Cost of Capital | Rate Case | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% |
| 21 | Return on Working Capital Requirement | (19) * (20) | \$1,982 | \$14,393 | \$20,266 | \$25,058 | \$10,127 | \$1,608 | \$532 | \$598 | \$575 | \$505 | \$952 | \$591 | \$591 |
| 22 | Weighted Cost of Debt | Rate Case | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% |
| 23 | Interest Expense | (19) * (22) | \$994 | \$6,495 | \$9,145 | \$11,307 | \$4,570 | \$726 | \$240 | \$270 | \$260 | \$228 | \$430 | \$267 | \$267 |
| 24 | Taxable Income | (19) - (23) | \$1,088 | \$7,898 | \$11,121 | \$13,751 | \$5,557 | \$893 | \$292 | \$328 | \$316 | \$277 | \$522 | \$324 | \$324 |
| 25 | 1 - Combined Tax Rate | Rate Case | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 |
| 26 | Return and Tax Requirement | (24) / (25) | \$1,673 | \$12,151 | \$17,109 | \$21,155 | \$8,550 | \$1,368 | \$449 | \$505 | \$486 | \$426 | \$804 | \$489 | \$489 |
| 27 | Storage Var. Product Working Capital Requirement | (23) + (26) | \$2,568 | \$18,646 | \$26,254 | \$32,482 | \$13,120 | \$2,083 | \$689 | \$774 | \$745 | \$654 | \$1,233 | \$766 | \$99,995 |
| 1 | Storage Variable Non-Product Costs | | \$92,134 | \$609,218 | \$700,933 | \$668,382 | \$344,026 | \$179,497 | \$85,563 | \$82,188 | \$88,842 | \$90,528 | \$164,821 | \$165,482 | \$3,471,623 |
| 2 | Credits | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 3 | Allowable Working Capital Costs | (1) - (2) | \$92,134 | \$609,218 | \$700,933 | \$668,382 | \$344,026 | \$179,497 | \$85,563 | \$82,188 | \$88,842 | \$90,528 | \$164,821 | \$165,482 | \$3,471,623 |
| 4 | Number of Days Lag | Rate Case | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 | 13.40 |
| 5 | Working Capital Requirement | (3) * (4) / 365 | \$3,382 | \$22,366 | \$25,733 | \$31,880 | \$12,630 | \$6,590 | \$3,141 | \$3,018 | \$3,262 | \$3,323 | \$6,051 | \$6,075 | \$6,075 |
| 6 | Cost of Capital | Rate Case | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% | 8.94% |
| 7 | Return on Working Capital Requirement | (5) * (6) | \$302 | \$1,999 | \$2,300 | \$2,850 | \$1,129 | \$589 | \$281 | \$270 | \$292 | \$297 | \$541 | \$543 | \$543 |
| 8 | Weighted Cost of Debt | Rate Case | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% |
| 9 | Interest Expense | (5) * (8) | \$136 | \$902 | \$1,038 | \$1,286 | \$509 | \$266 | \$127 | \$122 | \$132 | \$134 | \$244 | \$245 | \$245 |
| 10 | Taxable Income | (7) - (9) | \$166 | \$1,097 | \$1,262 | \$1,564 | \$620 | \$323 | \$154 | \$148 | \$160 | \$163 | \$297 | \$298 | \$298 |
| 11 | 1 - Combined Tax Rate | Rate Case | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 |
| 12 | Return and Tax Requirement | (10) / (11) | \$255 | \$1,688 | \$1,942 | \$2,406 | \$953 | \$497 | \$237 | \$228 | \$246 | \$251 | \$457 | \$458 | \$458 |
| 13 | Storage Variable Non-product WC Requirement | (9) + (12) | \$392 | \$2,580 | \$3,692 | \$4,462 | \$1,462 | \$763 | \$384 | \$349 | \$378 | \$385 | \$701 | \$703 | \$14,758 |

