

March 7, 2006

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 3706 - Standard Offer Reconciliation Report

Dear Ms. Massaro:

Enclosed are ten copies of The Narragansett Electric Company's d/b/a National Grid ("National Grid" or "Company") Standard Offer Reconciliation Report ("Report") through January 2006. The enclosed Report provides the Company's most current projection of the Standard Offer reconciliation balance through December 31, 2006 based on actual revenues through February 2006 and actual expenses through January 2006. The estimated expenses are calculated using estimated fuel index payments based on projected gas and oil futures prices as reported in the *Wall Street Journal* for February 22, 23, and 24, 2006.

As the Commission is aware, we have experienced a relatively mild winter, which has had a positive impact on natural gas and oil prices. Thus, we have seen a significant reduction in the under collection of Standard Offer costs in our reconciliation account. The under collection in the reconciliation account has decreased from approximately \$16 million as of the end of October 2005, to approximately \$6.5 million as of the end of February 2006. If these fuel price trends continue, we would be able to eliminate the under collection by the end of May. Based on the current fuel price estimates, the Company is estimating an over-collection of approximately \$15.9 million by the end of September 2006, which is under the Commission's threshold of \$23 million for considering a rate adjustment filing. However, if pricing trends were to continue into the fourth quarter of 2006, we estimate an over-collection of approximately \$38.6 million by the end of December 2006. Thus, there is a reasonable possibility that the Standard Offer rate could be lowered for the summer season in anticipation of avoiding the build up of a significant deferral balance by year's end.

It is worth noting that \$22 million of the projected year-end over collection balance of \$38.6 million would occur in the final three months of the year, assuming fuel price estimates for those months were accurate. For that reason, and the fact that the actual reconciliation balance today reflects an under collection of approximately \$6 million, the Company believes it is appropriate to gain one or two more months of data before consideration is given to filing for a change in the Standard Offer rate based on fuel price estimates for the fourth quarter of this year.

Luly E. Massaro, Commission Clerk
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In the meantime, we intend to monitor the fuel price trends and continue our regular review of the matter with the Division in the weeks ahead.

Attachment 1, page 1, of this Report shows the Company's projected Standard Offer reconciliation balance through December 31, 2006. Pages 2 and 3 of Attachment 1 support the calculation of the Company's estimated Standard Offer revenues and expenses, respectively. Estimated revenues are determined by applying the current Standard Offer rate of 10.0¢ 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.

The calculation of the estimated monthly fuel index adjustment prices per kWh based on the February 22, 23, and 24, 2006 forecasted fuel prices is contained in Attachment 2. 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.

The Standard Offer reconciliation on page 1 of Attachment 1 also reflects additional payments, as shown in Column (g), that the Company has made and is expecting to make under protest to one of its Standard Offer suppliers.

Thank you for your attention to this filing. If you have any questions regarding this report, please do not hesitate to contact me at (508) 421-7634.

Very truly yours,



Ronald T. Gerwatowski
Vice President,
Distribution Regulatory Services

Enclosures

cc: Docket 3706 Service List
Steve Scialabba, RI Division

Attachment 1

The Narragansett Electric Company

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

**Projected Balance
for the period October 2005 through December 2006**

Submitted: March 2006

Standard Offer Reconciliation
Projected Balance at Year Ending December 31, 2006**Section 1. Projected Balance @ September 30, 2006**

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-05	(\$14,122,974)	\$15,650,388	\$28,996,088	\$12,308,381	\$41,304,469	(\$25,654,081)	(\$50,770)	(\$39,827,825)	(\$16,787,553)
(1) Nov-05	(\$39,827,825)	\$41,891,403	\$27,904,900	\$13,527,645	\$41,432,545	\$458,858	(\$789,290)	(\$40,158,256)	(\$13,012,302)
(1) Dec-05	(\$40,158,256)	\$49,356,280	\$31,774,975	\$17,134,045	\$48,909,020	\$447,260	(\$1,069,992)	(\$40,780,988)	(\$11,325,741)
(1) Jan-06	(\$40,780,988)	\$53,554,994	\$33,033,210	\$16,282,947	\$49,316,157	\$4,238,837	(\$1,074,676)	(\$37,616,827)	(\$9,168,020)
(2) Feb-06	(\$37,616,827)	\$51,725,103	\$33,169,341	\$17,206,979	\$50,376,320	\$1,348,783	(\$1,205,341)	(\$37,473,384)	(\$6,587,519)
(2) Mar-06	(\$37,473,384)	\$56,156,118	\$33,373,581	\$17,773,411	\$51,146,992	\$5,009,126	(\$1,232,290)	(\$33,696,549)	(\$4,627,847)
(2) Apr-06	(\$33,696,549)	\$52,852,185	\$31,410,054	\$16,928,555	\$48,338,609	\$4,513,577	(\$1,079,866)	(\$30,262,839)	(\$2,518,813)
(2) May-06	(\$30,262,839)	\$50,443,683	\$29,978,681	\$16,444,641	\$46,423,321	\$4,020,362	(\$907,145)	(\$27,149,622)	\$2,951,767
(2) Jun-06	(\$27,149,622)	\$54,729,798	\$32,525,919	\$18,263,334	\$50,789,252	\$3,940,545	(\$854,474)	(\$24,063,550)	\$9,696,761
(2) Jul-06	(\$24,063,550)	\$61,382,384	\$36,479,551	\$20,747,246	\$57,226,796	\$4,155,587	(\$851,772)	(\$20,759,735)	\$14,489,318
(2) Aug-06	(\$20,759,735)	\$64,089,187	\$38,088,204	\$21,783,915	\$59,872,118	\$4,217,069	(\$792,777)	(\$17,335,444)	\$15,913,739
(2) Sep-06	(\$17,335,444)	\$60,453,059	\$35,927,253	\$19,901,147	\$55,828,400	\$4,624,659	(\$730,408)	(\$13,441,193)	\$15,820,014
* (2) Oct-06	(\$13,441,193)	\$29,261,207				\$29,261,207		\$15,820,014	
Totals	(\$14,122,974)	\$641,545,788	\$392,661,755	\$208,302,245	\$600,964,000	\$40,581,788	(\$10,638,801)	\$15,820,014	
Interest (3)								\$36,331	
Ending Balance@ September 30, 2006 with Interest								\$15,856,345	

(1) Actual revenues and expenses

(2) Estimated revenues and expenses

(3) Interest expense calculation : $(-14122974+15820014)/2*((4.27\%*5/12)+(4.29\%*7/12))$

* For September usage billed in October

Section 2. Projected Balance @ December 31, 2006

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-06	\$15,856,345	\$23,940,987	\$31,618,064	\$16,439,478	\$48,057,542	(\$24,116,555)	(\$673,572)	(\$8,933,781)	\$20,690,641
(2) Nov-06	(\$8,933,781)	\$53,862,585	\$32,010,534	\$15,679,399	\$47,689,933	\$6,172,652	(\$697,923)	(\$3,459,052)	\$29,530,731
(2) Dec-06	(\$3,459,052)	\$59,981,423	\$35,646,960	\$17,088,708	\$52,735,667	\$7,245,756	(\$819,483)	\$2,967,222	\$38,319,531
* (2) Jan-07	\$2,967,222	\$35,352,309				\$35,352,309		\$38,319,531	
Totals	\$15,856,345	\$173,137,305	\$99,275,559	\$49,207,584	\$148,483,143	\$24,654,163	(\$2,190,977)	\$38,319,531	
Interest (3)								\$290,518	
Ending Balance@ December 31, 2006 with Interest								\$38,610,049	

* For December usage billed in January

(2) Estimated revenues and expenses

(3) Interest expense calculation : $(15856345+38319531)/2*(4.29\%)$ Column Notes:

Column (a) Column (g) from previous row; beginning balance from Page 1.

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) Includes estimated protest payments made to one of the Company's suppliers and estimated NE_GIS expenses

Oct 2005: Last Resort Service reconciliation over recovery of \$631,413 incurred for the period October 2004 through September 2005 transferred to Standard Offer reconciliation per Commission decision in Docket No. 3706

Column (h) Column (a) + Column (f)

Column (i) Column (g) + 55% of next month's Column (b)

Standard Offer Reconciliation
Estimated Revenue through December 2006

<u>Month</u>	Estimated Total Company kWh <u>Deliveries</u> (a)	Estimated Standard Offer <u>Deliveries</u> (b)	Standard Offer <u>Rate</u> (c)	Total Estimated <u>Revenues</u> (d)
Feb-06			\$0.10000	
Mar-06	649,203,679	561,561,182	\$0.10000	\$56,156,118
Apr-06	611,007,924	528,521,854	\$0.10000	\$52,852,185
May-06	583,163,961	504,436,826	\$0.10000	\$50,443,683
Jun-06	632,714,427	547,297,979	\$0.10000	\$54,729,798
Jul-06	709,622,935	613,823,839	\$0.10000	\$61,382,384
Aug-06	740,915,456	640,891,869	\$0.10000	\$64,089,187
Sep-06	698,879,291	604,530,587	\$0.10000	\$60,453,059
Oct-06	615,054,271	532,021,944	\$0.10000	\$53,202,194
Nov-06	622,688,847	538,625,853	\$0.10000	\$53,862,585
Dec-06	693,426,860	599,814,234	\$0.10000	\$59,981,423
Jan-07	743,085,848	642,769,259	\$0.10000	\$64,276,926

Column Notes:

- (a) Per Company forecast
- (b) Column (a) x Line (1)
- (c) Per currently effective tariff
- (d) Column (b) x Column (c)

Standard Offer Reconciliation
 Estimated Standard Offer Expenses through December 2006

	Estimated Total Company kWh Deliveries (a)	% of Standard Offer kWhs to Total kWhs (b)	Estimated Standard Offer kWh Deliveries (c)	Estimated Base Standard Offer Charge (d)	Estimated Base Standard Offer Expenses (e)	Estimated Fuel Index Value per kWh (f)	Estimated Fuel Index Payments (g)	Total Estimated Standard Offer Expenses (h)
Jan-06	692,810,528	86.5%	599,281,107	\$0.05943	\$35,615,276	\$0.02909	\$17,433,087	\$53,048,364
Feb-06	645,230,665	86.5%	558,124,525	\$0.05943	\$33,169,341	\$0.03083	\$17,206,979	\$50,376,320
Mar-06	649,203,679	86.5%	561,561,182	\$0.05943	\$33,373,581	\$0.03165	\$17,773,411	\$51,146,992
Apr-06	611,007,924	86.5%	528,521,854	\$0.05943	\$31,410,054	\$0.03203	\$16,928,555	\$48,338,609
May-06	583,163,961	86.5%	504,436,826	\$0.05943	\$29,978,681	\$0.03260	\$16,444,641	\$46,423,321
Jun-06	632,714,427	86.5%	547,297,979	\$0.05943	\$32,525,919	\$0.03337	\$18,263,334	\$50,789,252
Jul-06	709,622,935	86.5%	613,823,839	\$0.05943	\$36,479,551	\$0.03380	\$20,747,246	\$57,226,796
Aug-06	740,915,456	86.5%	640,891,869	\$0.05943	\$38,088,204	\$0.03399	\$21,783,915	\$59,872,118
Sep-06	698,879,291	86.5%	604,530,587	\$0.05943	\$35,927,253	\$0.03292	\$19,901,147	\$55,828,400
Oct-06	615,054,271	86.5%	532,021,944	\$0.05943	\$31,618,064	\$0.03090	\$16,439,478	\$48,057,542
Nov-06	622,688,847	86.5%	538,625,853	\$0.05943	\$32,010,534	\$0.02911	\$15,679,399	\$47,689,933
Dec-06	693,426,860	86.5%	599,814,234	\$0.05943	\$35,646,960	\$0.02849	\$17,088,708	\$52,735,667

Total Expected Payments through December 2006 \$215,689,899 \$621,533,315

Column Notes:

- (a) Per Company forecast
- (b) Reflects 12-month average Standard Offer kWh deliveries as a percentage of total kWh deliveries
- (c) Column (a) x Column (b)
- (d) Per standard offer contract (includes estimate for base SO adjustment for contract amendment as approved in RIPUC Docket No. 3496)
- (e) Column (c) x Column (d)
- (f) Company estimate based on fuel futures prices as reported on 02-22-06, 02-23-06 & 02-24-06
- (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 2007**

Prices published in WSJ on: 22-Feb-06 23-Feb-06 24-Feb-06

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				
Jan-05	Dec-04	\$6.668	\$6.160	\$6.213	\$6.347	\$6.103	n/a	Jan-05
Feb-05	Jan-05	\$6.403	\$6.388	\$6.288	\$6.360	\$6.155	n/a	Feb-05
Mar-05	Feb-05	\$6.103	\$6.311	\$6.304	\$6.239	\$6.248	n/a	Mar-05
Apr-05	Mar-05	\$7.062	\$6.999	\$7.323	\$7.128	\$6.395	n/a	Apr-05
May-05	Apr-05	\$7.153	\$7.120	\$6.748	\$7.007	\$6.491	n/a	May-05
Jun-05	May-05	\$6.349	\$6.315	\$6.123	\$6.262	\$6.456	n/a	Jun-05
Jul-05	Jun-05	\$7.360	\$7.138	\$6.976	\$7.158	\$6.525	n/a	Jul-05
Aug-05	Jul-05	\$7.284	\$7.425	\$7.647	\$7.452	\$6.646	n/a	Aug-05
Sep-05	Aug-05	\$9.770	\$9.792	\$10.847	\$10.136	\$7.058	n/a	Sep-05
Oct-05	Sep-05	\$12.440	\$12.656	\$13.907	\$13.001	\$7.687	n/a	Oct-05
Nov-05	Oct-05	\$14.338	\$14.040	\$13.832	\$14.070	\$8.195	n/a	Nov-05
Dec-05	Nov-05	\$11.614	\$11.620	\$11.180	\$11.471	\$8.553	n/a	Dec-05
Jan-06	Dec-05	\$12.283	\$11.022	\$11.431	\$11.579	\$8.989	n/a	Jan-06
Feb-06	Jan-06	\$8.460	\$8.229	\$8.400	\$8.363	\$9.156	n/a	Feb-06
Mar-06	Feb-06	\$7.283	\$7.458	\$7.112	\$7.284	\$9.243	n/a	Mar-06
Apr-06	Mar-06	\$7.428	\$7.543	\$7.313	\$7.428	\$9.268	n/a	Apr-06
May-06	Apr-06	\$7.600	\$7.703	\$7.475	\$7.593	\$9.316	n/a	May-06
Jun-06	May-06	\$7.745	\$7.843	\$7.625	\$7.738	\$9.439	n/a	Jun-06
Jul-06	Jun-06	\$7.785	\$7.973	\$7.760	\$7.839	\$9.496	n/a	Jul-06
Aug-06	Jul-06	\$7.958	\$8.053	\$7.845	\$7.952	\$9.538	n/a	Aug-06
Sep-06	Aug-06	\$8.033	\$8.053	\$7.920	\$8.002	\$9.360	n/a	Sep-06
Oct-06	Sep-06	\$8.128	\$8.218	\$8.015	\$8.120	\$8.953	n/a	Oct-06
Nov-06	Oct-06	\$9.148	\$9.228	\$9.045	\$9.140	\$8.542	n/a	Nov-06
Dec-06	Nov-06	\$10.148	\$10.208	\$10.035	\$10.130	\$8.431	n/a	Dec-06
Jan-07	Dec-06	\$10.808	\$10.868	\$10.695	\$10.790	\$8.365	n/a	Jan-07
Feb-07	Jan-07	\$10.813	\$10.868	\$10.700	\$10.794	\$8.568	n/a	Feb-07
Mar-07	Feb-07	\$10.618	\$10.668	\$10.500	\$10.595	\$8.844	n/a	Mar-07
Apr-07	Mar-07	\$8.743	\$8.818	\$8.670	\$8.744	\$8.953	n/a	Apr-07
May-07	Apr-07	\$8.543	\$8.608	\$8.471	\$8.541	\$9.032	n/a	May-07
Jun-07	May-07	\$8.603	\$8.668	\$8.531	\$8.601	\$9.104	n/a	Jun-07
Jul-07	Jun-07	\$8.603	\$8.738	\$8.606	\$8.649	\$9.172	n/a	Jul-07
Aug-07	Jul-07	\$8.603	\$8.798	\$8.671	\$8.691	\$9.233	n/a	Aug-07
Sep-07	Aug-07	\$8.753	\$8.818	\$8.691	\$8.754	\$9.296	n/a	Sep-07
Oct-07	Sep-07	\$8.753	\$8.893	\$8.766	\$8.804	\$9.353	n/a	Oct-07
Nov-07	Oct-07	\$9.433	\$8.893	\$9.391	\$9.239	\$9.361	n/a	Nov-07
Dec-07	Nov-07	\$9.993	\$10.068	\$9.391	\$9.817	\$9.335	n/a	Dec-07

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 - Mar-06)
- Settlement price as reported in the Wall Street Journal on 02-22-06 (Apr-06 - Dec-07)
- Col. D - Settlement price for the second last trading day as reported in the Wall Street Journal. (Jan-99 - Mar-06)
- Settlement price as reported in the Wall Street Journal on 02-23-06 (Apr-06 - Dec-07)
- Col. E - Settlement price for the last trading day as reported in the Wall Street Journal. (Jan-99 - Mar-06)
- Settlement price as reported in the Wall Street Journal on 02-24-06 (Apr-06 - Dec-07)
- 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.

DETERMINATION OF MARKET OIL PRICE

(Col. A)	(Col. B)	(Col. HH)	(Col. II)	(Col. JJ)	(Col. KK)	(Col. LL)	(Col. MM)	(Col. NN)	Prices published in WSJ on:				
SOS Delivery Month	Trading Month	Sum of Values	# of Values	Conversion Factor	Oil Index (\$/mmBtu)	NGrid's Market Oil Price	EUA's Market Oil Price	Average	22-Feb-06	23-Feb-06	24-Feb-06		
Jan-05	Jan-05	594.00	20	6.3	4.71	4.44	n/a	45.6400	45.64	45.64	45.64	<=Jan closing from WSJ on 12/20/04	
Feb-05	Feb-05	584.70	19	6.3	4.88	4.50	n/a	46.9100	46.91	46.91	46.91	<=Feb closing from WSJ on 01/20/05	
Mar-05	Mar-05	779.75	22	6.3	5.63	4.64	n/a	51.1500	51.15	51.15	51.15	<=Mar closing from WSJ on 02/22/05	
Apr-05	Apr-05	811.40	21	6.3	6.13	4.82	n/a	56.6200	56.62	56.62	56.62	<=Apr closing from WSJ on 03/21/05	
May-05	May-05	721.00	19	6.3	6.02	4.92	n/a	52.4400	52.44	52.44	52.44	<=May closing from WSJ on 04/20/05	
Jun-05	Jun-05	900.25	22	6.3	6.50	5.07	n/a	46.8000	46.80	46.80	46.80	<=Jun closing from WSJ on 05/20/05	
Jul-05	Jul-05	844.35	20	6.3	6.70	5.26	n/a	59.3700	59.37	59.37	59.37	<=Jul closing from WSJ on 06/22/05	
Aug-05	Aug-05	1048.35	23	6.3	7.23	5.50	n/a	57.4600	57.46	57.46	57.46	<=Aug closing from WSJ on 07/20/05	
Sep-05	Sep-05	1064.75	21	6.3	8.05	5.80	n/a	65.4500	65.45	65.45	65.45	<=Sep closing from WSJ on 08/22/05	
Oct-05	Oct-05	1048.35	21	6.3	7.92	6.03	n/a	66.2300	66.23	66.23	66.23	<=Oct closing from WSJ on 09/20/05	
Nov-05	Nov-05	919.00	20	6.3	7.29	6.25	n/a	61.3000	61.30	61.30	61.30	<=Nov closing from WSJ on 10/20/05	
Dec-05	Dec-05	1020.00	21	6.3	7.71	6.57	n/a	56.1400	56.14	56.14	56.14	<=Dec closing from WSJ on 11/18/05	
Jan-06	Jan-06	948.25	20	6.3	7.53	6.80	n/a	57.9800	57.98	57.98	57.98	<=Jan closing from WSJ on 12/20/05	
Feb-06	Feb-06	911.50	19	6.3	7.61	7.03	n/a	68.3500	68.35	68.35	68.35	<=Feb closing from WSJ on 01/20/06	
Mar-06	Mar-06	61.10			6.81	7.13	n/a	61.1000	61.10	61.10	61.10	<=Mar closing from WSJ on 02/21/06	
Apr-06	Apr-06	61.49			6.85	7.19	n/a	61.4867	61.01	60.54	62.91		
May-06	May-06	62.81			7.00	7.27	n/a	62.8100	62.25	62.04	64.14		
Jun-06	Jun-06	63.74			7.10	7.32	n/a	63.7433	63.11	63.09	65.03		
Jul-06	Jul-06	64.46			7.18	7.36	n/a	64.4600	63.79	63.86	65.73		
Aug-06	Aug-06	65.00			7.24	7.36	n/a	64.9967	64.32	64.43	66.24		
Sep-06	Sep-06	65.42			7.29	7.29	n/a	65.4200	64.74	64.89	66.63		
Oct-06	Oct-06	65.78			7.33	7.25	n/a	65.7800	65.10	65.28	66.96		
Nov-06	Nov-06	66.08			7.36	7.25	n/a	66.0833	65.40	65.61	67.24		
Dec-06	Dec-06	66.34			7.39	7.22	n/a	66.3433	65.66	65.89	67.48		
Jan-07	Jan-07	66.56			8.64	7.32	n/a	66.5600	65.87	66.12	67.69		
Feb-07	Feb-07	66.62			8.65	7.40	n/a	66.6233	65.87	66.12	67.88		
Mar-07	Mar-07	66.79			8.67	7.56	n/a	66.7933	65.87	66.49	68.02		
Apr-07	Apr-07	66.79			8.67	7.71	n/a	66.7933	65.87	66.49	68.02		
May-07	May-07	66.79			8.67	7.85	n/a	66.7933	65.87	66.49	68.02		
Jun-07	Jun-07	67.13			8.71	7.98	n/a	67.1333	66.41	66.76	68.23		
Jul-07	Jul-07	67.13			8.71	8.11	n/a	67.1333	66.41	66.76	68.23		
Aug-07	Aug-07	67.13			8.71	8.23	n/a	67.1333	66.41	66.76	68.23		
Sep-07	Sep-07	67.13			8.71	8.35	n/a	67.1333	66.41	66.76	68.23		
Oct-07	Oct-07	67.13			8.71	8.47	n/a	67.1333	66.41	66.76	68.23		
Nov-07	Nov-07	67.13			8.71	8.58	n/a	67.1333	66.41	66.76	68.23		
Dec-07	Dec-07	67.09			8.71	8.69	n/a	67.0933	66.33	66.80	68.15		

Notes:

- Col. A - month in which SOS was delivered at wholesale.
- Col. B - month in which oil prices were quoted and delivered.
- Col. C - Col. GG - daily prices as quoted by Platt's MarketScan. (not shown)
- Col. HH - sum of values in Col. C through Col. GG. (Jan-99 - Feb-06)
 - Mar-06 Final Crude oil contract price as reported in the Wall Street Journal on 21-Feb-06
 - average of Crude oil contract prices as reported in the Wall Street Journal on 02-22-06, 02-23-06 & 02-24-06
- 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 - Feb-06)
 - Current month value Col. HH * Feb-06 value in Col KK/ 68.35 (Feb-06 - Dec-07)
 - Where 68.35 represents the Feb-06 closing value from the WSJ 20-Jan-06
- 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)

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 €/kWh	EUA Adjustment €/kWh	Weighted Adjustment €/kWh
Jan-05	\$6.1033	\$4.4374	\$10.5407	\$8.48	1.22595	n/a	n/a	n/a	n/a	n/a	1.243	n/a	0.920
Feb-05	\$6.1550	\$4.4999	\$10.6549	\$8.48	1.23848	n/a	n/a	n/a	n/a	n/a	1.312	n/a	0.971
Mar-05	\$6.2484	\$4.6443	\$10.8927	\$8.48	1.26456	n/a	n/a	n/a	n/a	n/a	1.455	n/a	1.077
Apr-05	\$6.3953	\$4.8181	\$11.2134	\$8.48	1.29971	n/a	n/a	n/a	n/a	n/a	1.648	n/a	1.220
May-05	\$6.4911	\$4.9211	\$11.4122	\$8.48	1.32151	n/a	n/a	n/a	n/a	n/a	1.768	n/a	1.309
Jun-05	\$6.4555	\$5.0723	\$11.5278	\$8.48	1.33419	n/a	n/a	n/a	n/a	n/a	1.838	n/a	1.360
Jul-05	\$6.5248	\$5.2630	\$11.7878	\$8.48	1.36269	n/a	n/a	n/a	n/a	n/a	1.995	n/a	1.476
Aug-05	\$6.6460	\$5.4978	\$12.1438	\$8.48	1.40173	n/a	n/a	n/a	n/a	n/a	2.210	n/a	1.635
Sep-05	\$7.0582	\$5.8019	\$12.8601	\$8.48	1.48027	n/a	n/a	n/a	n/a	n/a	2.641	n/a	1.955
Oct-05	\$7.6867	\$6.0254	\$13.7121	\$8.48	1.57370	n/a	n/a	n/a	n/a	n/a	3.155	n/a	2.335
Nov-05	\$8.1948	\$6.2548	\$14.4496	\$8.48	1.65457	n/a	n/a	n/a	n/a	n/a	3.600	n/a	2.664
Dec-05	\$8.5527	\$6.5657	\$15.1184	\$8.48	1.72789	n/a	n/a	n/a	n/a	n/a	4.003	n/a	2.963
Jan-06	\$8.9886	\$6.8000	\$15.7886	\$9.22	1.66619	n/a	n/a	n/a	n/a	n/a	3.931	n/a	2.909
Feb-06	\$9.1556	\$7.0275	\$16.1831	\$9.22	1.70619	n/a	n/a	n/a	n/a	n/a	4.167	n/a	3.083
Mar-06	\$9.2427	\$7.1259	\$16.3686	\$9.22	1.72501	n/a	n/a	n/a	n/a	n/a	4.278	n/a	3.165
Apr-06	\$9.2677	\$7.1857	\$16.4534	\$9.22	1.73361	n/a	n/a	n/a	n/a	n/a	4.328	n/a	3.203
May-06	\$9.3165	\$7.2669	\$16.5834	\$9.22	1.74679	n/a	n/a	n/a	n/a	n/a	4.406	n/a	3.260
Jun-06	\$9.4394	\$7.3174	\$16.7568	\$9.22	1.76438	n/a	n/a	n/a	n/a	n/a	4.510	n/a	3.337
Jul-06	\$9.4962	\$7.3574	\$16.8536	\$9.22	1.77420	n/a	n/a	n/a	n/a	n/a	4.568	n/a	3.380
Aug-06	\$9.5379	\$7.3580	\$16.8958	\$9.22	1.77848	n/a	n/a	n/a	n/a	n/a	4.593	n/a	3.399
Sep-06	\$9.3600	\$7.2947	\$16.6547	\$9.22	1.75402	n/a	n/a	n/a	n/a	n/a	4.449	n/a	3.292
Oct-06	\$8.9533	\$7.2450	\$16.1983	\$9.22	1.70774	n/a	n/a	n/a	n/a	n/a	4.176	n/a	3.090
Nov-06	\$8.5425	\$7.2508	\$15.7932	\$9.22	1.66666	n/a	n/a	n/a	n/a	n/a	3.933	n/a	2.911
Dec-06	\$8.4307	\$7.2242	\$15.6550	\$9.22	1.65263	n/a	n/a	n/a	n/a	n/a	3.851	n/a	2.849
Jan-07	\$8.3650	\$7.3170	\$15.6821	\$9.95	1.54127	n/a	n/a	n/a	n/a	n/a	3.410	n/a	2.523
Feb-07	\$8.5676	\$7.4031	\$15.9707	\$9.95	1.56853	n/a	n/a	n/a	n/a	n/a	3.582	n/a	2.650
Mar-07	\$8.8435	\$7.5583	\$16.4018	\$9.95	1.60924	n/a	n/a	n/a	n/a	n/a	3.838	n/a	2.840
Apr-07	\$8.9531	\$7.7099	\$16.6631	\$9.95	1.63391	n/a	n/a	n/a	n/a	n/a	3.994	n/a	2.955
May-07	\$9.0321	\$7.8493	\$16.8814	\$9.95	1.65453	n/a	n/a	n/a	n/a	n/a	4.124	n/a	3.051
Jun-07	\$9.1041	\$7.9836	\$17.0877	\$9.95	1.67400	n/a	n/a	n/a	n/a	n/a	4.246	n/a	3.142
Jul-07	\$9.1715	\$8.1113	\$17.2829	\$9.95	1.69243	n/a	n/a	n/a	n/a	n/a	4.362	n/a	3.228
Aug-07	\$9.2331	\$8.2341	\$17.4671	\$9.95	1.70983	n/a	n/a	n/a	n/a	n/a	4.472	n/a	3.309
Sep-07	\$9.2958	\$8.3529	\$17.6486	\$9.95	1.72697	n/a	n/a	n/a	n/a	n/a	4.580	n/a	3.389
Oct-07	\$9.3527	\$8.4683	\$17.8210	\$9.95	1.74325	n/a	n/a	n/a	n/a	n/a	4.682	n/a	3.465
Nov-07	\$9.3609	\$8.5809	\$17.9419	\$9.95	1.75466	n/a	n/a	n/a	n/a	n/a	4.754	n/a	3.518
Dec-07	\$9.3349	\$8.6907	\$18.0256	\$9.95	1.76257	n/a	n/a	n/a	n/a	n/a	4.804	n/a	3.555

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 02-22-06, 02-23-06 & 02-24-06

3706 - Certificate of Service

I hereby certify that a copy of the cover letter and accompanying material(s) have been hand-delivered or sent via U.S. mail to the parties listed below.



Joanne M. Scanlon
National Grid

March 7, 2006
Date

Narragansett Electric Co. – Standard Offer Rate Filing – Docket No. 3706
Service list as 11/03/05

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