

July 31, 2006

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Standard Offer Service Rate Filing, Docket No. 3739

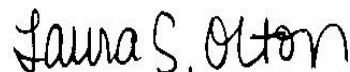
Dear Ms. Massaro:

Pursuant to R.I.G.L. § 39-3-11 and Section 1.9 of the Rhode Island Public Utilities Commission's ("Commission") Rules of Practice and Procedure, The Narragansett Electric Company d/b/a National Grid ("National Grid" or "Company") proposes a Standard Offer Service rate of 9.4¢ per kWh effective September 1, 2006 through the end of 2006, a decrease in the rate currently in effect of 10.0¢ per kWh by 0.6¢ per kWh. This proposal is based upon natural gas and crude oil prices as reported in the *Wall Street Journal* on July 25, 26, and 27, 2006. This represents a proposed decrease in the monthly bill of a typical residential customer using 500 kWh per month of \$3.12 or approximately 3.9%.

In its July 11, 2006, Standard Offer Service reconciliation report filed with the Commission, the Company indicated that it expected to propose a rate reduction at the end of the month, to be effective September 1, 2006, provided that no major hurricanes or other national or global events occurred in the meantime that would materially affect fuel prices. This filing contains the recommended rate reduction. In support of this rate reduction request, the Company has included the direct testimonies and exhibits of Jeanne A. Lloyd and Michael J. Hager.

Thank you for your attention to this matter. If you have any questions, please feel free to contact me at (401) 784-7667.

Very truly yours,



Laura S. Olton

Enclosures

cc: Docket 3739 Service List

National Grid

July 2006 Standard Offer Service Rate
Filing

Testimony and Exhibits
Of
Jeanne A. Lloyd and
Michael J. Hager

July 31, 2006

Submitted to:
Rhode Island Public Utilities Commission
R.I.P.U.C. Docket No. 3739

Submitted by:

nationalgrid

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 3739
July 2006 Standard Offer Rate Adjustment Filing
Witness: Jeanne A. Lloyd

DIRECT TESTIMONY
OF
JEANNE A. LLOYD

Table of Contents

| | | |
|------|---|----|
| I. | Introduction and Qualifications | 1 |
| II. | Purpose of Testimony | 2 |
| III. | Standard Offer Service Rate Proposal | 5 |
| | Standard Offer Service Reconciliation | 5 |
| | Proposed Standard Offer Service Rate | 7 |
| IV. | Revised Standard Offer Service Tariff | 11 |
| V. | Typical Bills..... | 11 |
| VI. | Conclusion | 11 |

1 **I. Introduction and Qualifications**

2 Q. Please state your full name and business address.

3 A. Jeanne A. Lloyd, 55 Bearfoot Road, Northborough, Massachusetts 01532.

4

5 Q. Please state your position.

6 A. I am a Principal Financial Analyst in the Distribution Regulatory Services Department of
7 National Grid USA Service Company, Inc. Distribution Regulatory Services provides
8 rate related support to The Narragansett Electric Company d/b/a National Grid
9 (“Company”).

10

11 Q. Please describe your educational background and training.

12 A. In 1980, I graduated from Bradley University in Peoria, Illinois with a Bachelor’s Degree
13 in English. In December 1982, I received a Master of Arts Degree in Economics from
14 Northern Illinois University in De Kalb, Illinois.

15

16 Q. Please describe your professional experience?

17 A. I was employed by EUA Service Corporation in December 1990 as an Analyst in the
18 Rate Department. I was promoted to Senior Rate Analyst on January 1, 1993. My
19 responsibilities included the study, analysis and design of the retail electric service rates,
20 rate riders and special contracts for the EUA retail companies. I assumed my present
21 position after the merger of New England Electric System and Eastern Utilities

1 Associates in April 2000. Prior to my employment at EUA, I was on the staff of the
2 Missouri Public Service Commission in Jefferson City, Missouri in the position of
3 research economist. My responsibilities included presenting both written and oral
4 testimony before the Missouri Commission in the areas of cost of service and rate design
5 for electric and natural gas rate proceedings.
6

7 Q. Have you previously testified before the Rhode Island Public Utilities Commission
8 (“Commission”)?

9 A. Yes.
10

11 **II. Purpose of Testimony**

12 Q. What is the purpose of the Company’s filing and your testimony?

13 A. The purpose of the Company’s filing is to request Commission approval of a September
14 1, 2006 decrease in the Standard Offer Service rate to 9.4¢ per kWh from its current level
15 of 10.0¢ per kWh. My testimony presents the Company’s estimate of the Standard Offer
16 Service reconciliation account balance as of December 2006 assuming no change in the
17 Standard offer Service rate and the basis for the proposed Standard Offer Service rate of
18 9.4¢ per kWh.
19

20 If the proposed Standard Offer Service rate is approved, the effect on a typical residential
21 customer using 500 kWh per month will be a decrease of \$3.12 per month from \$80.94 to

1 \$77.82, or approximately 3.9%.

2
3 Q. Why is the Company filing for a Standard Offer Service rate decrease at this time?

4 A. In the Company's Standard Offer Service reconciliation report, filed in this docket on
5 July 11, 2006, the Company stated its intention to file for a rate reduction at the end of
6 July to be effective September 1, 2006. In previous orders the Commission has
7 recommended that the Company consider filing for a Standard Offer Service rate
8 adjustment if the balance in the Standard Offer reconciliation account exceeds \$23
9 million, positive or negative. Although the actual balance in the reconciliation as of June
10 2006 is an over recovery of only \$8.5 million, the Company is estimating an over
11 collection of Standard Offer Service costs of approximately \$37.5 million as of
12 December 31, 2006. This estimated over collection is based on a projection of fuel index
13 payments that the Company expects to incur through December 2006 under some of the
14 Company's Wholesale Standard Offer Service Agreements. The testimony of Mr. Hager
15 supports these estimates.

16
17 The Company will continue to monitor the impact of changes in the markets for oil and
18 natural gas to its projected over recovery balance, as well as the resulting Standard Offer
19 Service rate proposal, prior to the implementation of the proposed Standard Offer Service
20 rate, to determine whether the Company's proposal should be revised.

1 Q. Could you briefly describe the Company's original filing on March 31, 2006 in this
2 docket and the events which have transpired since that filing?

3 A. On March 31, 2006, the Company filed with the Commission a request to reduce the
4 Standard Offer Service rate to 9.4¢ per kWh effective May 1, 2006. The Commission
5 docketed the filing as Docket No. 3739. Following this initial filing, fuel prices
6 fluctuated significantly. The Company updated its proposal on April 21, 2006, amending
7 its request for the Commission to approve a Standard Offer Service Rate of 9.7¢ per
8 kWh, rather than the previously filed request of 9.4¢ per kWh.

9
10 The Division of Public Utilities and Carriers ("Division") filed a recommendation on
11 April 25, 2006 that the Commission defer any action on the Standard Offer Service rate
12 at that time due to the volatility in the fuel markets which was affecting the estimates of
13 Standard Offer Service expenses through the end of the year.

14
15 At its Open Meeting on April 26, 2006, the Commission temporarily suspended the rate
16 change filing by the Company and directed the Company to provide an updated report at
17 the end of the May.

18
19 On May 31, 2006, the Company filed to withdraw its request for a rate reduction and
20 maintain the Standard Offer Service rate at the current level of 10.0¢ per kWh. The
21 Division recommended on June 15, 2006 that the rate be reduced to 9.6¢ per kWh

1 effective July 1, 2006. The Company replied, noting that if the Commission were to
2 make a rate change, it preferred that it be on September 1.

3
4 At the Commission's Open Meeting on June 22, 2006, the Commission unanimously
5 agreed to continue the suspension of the rate filing. On July 11, 2006, the Company filed
6 its regular monthly Standard Offer Service reconciliation report indicating that it
7 expected to propose a rate reduction at the end of July to be effective September 1, 2006
8 provided that no major hurricanes or other national or global events occurred in the
9 meantime which would materially affect fuel prices. This filing contains the rate
10 reduction proposal.

11
12 **III. Standard Offer Service Rate Proposal**

13 Q. What is the Company's Standard Offer Service rate proposal in this filing?

14 A. The Company is proposing a Standard Offer Service rate of 9.4¢ per kWh effective
15 September 1, 2006. This proposal is based upon natural gas and crude oil prices as
16 reported in the Wall Street Journal on July 25, 26 and 27, 2006.

17
18 **Standard Offer Service Reconciliation**

19 Q. Please describe the Company's estimate of the Standard Offer Service reconciliation
20 balance through September 30, 2006 and December 31, 2006 based upon today's rate and
21 current estimated fuel prices.

1 A. This reconciliation is included as Exhibit JAL-1. The Company has prepared an
2 estimated reconciliation through December 2006, showing key balances during the
3 period October 2005 through December 2006. Page 1 of Exhibit JAL-1 reflects an
4 estimated over recovery of approximately \$15.1 million as of September 30, 2006 based
5 upon the current Standard Offer rate. Section 2, page 1 of Exhibit JAL-1 reflects an
6 estimated December 2006 over recovery balance of approximately \$37.5 million.

7
8 Q. Under the reconciliation process reflected in Exhibit JAL-1, what happens to the over
9 collection of Standard Offer Service costs that accrues in this reconciliation?

10 A. Pursuant to the Company's Standard Offer Adjustment Provision, R.I.P.U.C. No. 1153,
11 the Company is required to perform this reconciliation in order to determine if it is over
12 collecting or under collecting its cost of providing Standard Offer Service. Also pursuant
13 to this tariff, should a balance accrue in this reconciliation, whether positive or negative,
14 this balance, together with interest on the balance, will be passed back to or recovered
15 from customers. How a balance is reflected in rates is left to the discretion of the
16 Commission, however past practice has been to reflect the balance in the next Standard
17 Offer Service rate. Therefore, in the case of an over recovery of Standard Offer Service
18 costs as there is today, the Company will reflect this over recovery in the Standard Offer
19 Service rate, thereby lowering the rate from what it would have been had the balance not
20 been reflected in the calculation. Consequently, Standard Offer Service customers are
21 not harmed by the accumulation of an over recovery of Standard Offer Service costs, nor

1 is the Company harmed by the accumulation of an under recovery of Standard Offer
2 Service costs.

3
4 Proposed Standard Offer Service Rate

5 Q. What is the Company's Standard Offer Service rate proposal?

6 A. The Company's proposed Standard Offer Service rate for September 1, 2006 is 9.4¢ per
7 kWh and would be effective through the end of 2006. At the time the Company submits
8 its annual retail rate filing, typically in November, it will also include an evaluation of the
9 adequacy of the Standard Offer Service rate in effect at the time to determine whether a
10 change is necessary for January 1, 2007. Should fuel markets remain stable at their
11 current levels, the Company hopes that it will be able to further reduce the Standard Offer
12 Service rate on January 1, 2007. By way of illustration and using currently available
13 information, the Company may be able to reduce the Standard Offer Service rate to 9.2¢
14 per kWh on January 1, 2007 assuming today's fuel markets. Exhibit JAL-2, page 1,
15 shows the expected monthly balance in the Standard Offer Service reconciliation that
16 would result from the implementation of the Company's proposed rates for September 1,
17 2006 and the illustrative rate of 9.2¢ per kWh for January 1, 2007.

18
19 Q. Did the Company evaluate any other Standard Offer Service rate designs?

20 A. In developing its Standard Offer rate proposal, the Company investigated various
21 alternative Standard Offer Service rate designs with the goal of rate stability in mind, but

1 also mindful of the Commission's conservative approach to dramatic changes to the
2 Standard Offer Service rate in uncertain market conditions.

3
4 Q. Why is the Company proposing a possible two step rate reduction rather than any of the
5 other alternatives?

6 A. Other rate alternatives result in a dramatic decrease in the Standard Offer Service rate,
7 only to be followed shortly by an increase a few months later. Rate changes of this sort
8 cut against the goal of rate stability.

9
10 The Company's proposed rate of 9.4¢ per kWh will result in an estimated over recovery
11 balance of approximately \$23 million as of December 31, 2006 as shown on Exhibit
12 JAL-2, page 1, an amount equal to the Commission's recommended threshold for
13 triggering a Standard Offer Service rate adjustment of \$23 million.

14
15 As discussed in the testimony of Mr. Hager, fuel prices have been extremely volatile over
16 the past year. Therefore, lowering the rate to 9.4¢ per kWh and allowing a slower
17 erosion of the over recovery through the end of the year to the Commission's
18 recommended threshold of \$23 million will provide a "cushion" in the reconciliation
19 account should fuel prices increase above the current projected levels.

20
21 Q. Is the Company requesting the Commission to approve a rate of 9.2¢ per kWh for

1 January 1, 2007 at this time?

2 A. No. The 9.2¢ per kWh value is merely an illustration of what could occur on January 1,
3 2007 should fuel markets remain stable. The Company will evaluate the status of the
4 Standard Offer Service rate and reconciliation at the time of its annual filing in
5 November and propose a rate based on then current fuel prices.

6
7 Q. How did the Company decide on the combination of 9.4¢ per kWh on September 1, 2006
8 and the illustrative rate of 9.2¢ per kWh on January 1, 2007?

9 A. As I previously mentioned, the Company is concerned with rate stability and wanted to
10 approach the proposed rate design conservatively. Therefore, rather than develop distinct
11 time periods over which to design a proposed Standard Offer Service rate, the Company
12 instead first determined the estimated costs of providing Standard Offer Service through
13 the end of 2007. Next, the Company determined reasonable dates for a change in the
14 Standard Offer Service rate (September 1, 2006 and January 1, 2007). Knowing the
15 estimated costs over the period and the dates of a rate change, the Company was able to
16 set its proposed Standard Offer Service rate of 9.4¢ per kWh for September 1, 2006 and
17 the illustrative Standard Offer Service rate of 9.2¢ per kWh for January 1, 2007 in order
18 to recover those estimated Standard Offer Service costs, net of the estimated over
19 recovery as of August 31, 2006, by the end of 2007. However, should the estimated costs
20 change, the Standard Offer Service rate during 2007 could be different than the
21 illustrative rate contained herein. Therefore, the Company's year-end review is

1 important for determining the appropriate Standard Offer Service rate for January 1,
2 2007.

3
4 Q. By way of illustration, how does the Company's proposed Standard Offer Service rate
5 compare to the commodity rates of other utilities in the area?

6 A. Commodity rates are relatively dynamic in New England under each state's rules for the
7 procurement and rate setting of utility-supplied commodity service. Therefore, such a
8 comparison would only be valid as long as there are no changes in the commodity rates
9 contained in the comparison. However, to illustrate the relative level of the Company's
10 proposed Standard Offer Service rate to the currently effective Basic Service fixed
11 residential rates in Massachusetts, please refer to the table below.

12

| Utility | Residential Basic Service Rate ¹ |
|------------------------------|---|
| NStar-Boston Edison | 11.442¢ |
| NStar-Cambridge Electric | 10.670¢ |
| NStar-Commonwealth Electric | 10.454¢ |
| Fitchburg Gas & Electric | 10.924¢ |
| National Grid-Mass. Electric | 9.693¢ |
| Western Mass. Electric | 10.275¢ |

13

¹ All of these rates are publicly available and were obtained from the Massachusetts Department of Telecommunications and Energy website. Basic Service rates are market-based rates and those for residential customers are established every six months as new supplies are contracted through a request for proposal process. Therefore, the rates reflected in the table will be replaced toward the end of 2006 with new Basic Service rates.

1
2 **IV. Revised Standard Offer Service Tariff**

3 Q. Has the Company prepared a revised Standard Offer Service tariff reflecting the proposed
4 rate?

5 A. The Company's revised Standard Offer Service tariff is included in Exhibit JAL-3.

6
7 **V. Typical Bills**

8 Q. Has the Company provided a typical bill analysis to illustrate the impact of the proposed
9 rate changes?

10 A. Yes it has. The typical bill analysis for each rate class is in Exhibit JAL-4.

11
12 Q. What is the impact on a typical residential customer of the Company's proposed rate
13 changes?

14 A. Exhibit JAL-4, page 1, shows that for a 500 kWh residential customer the monthly bill
15 would decrease by \$3.12, from \$80.94 to \$77.82, or 3.9%.

16
17 **VI. Conclusion**

18 Q. Does this conclude your testimony?

19 A. Yes it does.

Exhibits of
Jeanne A. Lloyd

Exhibits

Table of Contents

| | |
|---------------|---|
| Exhibit JAL-1 | Projected Standard Offer Reconciliation for the period October 2005 through December 2006 |
| Exhibit JAL-2 | Projected Standard Offer Reconciliation Balance through December 2007 |
| Exhibit JAL-3 | Proposed Standard Offer Tariff - Clean and Marked to Show Changes Versions |
| Exhibit JAL-4 | Typical Bill Analysis |

NATIONAL GRID
RIPUC Docket No. 3739
July 2006 Standard Offer Rate Adjustment Filing
Witness: Jeanne A. Lloyd

Exhibit JAL-1

Projected Standard Offer Reconciliation for the period
October 2005 through December 2006

Standard Offer Reconciliation
Projected Balance at Year Ending December 31, 2006
Standard Offer Rate of 10 cents per kWh for the period Jan 2006 through December 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) | (\$50,502) | (\$39,827,557) | (\$16,787,285) |
| (1) Nov-05 | (\$39,827,557) | \$41,891,403 | \$27,904,900 | \$13,527,645 | \$41,432,545 | \$458,858 | (\$802,060) | (\$40,170,759) | (\$13,024,805) |
| (1) Dec-05 | (\$40,170,759) | \$49,356,280 | \$31,774,975 | \$17,134,045 | \$48,909,020 | \$447,260 | (\$1,087,439) | (\$40,810,938) | (\$11,355,691) |
| (1) Jan-06 | (\$40,810,938) | \$53,554,994 | \$33,033,210 | \$16,282,947 | \$49,316,157 | \$4,238,837 | (\$1,082,390) | (\$37,654,490) | (\$9,205,684) |
| (1) Feb-06 | (\$37,654,490) | \$51,725,103 | \$30,414,298 | \$15,937,659 | \$46,351,957 | \$5,373,146 | (\$1,104,575) | (\$33,385,920) | (\$1,873,622) |
| (1) Mar-06 | (\$33,385,920) | \$57,295,088 | \$31,993,526 | \$17,350,530 | \$49,344,056 | \$7,951,032 | (\$1,161,614) | (\$26,596,502) | \$542,455 |
| (1) Apr-06 | (\$26,596,502) | \$49,343,559 | \$27,827,903 | \$15,399,194 | \$43,227,097 | \$6,116,462 | (\$962,065) | (\$21,442,105) | \$3,729,495 |
| (1) May-06 | (\$21,442,105) | \$45,766,547 | \$29,289,997 | \$16,626,980 | \$45,916,977 | (\$150,431) | (\$913,161) | (\$22,505,697) | \$5,028,798 |
| (2) Jun-06 | (\$22,505,697) | \$50,062,717 | \$32,997,440 | \$18,952,659 | \$51,950,099 | (\$1,887,381) | (\$888,635) | (\$25,281,713) | \$8,478,598 |
| (2) Jul-06 | (\$25,281,713) | \$61,382,384 | \$36,479,551 | \$20,661,310 | \$57,140,861 | \$4,241,523 | (\$873,575) | (\$21,913,765) | \$13,335,288 |
| (2) Aug-06 | (\$21,913,765) | \$64,089,187 | \$38,088,204 | \$21,598,056 | \$59,686,260 | \$4,402,927 | (\$784,003) | (\$18,294,841) | \$14,954,341 |
| (2) Sep-06 | (\$18,294,841) | \$60,453,059 | \$35,927,253 | \$19,653,289 | \$55,580,542 | \$4,872,517 | (\$712,738) | (\$14,135,063) | \$15,126,144 |
| * (2) Oct-06 | (\$14,135,063) | \$29,261,207 | | | | \$29,261,207 | | \$15,126,144 | |
| Totals | (\$14,122,974) | \$629,831,914 | \$384,727,344 | \$205,432,695 | \$590,160,039 | \$39,671,875 | (\$10,422,757) | \$15,126,144 | |
| Interest (3) | | | | | | | | \$21,476 | |
| Ending Balance@ September 30, 2006 with Interest | | | | | | | | \$15,147,620 | |

- (1) Actual revenues and expenses
- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(-14122974+15126144)/2*((4.27\%*5/12)+(4.29\%*7/12))$

* 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 | \$15,147,620 | \$23,940,987 | \$31,618,064 | \$16,205,388 | \$47,823,453 | (\$23,882,465) | (\$638,336) | (\$9,373,181) | \$20,251,241 |
| (2) Nov-06 | (\$9,373,181) | \$53,862,585 | \$32,010,534 | \$15,517,811 | \$47,528,345 | \$6,334,240 | (\$641,125) | (\$3,680,065) | \$29,309,717 |
| (2) Dec-06 | (\$3,680,065) | \$59,981,423 | \$35,646,960 | \$17,112,700 | \$52,759,660 | \$7,221,763 | (\$753,125) | \$2,788,573 | \$37,250,032 |
| * (2) Jan-07 | \$2,788,573 | \$34,461,459 | | | | \$34,461,459 | | \$37,250,032 | |
| Totals | \$15,147,620 | \$172,246,455 | \$99,275,559 | \$48,835,899 | \$148,111,458 | \$24,134,997 | (\$2,032,585) | \$37,250,032 | |
| Interest (3) | | | | | | | | \$280,982 | |
| Ending Balance@ December 31, 2006 with Interest | | | | | | | | \$37,531,014 | |

* For December usage billed in January

- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(15147620+37250032)/2*(4.29\%)$

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 Standard Offer <u>Deliveries</u> (a) | Standard Offer <u>Rate</u> (b) | Total Estimated <u>Revenues</u> (c) |
|--------------------|---|--------------------------------------|--|
| | | \$0.10000 | |
| Jul-06 | 613,823,839 | \$0.10000 | \$61,382,384 |
| Aug-06 | 640,891,869 | \$0.10000 | \$64,089,187 |
| Sep-06 | 604,530,587 | \$0.10000 | \$60,453,059 |
| Oct-06 | 532,021,944 | \$0.10000 | \$53,202,194 |
| Nov-06 | 538,625,853 | \$0.10000 | \$53,862,585 |
| Dec-06 | 599,814,234 | \$0.10000 | \$59,981,423 |
| Jan-07 full mo kWh | 626,571,974 | \$0.10000 | \$62,657,197 |

Column Notes:

- (a) from Page 3, Column (c)
- (b) Per currently effective tariff
- (c) Column (a) x Column (b)

Standard Offer Reconciliation
Estimated Standard Offer Expenses through December 2007

| | 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) |
|---|---|--|--|--|---|--|--|---|
| 2006: | | | | | | | | |
| Jul-06 | 709,622,935 | 86.5% | 613,823,839 | \$0.05943 | \$36,479,551 | \$0.03366 | \$20,661,310 | \$57,140,861 |
| Aug-06 | 740,915,456 | 86.5% | 640,891,869 | \$0.05943 | \$38,088,204 | \$0.03370 | \$21,598,056 | \$59,686,260 |
| Sep-06 | 698,879,291 | 86.5% | 604,530,587 | \$0.05943 | \$35,927,253 | \$0.03251 | \$19,653,289 | \$55,580,542 |
| Oct-06 | 615,054,271 | 86.5% | 532,021,944 | \$0.05943 | \$31,618,064 | \$0.03046 | \$16,205,388 | \$47,823,453 |
| Nov-06 | 622,688,847 | 86.5% | 538,625,853 | \$0.05943 | \$32,010,534 | \$0.02881 | \$15,517,811 | \$47,528,345 |
| Dec-06 | 693,426,860 | 86.5% | 599,814,234 | \$0.05943 | \$35,646,960 | \$0.02853 | \$17,112,700 | \$52,759,660 |
| 2007: | | | | | | | | |
| Jan-07 | 724,360,664 | 86.5% | 626,571,974 | \$0.06343 | \$39,743,460 | \$0.02516 | \$15,764,551 | \$55,508,011 |
| Feb-07 | 663,854,160 | 86.5% | 574,233,848 | \$0.06343 | \$36,423,653 | \$0.02633 | \$15,119,577 | \$51,543,230 |
| Mar-07 | 642,735,530 | 86.5% | 555,966,233 | \$0.06343 | \$35,264,938 | \$0.02787 | \$15,494,779 | \$50,759,717 |
| Apr-07 | 615,402,677 | 86.5% | 532,323,316 | \$0.06343 | \$33,765,268 | \$0.02852 | \$15,181,861 | \$48,947,129 |
| May-07 | 591,445,387 | 86.5% | 511,600,260 | \$0.06343 | \$32,450,804 | \$0.02914 | \$14,908,032 | \$47,358,836 |
| Jun-07 | 642,536,086 | 86.5% | 555,793,714 | \$0.06343 | \$35,253,995 | \$0.03036 | \$16,873,897 | \$52,127,892 |
| Jul-07 | 721,725,393 | 86.5% | 624,292,465 | \$0.06343 | \$39,598,871 | \$0.03159 | \$19,721,399 | \$59,320,270 |
| Aug-07 | 756,057,989 | 86.5% | 653,990,160 | \$0.06343 | \$41,482,596 | \$0.03244 | \$21,215,441 | \$62,698,037 |
| Sep-07 | 710,985,132 | 86.5% | 615,002,139 | \$0.06343 | \$39,009,586 | \$0.03325 | \$20,448,821 | \$59,458,407 |
| Oct-07 | 624,490,750 | 86.5% | 540,184,499 | \$0.06343 | \$34,263,903 | \$0.03400 | \$18,366,273 | \$52,630,176 |
| Nov-07 | 643,136,354 | 86.5% | 556,312,946 | \$0.06343 | \$35,286,930 | \$0.03445 | \$19,164,981 | \$54,451,911 |
| Dec-07 | 713,076,798 | 86.5% | 616,811,430 | \$0.06343 | \$39,124,349 | \$0.03462 | \$21,354,012 | \$60,478,361 |
| Total Expected Payments through December 2006 | | | | | | | \$110,748,555 | \$320,519,121 |
| Total Expected Payments January - December 2007 | | | | | | | \$213,613,623 | \$655,281,977 |

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) Exhibit MJH-4, Page 3
- (g) Column (c) x Column (f)
- (h) Column (e) + Column (g)

NATIONAL GRID
RIPUC Docket No. 3739
July 2006 Standard Offer Rate Adjustment Filing
Witness: Jeanne A. Lloyd

Exhibit JAL-2

Projected Standard Offer Reconciliation Balance
through December 2007

Standard Offer Reconciliation
Projected Balance at Year Ending December 31, 2007

Section 1. Projected Balance @ December 31, 2007

| 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 (1) (h) | Monthly Balance Including Unbilled (i) |
|--------|-----------------------------------|----------------------------|---------------------------------|-------------------------|-----------------------------------|-------------------------|-----------------|--|--|
| Oct-05 | (\$14,122,974) | \$15,650,388 | \$28,996,088 | \$12,308,381 | \$41,304,469 | (\$25,654,081) | (\$50,502) | (\$39,827,557) | (\$16,787,285) |
| Nov-05 | (\$39,827,557) | \$41,891,403 | \$27,904,900 | \$13,527,645 | \$41,432,545 | \$458,858 | (\$802,060) | (\$40,170,759) | (\$13,024,805) |
| Dec-05 | (\$40,170,759) | \$49,356,280 | \$31,774,975 | \$17,134,045 | \$48,909,020 | \$447,260 | (\$1,087,439) | (\$40,810,938) | (\$11,355,691) |
| Jan-06 | (\$40,810,938) | \$53,554,994 | \$33,033,210 | \$16,282,947 | \$49,316,157 | \$4,238,837 | (\$1,082,390) | (\$37,654,490) | (\$9,205,684) |
| Feb-06 | (\$37,654,490) | \$51,725,103 | \$30,414,298 | \$15,937,659 | \$46,351,957 | \$5,373,146 | (\$1,104,575) | (\$33,385,920) | (\$1,873,622) |
| Mar-06 | (\$33,385,920) | \$57,295,088 | \$31,993,526 | \$17,350,530 | \$49,344,056 | \$7,951,032 | (\$1,161,614) | (\$26,596,502) | \$542,455 |
| Apr-06 | (\$26,596,502) | \$49,343,559 | \$27,827,903 | \$15,399,194 | \$43,227,097 | \$6,116,462 | (\$962,065) | (\$21,442,105) | \$3,729,495 |
| May-06 | (\$21,442,105) | \$45,766,547 | \$29,289,997 | \$16,626,980 | \$45,916,977 | (\$150,431) | (\$913,161) | (\$22,505,697) | \$5,028,798 |
| Jun-06 | (\$22,505,697) | \$50,062,717 | \$32,997,440 | \$18,952,659 | \$51,950,099 | (\$1,887,381) | (\$888,635) | (\$25,281,713) | \$8,478,598 |
| Jul-06 | (\$25,281,713) | \$61,382,384 | \$36,479,551 | \$20,661,310 | \$57,140,861 | \$4,241,523 | (\$873,575) | (\$21,913,765) | \$13,335,288 |
| Aug-06 | (\$21,913,765) | \$64,089,187 | \$38,088,204 | \$21,598,056 | \$59,686,260 | \$4,402,927 | (\$784,003) | (\$18,294,841) | \$14,056,613 |
| Sep-06 | (\$18,294,841) | \$58,820,826 | \$35,927,253 | \$19,653,289 | \$55,580,542 | \$3,240,284 | (\$712,738) | (\$15,767,295) | \$11,738,239 |
| Oct-06 | (\$15,767,295) | \$50,010,063 | \$31,618,064 | \$16,205,388 | \$47,823,453 | \$2,186,610 | (\$638,336) | (\$14,219,021) | \$13,627,936 |
| Nov-06 | (\$14,219,021) | \$50,630,830 | \$32,010,534 | \$15,517,811 | \$47,528,345 | \$3,102,485 | (\$641,125) | (\$11,757,661) | \$19,252,735 |
| Dec-06 | (\$11,757,661) | \$56,382,538 | \$35,646,960 | \$17,112,700 | \$52,759,660 | \$3,622,878 | (\$753,125) | (\$8,887,908) | \$23,195,710 |
| Jan-07 | (\$8,887,908) | \$58,333,851 | \$39,743,460 | \$15,764,551 | \$55,508,011 | \$2,825,840 | (\$741,934) | (\$6,804,002) | \$22,252,231 |
| Feb-07 | (\$6,804,002) | \$52,829,514 | \$36,423,653 | \$15,119,577 | \$51,543,230 | \$1,286,284 | (\$787,339) | (\$6,305,057) | \$21,826,835 |
| Mar-07 | (\$6,305,057) | \$51,148,893 | \$35,264,938 | \$15,494,779 | \$50,759,717 | \$389,176 | (\$846,458) | (\$6,762,338) | \$20,173,221 |
| Apr-07 | (\$6,762,338) | \$48,973,745 | \$33,765,268 | \$15,181,861 | \$48,947,129 | \$26,616 | (\$883,379) | (\$7,619,101) | \$18,267,872 |
| May-07 | (\$7,619,101) | \$47,067,224 | \$32,450,804 | \$14,908,032 | \$47,358,836 | (\$291,612) | (\$878,369) | (\$8,789,082) | \$19,334,080 |
| Jun-07 | (\$8,789,082) | \$51,133,022 | \$35,253,995 | \$16,873,897 | \$52,127,892 | (\$994,871) | (\$952,719) | (\$10,736,672) | \$20,852,527 |
| Jul-07 | (\$10,736,672) | \$57,434,907 | \$39,598,871 | \$19,721,399 | \$59,320,270 | (\$1,885,363) | (\$1,037,906) | (\$13,659,941) | \$19,431,961 |
| Aug-07 | (\$13,659,941) | \$60,167,095 | \$41,482,596 | \$21,215,441 | \$62,698,037 | (\$2,530,942) | (\$1,039,805) | (\$17,230,688) | \$13,888,421 |
| Sep-07 | (\$17,230,688) | \$56,580,197 | \$39,009,586 | \$20,448,821 | \$59,458,407 | (\$2,878,210) | (\$934,186) | (\$21,043,084) | \$6,290,252 |
| Oct-07 | (\$21,043,084) | \$49,696,974 | \$34,263,903 | \$18,366,273 | \$52,630,176 | (\$2,933,202) | (\$787,881) | (\$24,764,167) | \$3,385,268 |
| Nov-07 | (\$24,764,167) | \$51,180,791 | \$35,286,930 | \$19,164,981 | \$54,451,911 | (\$3,271,120) | (\$818,168) | (\$28,853,455) | \$2,357,203 |
| Dec-07 | (\$28,853,455) | \$56,746,652 | \$39,124,349 | \$21,354,012 | \$60,478,361 | (\$3,731,709) | (\$934,649) | (\$33,519,813) | (\$1,815,271) |
| Jan-08 | (\$33,519,813) | \$57,644,622 | | | | | | | |

(1) Balance does not reflect interest charges.

Column Notes:

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

Column (b) from Page 2

Column (c) from Exhibit JAL-1, Page 3

Column (d) from Exhibit JAL-1, 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)

| Month/Year | Standard Offer Reconciliation | | |
|------------|---|---------------------------------------|--|
| | <u>Estimated Revenue</u> | | |
| | <u>Estimated Standard Offer Deliveries</u> (a) | <u>Standard Offer Rate</u> (b) | <u>Total Estimated Revenues</u> (c) |
| Jul-06 | 613,823,839 | \$0.10000 | \$61,382,384 |
| Aug-06 | 640,891,869 | \$0.10000 | \$64,089,187 |
| Sep-06 | 604,530,587 | \$0.09400 | \$58,820,826 |
| Oct-06 | 532,021,944 | \$0.09400 | \$50,010,063 |
| Nov-06 | 538,625,853 | \$0.09400 | \$50,630,830 |
| Dec-06 | 599,814,234 | \$0.09400 | \$56,382,538 |
| Jan-07 | 626,571,974 | \$0.09200 | \$58,333,851 |
| Feb-07 | 574,233,848 | \$0.09200 | \$52,829,514 |
| Mar-07 | 555,966,233 | \$0.09200 | \$51,148,893 |
| Apr-07 | 532,323,316 | \$0.09200 | \$48,973,745 |
| May-07 | 511,600,260 | \$0.09200 | \$47,067,224 |
| Jun-07 | 555,793,714 | \$0.09200 | \$51,133,022 |
| Jul-07 | 624,292,465 | \$0.09200 | \$57,434,907 |
| Aug-07 | 653,990,160 | \$0.09200 | \$60,167,095 |
| Sep-07 | 615,002,139 | \$0.09200 | \$56,580,197 |
| Oct-07 | 540,184,499 | \$0.09200 | \$49,696,974 |
| Nov-07 | 556,312,946 | \$0.09200 | \$51,180,791 |
| Dec-07 | 616,811,430 | \$0.09200 | \$56,746,652 |
| Jan-08 | 626,571,974 | \$0.09200 | <u>\$57,644,622</u> |
| | | | \$855,960,916 |

Column Notes:

(a) Exhibit JAL-1, Page 3, Column (c)

(b) Currently effective rate through Aug 2006; proposed rate for Sep 2006 through Dec 2006; estimated rate for Jan 2007 through Dec 2007

(c) Column (a) x Column (b)

NATIONAL GRID
RIPUC Docket No. 3739
July 2006 Standard Offer Rate Adjustment Filing
Witness: Jeanne A. Lloyd

Exhibit JAL-3

Proposed Standard Offer Tariff
Clean and Marked to Show Changes Versions

**THE NARRAGANSETT ELECTRIC COMPANY
STANDARD OFFER SERVICE**

AVAILABILITY

All Customers (including new Customers) who have not elected to take their electric supply from a non-regulated power producer will receive their power supply under this Standard Offer Rate until the Customer either: (1) takes its electric supply from a non-regulated power producer; or (2) takes Last Resort Service.

Customers who leave Standard Offer Service may not return to Standard Offer Service.

Standard Offer Service may be terminated by a Customer upon the next scheduled meter read provided that notice of the change of supplier was received in accordance with the Company's Terms and Conditions for Nonregulated Power Producers.

MONTHLY CHARGE

The Monthly Charge for Service under this tariff will be the sum of the applicable Standard Offer Service charges in addition to all appropriate Retail Delivery charges as stated in the applicable tariff.

RATE FOR ALL CLASSES

| | |
|------------------------|------|
| Standard Offer per kWh | 9.4¢ |
|------------------------|------|

RATE CHANGES

The rates set forth in this tariff are effective for usage on and after September 1, 2006 until changes. Any changes will be filed with the Commission and are subject to Commission review and approval.

Effective: September 1, 2006

THE NARRAGANSETT ELECTRIC COMPANY
STANDARD OFFER SERVICE

AVAILABILITY

All Customers (including new Customers) who have not elected to take their electric supply from a non-regulated power producer will receive their power supply under this Standard Offer Rate until the Customer either: (1) takes its electric supply from a non-regulated power producer; or (2) takes Last Resort Service.

Customers who leave Standard Offer Service may not return to Standard Offer Service.

Standard Offer Service may be terminated by a Customer upon the next scheduled meter read provided that notice of the change of supplier was received in accordance with the Company's Terms and Conditions for Nonregulated Power Producers.

MONTHLY CHARGE

The Monthly Charge for Service under this tariff will be the sum of the applicable Standard Offer Service charges in addition to all appropriate Retail Delivery charges as stated in the applicable tariff.

RATE FOR ALL CLASSES

Standard Offer per kWh

~~10.0~~ 9.4¢

Deleted: 10.0

RATE CHANGES

The rates set forth in this tariff are effective for usage on and after ~~January~~ September 1, 2006 until changes. Any changes will be filed with the Commission and are subject to Commission review and approval.

Deleted: January

Effective: ~~January~~ September 1, 2006

Deleted: January

NATIONAL GRID
RIPUC Docket No. 3739
July 2006 Standard Offer Rate Adjustment Filing
Witness: Jeanne A. Lloyd

Exhibit JAL-4

Typical Bill Analysis

File: S:\RADATA1\2006 neco\Standard Offer\July filing\typbills.XLS\Input Section

Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on A-16 Rate Customers

| Monthly kWh | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | | Percentage of Custs |
|-------------|---------------|----------------|----------|----------------|----------------|----------|---------------------|------------|---------------------|
| | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total | |
| 120 | \$21.60 | \$12.50 | \$9.10 | \$20.85 | \$11.75 | \$9.10 | -\$0.75 | -3.5% | 9.0% |
| 240 | \$40.34 | \$25.00 | \$15.34 | \$38.84 | \$23.50 | \$15.34 | -\$1.50 | -3.7% | 15.7% |
| 500 | \$80.94 | \$52.08 | \$28.86 | \$77.82 | \$48.96 | \$28.86 | -\$3.12 | -3.9% | 38.2% |
| 700 | \$112.18 | \$72.92 | \$39.26 | \$107.80 | \$68.54 | \$39.26 | -\$4.38 | -3.9% | 20.2% |
| 950 | \$151.21 | \$98.96 | \$52.25 | \$145.27 | \$93.02 | \$52.25 | -\$5.94 | -3.9% | 14.6% |
| 1,000 | \$159.02 | \$104.17 | \$54.85 | \$152.77 | \$97.92 | \$54.85 | -\$6.25 | -3.9% | 2.3% |

Present Rates: A-16

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$2.75 |
| Transmission Energy Charge (1) | kWh x | \$0.00807 |
| Distribution Energy Charge | kWh x | \$0.03379 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.10000 |

Proposed Rates: A-16

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$2.75 |
| Transmission Energy Charge (1) | kWh x | \$0.00807 |
| Distribution Energy Charge | kWh x | \$0.03379 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.09400 |

Note (1): Includes Transmission Adjustment Factor of \$.00371/kWh.

File: S:\RADATA\2006 neco\Standard Offer\July filing\typbills.XLS\Input Section

Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on A-60 Rate Customers - Winter (December through March)
Without Control Credit for Water Heater

| Monthly kWh | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | |
|-------------|---------------|----------------|----------|----------------|----------------|----------|---------------------|------------|
| | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total |
| 100 | \$13.76 | \$10.42 | \$3.34 | \$13.13 | \$9.79 | \$3.34 | -\$0.63 | -4.6% |
| 200 | \$27.50 | \$20.83 | \$6.67 | \$26.25 | \$19.58 | \$6.67 | -\$1.25 | -4.5% |
| 300 | \$41.26 | \$31.25 | \$10.01 | \$39.39 | \$29.38 | \$10.01 | -\$1.87 | -4.5% |
| 500 | \$69.47 | \$52.08 | \$17.39 | \$66.35 | \$48.96 | \$17.39 | -\$3.12 | -4.5% |
| 750 | \$107.42 | \$78.13 | \$29.29 | \$102.73 | \$73.44 | \$29.29 | -\$4.69 | -4.4% |
| 1250 | \$183.03 | \$130.21 | \$52.82 | \$175.22 | \$122.40 | \$52.82 | -\$7.81 | -4.3% |

Present Rates: A-60

| | | |
|---|-------|-----------|
| Customer Charge | | \$0.00 |
| Transmission Energy Charge (1) | kWh x | \$0.00709 |
| Initial Block Energy Charge (1st 450 kWh) | kWh x | \$0.01688 |
| Second Block Energy Charge (next 750 kWh) | kWh x | \$0.03055 |
| Tail Block Energy Charge | kWh x | \$0.02548 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.10000 |

Proposed Rates: A-60

| | | |
|---|-------|-----------|
| Customer Charge | | \$0.00 |
| Transmission Energy Charge (1) | kWh x | \$0.00709 |
| Initial Block Energy Charge (1st 450 kWh) | kWh x | \$0.01688 |
| Second Block Energy Charge (next 750 kWh) | kWh x | \$0.03055 |
| Tail Block Energy Charge | kWh x | \$0.02548 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.09400 |

Note (1): Includes Transmission Adjustment Factor of \$.00371/kWh.

File: S:\RADATA\1\2006 neco\Standard Offer\July filing\typbills.XLS\Input Section

Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on A-60 Rate Customers - Winter (December through March)
With Control Credit for Water Heater

| Monthly kWh | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | |
|-------------|---------------|----------------|----------|----------------|----------------|----------|---------------------|------------|
| | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total |
| 100 | \$13.34 | \$10.42 | \$2.92 | \$12.71 | \$9.79 | \$2.92 | -\$0.63 | -4.7% |
| 200 | \$26.68 | \$20.83 | \$5.85 | \$25.43 | \$19.58 | \$5.85 | -\$1.25 | -4.7% |
| 300 | \$40.02 | \$31.25 | \$8.77 | \$38.15 | \$29.38 | \$8.77 | -\$1.87 | -4.7% |
| 500 | \$67.41 | \$52.08 | \$15.33 | \$64.29 | \$48.96 | \$15.33 | -\$3.12 | -4.6% |
| 750 | \$104.32 | \$78.13 | \$26.19 | \$99.63 | \$73.44 | \$26.19 | -\$4.69 | -4.5% |
| 1250 | \$179.94 | \$130.21 | \$49.73 | \$172.13 | \$122.40 | \$49.73 | -\$7.81 | -4.3% |

Present Rates: A-60

| | | |
|---|-------|------------|
| Customer Charge | | \$0.00 |
| Transmission Energy Charge (1) | kWh x | \$0.00709 |
| Initial Block Energy Charge (1st 450 kWh) | kWh x | \$0.01688 |
| Second Block Energy Charge (next 750 kWh) | kWh x | \$0.03055 |
| Tail Block Energy Charge | kWh x | \$0.02548 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Water Heating Credit (1st 750 kWhs) | kWh x | -\$0.00396 |

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.10000

Proposed Rates: A-60

| | | |
|---|-------|------------|
| Customer Charge | | \$0.00 |
| Transmission Energy Charge (1) | kWh x | \$0.00709 |
| Initial Block Energy Charge (1st 450 kWh) | kWh x | \$0.01688 |
| Second Block Energy Charge (next 750 kWh) | kWh x | \$0.03055 |
| Tail Block Energy Charge | kWh x | \$0.02548 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Water Heating Credit (1st 750 kWhs) | kWh x | -\$0.00396 |

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.09400

Note (1): Includes Transmission Adjustment Factor of \$0.00371/kWh.

File: S:\RADATA\1\2006 neco\Standard Offer\July filing\typbills.XLS\Input Section

Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on A-60 Rate Customers - Non-Winter (April through November)
Without Control Credit for Water Heater

| Monthly kWh | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | |
|-------------|---------------|----------------|----------|----------------|----------------|----------|---------------------|------------|
| | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total |
| 100 | \$13.76 | \$10.42 | \$3.34 | \$13.13 | \$9.79 | \$3.34 | -\$0.63 | -4.6% |
| 200 | \$27.50 | \$20.83 | \$6.67 | \$26.25 | \$19.58 | \$6.67 | -\$1.25 | -4.5% |
| 300 | \$41.26 | \$31.25 | \$10.01 | \$39.39 | \$29.38 | \$10.01 | -\$1.87 | -4.5% |
| 500 | \$69.47 | \$52.08 | \$17.39 | \$66.35 | \$48.96 | \$17.39 | -\$3.12 | -4.5% |
| 750 | \$107.42 | \$78.13 | \$29.29 | \$102.73 | \$73.44 | \$29.29 | -\$4.69 | -4.4% |
| 1250 | \$183.29 | \$130.21 | \$53.08 | \$175.48 | \$122.40 | \$53.08 | -\$7.81 | -4.3% |

Present Rates: A-60

| | | |
|---|-------|-----------|
| Customer Charge | | \$0.00 |
| Transmission Energy Charge (1) | kWh x | \$0.00709 |
| Initial Block Energy Charge (1st 450 kWh) | kWh x | \$0.01688 |
| Tail Block Energy Charge | kWh x | \$0.03055 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

Gross Earnings Tax 4.0%

Standard Offer Charge kWh x \$0.10000

Proposed Rates: A-60

| | | |
|---|-------|-----------|
| Customer Charge | | \$0.00 |
| Transmission Energy Charge (1) | kWh x | \$0.00709 |
| Initial Block Energy Charge (1st 450 kWh) | kWh x | \$0.01688 |
| Tail Block Energy Charge | kWh x | \$0.03055 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

Gross Earnings Tax 4.0%

Standard Offer Charge kWh x \$0.09400

Note (1): Includes Transmission Adjustment Factor of \$.00371/kWh.

File: S:\RADATA\1\2006 neco\Standard Offer\July filing\typbills.XLS\Input Section

Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on A-60 Rate Customers - Non-Winter (April through November)
With Control Credit for Water Heater

| Monthly kWh | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | |
|-------------|---------------|----------------|----------|----------------|----------------|----------|---------------------|------------|
| | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total |
| 100 | \$13.34 | \$10.42 | \$2.92 | \$12.71 | \$9.79 | \$2.92 | -\$0.63 | -4.7% |
| 200 | \$26.68 | \$20.83 | \$5.85 | \$25.43 | \$19.58 | \$5.85 | -\$1.25 | -4.7% |
| 300 | \$40.02 | \$31.25 | \$8.77 | \$38.15 | \$29.38 | \$8.77 | -\$1.87 | -4.7% |
| 500 | \$67.41 | \$52.08 | \$15.33 | \$64.29 | \$48.96 | \$15.33 | -\$3.12 | -4.6% |
| 750 | \$104.32 | \$78.13 | \$26.19 | \$99.63 | \$73.44 | \$26.19 | -\$4.69 | -4.5% |
| 1250 | \$180.20 | \$130.21 | \$49.99 | \$172.39 | \$122.40 | \$49.99 | -\$7.81 | -4.3% |

Present Rates: A-60

| | | |
|---|-------|------------|
| Customer Charge | | \$0.00 |
| Transmission Energy Charge (1) | kWh x | \$0.00709 |
| Initial Block Energy Charge (1st 450 kWh) | kWh x | \$0.01688 |
| Tail Block Energy Charge | kWh x | \$0.03055 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Water Heating Credit (1st 750 kWhs) | kWh x | -\$0.00396 |
| Gross Earnings Tax | | 4.0% |
| Standard Offer Charge | kWh x | \$0.10000 |

Proposed Rates: A-60

| | | |
|---|-------|------------|
| Customer Charge | | \$0.00 |
| Transmission Energy Charge (1) | kWh x | \$0.00709 |
| Initial Block Energy Charge (1st 450 kWh) | kWh x | \$0.01688 |
| Tail Block Energy Charge | kWh x | \$0.03055 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Water Heating Credit (1st 750 kWhs) | kWh x | -\$0.00396 |
| Gross Earnings Tax | | 4.0% |
| Standard Offer Charge | kWh x | \$0.09400 |

Note (1): Includes Transmission Adjustment Factor of \$.00371/kWh.

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Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on C-06 Rate Customers

| Monthly kWh | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | | Percentage of Custs |
|-------------|---------------|----------------|----------|----------------|----------------|----------|---------------------|------------|---------------------|
| | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total | |
| 250 | \$46.26 | \$26.04 | \$20.22 | \$44.70 | \$24.48 | \$20.22 | -\$1.56 | -3.4% | 35.2% |
| 500 | \$86.27 | \$52.08 | \$34.19 | \$83.15 | \$48.96 | \$34.19 | -\$3.12 | -3.6% | 17.0% |
| 1,000 | \$166.30 | \$104.17 | \$62.13 | \$160.05 | \$97.92 | \$62.13 | -\$6.25 | -3.8% | 19.0% |
| 1,500 | \$246.31 | \$156.25 | \$90.06 | \$236.94 | \$146.88 | \$90.06 | -\$9.37 | -3.8% | 9.8% |
| 2,000 | \$326.33 | \$208.33 | \$118.00 | \$313.83 | \$195.83 | \$118.00 | -\$12.50 | -3.8% | 19.1% |

Present Rates: C-06

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$6.00 |
| Transmission Energy Charge (1) | kWh x | \$0.00907 |
| Distribution Energy Charge | kWh x | \$0.03652 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.10000 |

Proposed Rates: C-06

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$6.00 |
| Transmission Energy Charge (1) | kWh x | \$0.00907 |
| Distribution Energy Charge | kWh x | \$0.03652 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.09400 |

Note (1): Includes Transmission Adjustment Factor of \$.00371/kWh.

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Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on R-02 (Phase-out to C-06) Rate Customers

| Monthly kWh | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | | Percentage of Custs |
|-------------|---------------|----------------|----------|----------------|----------------|----------|---------------------|------------|---------------------|
| | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total | |
| 250 | \$35.65 | \$26.04 | \$9.61 | \$34.09 | \$24.48 | \$9.61 | -\$1.56 | -4.4% | 15.6% |
| 500 | \$70.56 | \$52.08 | \$18.48 | \$67.44 | \$48.96 | \$18.48 | -\$3.12 | -4.4% | 23.1% |
| 1,000 | \$140.38 | \$104.17 | \$36.21 | \$134.13 | \$97.92 | \$36.21 | -\$6.25 | -4.5% | 49.2% |
| 1,500 | \$210.19 | \$156.25 | \$53.94 | \$200.82 | \$146.88 | \$53.94 | -\$9.37 | -4.5% | 10.3% |
| 2,000 | \$280.00 | \$208.33 | \$71.67 | \$267.50 | \$195.83 | \$71.67 | -\$12.50 | -4.5% | 1.8% |

Present Rates:

R-02 (Phase-out to C-06)

| | | |
|--------------------------------|-------|-----------|
| Unmetered Charge | | \$0.72 |
| Transmission Energy Charge (1) | kWh x | \$0.00630 |
| Distribution Energy Charge | kWh x | \$0.01969 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.10000 |

Proposed Rates:

R-02 (Phase-out to C-06)

| | | |
|--------------------------------|-------|-----------|
| Unmetered Charge | | \$0.72 |
| Transmission Energy Charge (1) | kWh x | \$0.00630 |
| Distribution Energy Charge | kWh x | \$0.01969 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.09400 |

Note (1): Includes Transmission Adjustment Factor of \$.00371/kWh.

File: S:\RADATA1\2006 neco\Standard Offer\July filing\typbills.XLS\Input Section

Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on E-30 (Phase-out to A-16) Rate Customers

| Monthly kWh | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | | Percentage of Custs |
|-------------|---------------|----------------|------------|----------------|----------------|------------|---------------------|------------|---------------------|
| | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total | |
| 1,000 | \$145.96 | \$104.17 | \$41.79 | \$139.71 | \$97.92 | \$41.79 | -\$6.25 | -4.3% | 15.4% |
| 2,500 | \$360.60 | \$260.42 | \$100.18 | \$344.97 | \$244.79 | \$100.18 | -\$15.63 | -4.3% | 15.4% |
| 5,000 | \$718.33 | \$520.83 | \$197.50 | \$687.08 | \$489.58 | \$197.50 | -\$31.25 | -4.4% | 38.5% |
| 10,000 | \$1,433.81 | \$1,041.67 | \$392.14 | \$1,371.31 | \$979.17 | \$392.14 | -\$62.50 | -4.4% | 0.0% |
| 25,000 | \$3,580.21 | \$2,604.17 | \$976.04 | \$3,423.96 | \$2,447.92 | \$976.04 | -\$156.25 | -4.4% | 7.7% |
| 50,000 | \$7,157.55 | \$5,208.33 | \$1,949.22 | \$6,845.05 | \$4,895.83 | \$1,949.22 | -\$312.50 | -4.4% | 23.1% |

Present Rates: E-30 (Phase-out to A-16)

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$2.75 |
| Transmission Energy Charge (1) | kWh x | \$0.00632 |
| Distribution Energy Charge | kWh x | \$0.02300 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

| | | |
|-----------------------|-------|-----------|
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.10000 |

Proposed Rates: E-30 (Phase-out to A-16)

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$2.75 |
| Transmission Energy Charge (1) | kWh x | \$0.00632 |
| Distribution Energy Charge | kWh x | \$0.02300 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

| | | |
|-----------------------|-------|-----------|
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.09400 |

Note (1): Includes Transmission Adjustment Factor of \$.00371/kWh.

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Date: 28-Jul-06
 Time: 02:58 PM

Calculation of Monthly Typical Bill
 Comparison of Present and Proposed Rates
 Impact on G-02 Rate Customers

Hours Use: 200

| Monthly Power | | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | |
|---------------|--------|---------------|----------------|------------|----------------|----------------|------------|---------------------|------------|
| kW | kWh | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total |
| 20 | 4,000 | \$653.89 | \$416.67 | \$237.22 | \$628.89 | \$391.67 | \$237.22 | -\$25.00 | -3.8% |
| 50 | 10,000 | \$1,545.33 | \$1,041.67 | \$503.66 | \$1,482.83 | \$979.17 | \$503.66 | -\$62.50 | -4.0% |
| 100 | 20,000 | \$3,031.05 | \$2,083.33 | \$947.72 | \$2,906.05 | \$1,958.33 | \$947.72 | -\$125.00 | -4.1% |
| 150 | 30,000 | \$4,516.78 | \$3,125.00 | \$1,391.78 | \$4,329.28 | \$2,937.50 | \$1,391.78 | -\$187.50 | -4.2% |

Present Rates: G-02

| | | |
|--------------------------------------|-------|-----------|
| Customer Charge | | \$103.41 |
| Transmission Demand Charge-xcs 10 kW | kW x | \$1.40 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge-xcs 10 kW | kW x | \$3.22 |
| Distribution Energy Charge | kWh x | \$0.00777 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.10000 |

Proposed Rates: G-02

| | | |
|--------------------------------------|-------|-----------|
| Customer Charge | | \$103.41 |
| Transmission Demand Charge-xcs 10 kW | kW x | \$1.40 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge-xcs 10 kW | kW x | \$3.22 |
| Distribution Energy Charge | kWh x | \$0.00777 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.09400 |

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Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on G-02 Rate Customers

Hours Use: 300

| Monthly Power | | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | |
|---------------|--------|---------------|----------------|------------|----------------|----------------|------------|---------------------|------------|
| kW | kWh | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total |
| 20 | 6,000 | \$902.91 | \$625.00 | \$277.91 | \$865.41 | \$587.50 | \$277.91 | -\$37.50 | -4.2% |
| 50 | 15,000 | \$2,167.88 | \$1,562.50 | \$605.38 | \$2,074.13 | \$1,468.75 | \$605.38 | -\$93.75 | -4.3% |
| 100 | 30,000 | \$4,276.16 | \$3,125.00 | \$1,151.16 | \$4,088.66 | \$2,937.50 | \$1,151.16 | -\$187.50 | -4.4% |
| 150 | 45,000 | \$6,384.44 | \$4,687.50 | \$1,696.94 | \$6,103.19 | \$4,406.25 | \$1,696.94 | -\$281.25 | -4.4% |

Present Rates: G-02

| | | |
|--------------------------------------|-------|-----------|
| Customer Charge | | \$103.41 |
| Transmission Demand Charge-xcs 10 kW | kW x | \$1.40 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge-xcs 10 kW | kW x | \$3.22 |
| Distribution Energy Charge | kWh x | \$0.00777 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.10000 |

Proposed Rates: G-02

| | | |
|--------------------------------------|-------|-----------|
| Customer Charge | | \$103.41 |
| Transmission Demand Charge-xcs 10 kW | kW x | \$1.40 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge-xcs 10 kW | kW x | \$3.22 |
| Distribution Energy Charge | kWh x | \$0.00777 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.09400 |

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Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on G-02 Rate Customers

Hours Use: 400

| Monthly Power | | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | |
|---------------|--------|---------------|----------------|------------|----------------|----------------|------------|---------------------|------------|
| kW | kWh | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total |
| 20 | 8,000 | \$1,151.92 | \$833.33 | \$318.59 | \$1,101.92 | \$783.33 | \$318.59 | -\$50.00 | -4.3% |
| 50 | 20,000 | \$2,790.42 | \$2,083.33 | \$707.09 | \$2,665.42 | \$1,958.33 | \$707.09 | -\$125.00 | -4.5% |
| 100 | 40,000 | \$5,521.26 | \$4,166.67 | \$1,354.59 | \$5,271.26 | \$3,916.67 | \$1,354.59 | -\$250.00 | -4.5% |
| 150 | 60,000 | \$8,252.09 | \$6,250.00 | \$2,002.09 | \$7,877.09 | \$5,875.00 | \$2,002.09 | -\$375.00 | -4.5% |

Present Rates: G-02

| | | |
|--------------------------------------|-------|-----------|
| Customer Charge | | \$103.41 |
| Transmission Demand Charge-xcs 10 kW | kW x | \$1.40 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge-xcs 10 kW | kW x | \$3.22 |
| Distribution Energy Charge | kWh x | \$0.00777 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.10000 |

Proposed Rates: G-02

| | | |
|--------------------------------------|-------|-----------|
| Customer Charge | | \$103.41 |
| Transmission Demand Charge-xcs 10 kW | kW x | \$1.40 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge-xcs 10 kW | kW x | \$3.22 |
| Distribution Energy Charge | kWh x | \$0.00777 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.09400 |

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Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on G-02 Rate Customers

Hours Use: 500

| Monthly Power | | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | |
|---------------|--------|---------------|----------------|------------|----------------|----------------|------------|---------------------|------------|
| kW | kWh | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total |
| 20 | 10,000 | \$1,400.95 | \$1,041.67 | \$359.28 | \$1,338.45 | \$979.17 | \$359.28 | -\$62.50 | -4.5% |
| 50 | 25,000 | \$3,412.98 | \$2,604.17 | \$808.81 | \$3,256.73 | \$2,447.92 | \$808.81 | -\$156.25 | -4.6% |
| 100 | 50,000 | \$6,766.36 | \$5,208.33 | \$1,558.03 | \$6,453.86 | \$4,895.83 | \$1,558.03 | -\$312.50 | -4.6% |
| 150 | 75,000 | \$10,119.75 | \$7,812.50 | \$2,307.25 | \$9,651.00 | \$7,343.75 | \$2,307.25 | -\$468.75 | -4.6% |

Present Rates: G-02

| | | |
|--------------------------------------|-------|-----------|
| Customer Charge | | \$103.41 |
| Transmission Demand Charge-xcs 10 kW | kW x | \$1.40 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge-xcs 10 kW | kW x | \$3.22 |
| Distribution Energy Charge | kWh x | \$0.00777 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.10000 |

Proposed Rates: G-02

| | | |
|--------------------------------------|-------|-----------|
| Customer Charge | | \$103.41 |
| Transmission Demand Charge-xcs 10 kW | kW x | \$1.40 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge-xcs 10 kW | kW x | \$3.22 |
| Distribution Energy Charge | kWh x | \$0.00777 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.09400 |

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Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on G-02 Rate Customers

Hours Use: 600

| Monthly Power | | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | |
|---------------|--------|---------------|----------------|------------|----------------|----------------|------------|---------------------|------------|
| kW | kWh | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total |
| 20 | 12,000 | \$1,649.97 | \$1,250.00 | \$399.97 | \$1,574.97 | \$1,175.00 | \$399.97 | -\$75.00 | -4.5% |
| 50 | 30,000 | \$4,035.53 | \$3,125.00 | \$910.53 | \$3,848.03 | \$2,937.50 | \$910.53 | -\$187.50 | -4.6% |
| 100 | 60,000 | \$8,011.47 | \$6,250.00 | \$1,761.47 | \$7,636.47 | \$5,875.00 | \$1,761.47 | -\$375.00 | -4.7% |
| 150 | 90,000 | \$11,987.41 | \$9,375.00 | \$2,612.41 | \$11,424.91 | \$8,812.50 | \$2,612.41 | -\$562.50 | -4.7% |

Present Rates: G-02

| | | |
|--------------------------------------|-------|-----------|
| Customer Charge | | \$103.41 |
| Transmission Demand Charge-xcs 10 kW | kW x | \$1.40 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge-xcs 10 kW | kW x | \$3.22 |
| Distribution Energy Charge | kWh x | \$0.00777 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.10000 |

Proposed Rates: G-02

| | | |
|--------------------------------------|-------|-----------|
| Customer Charge | | \$103.41 |
| Transmission Demand Charge-xcs 10 kW | kW x | \$1.40 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge-xcs 10 kW | kW x | \$3.22 |
| Distribution Energy Charge | kWh x | \$0.00777 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.09400 |

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Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on G-32 Rate Customers

Hours Use: 200

| Monthly Power | | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | |
|---------------|---------|---------------|----------------|-------------|----------------|----------------|-------------|---------------------|------------|
| kW | kWh | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total |
| 200 | 40,000 | \$5,958.78 | \$4,166.67 | \$1,792.11 | \$5,708.78 | \$3,916.67 | \$1,792.11 | -\$250.00 | -4.2% |
| 750 | 150,000 | \$21,668.16 | \$15,625.00 | \$6,043.16 | \$20,730.66 | \$14,687.50 | \$6,043.16 | -\$937.50 | -4.3% |
| 1,000 | 200,000 | \$28,808.78 | \$20,833.33 | \$7,975.45 | \$27,558.78 | \$19,583.33 | \$7,975.45 | -\$1,250.00 | -4.3% |
| 1,500 | 300,000 | \$43,090.03 | \$31,250.00 | \$11,840.03 | \$41,215.03 | \$29,375.00 | \$11,840.03 | -\$1,875.00 | -4.4% |
| 2,500 | 500,000 | \$71,652.53 | \$52,083.33 | \$19,569.20 | \$68,527.53 | \$48,958.33 | \$19,569.20 | -\$3,125.00 | -4.4% |

Present Rates: G-32

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$236.43 |
| Transmission Demand Charge | kW x | \$1.27 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.02 |
| Distribution Energy Charge | kWh x | \$0.00889 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.10000

Proposed Rates: G-32

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$236.43 |
| Transmission Demand Charge | kW x | \$1.27 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.02 |
| Distribution Energy Charge | kWh x | \$0.00889 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.09400

File: S:\RADATA1\2006 neco\Standard Offer\July filing\typbills.XLS\Input Section

Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on G-32 Rate Customers

Hours Use: 300

| Monthly Power | | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | |
|---------------|---------|---------------|----------------|-------------|----------------|----------------|-------------|---------------------|------------|
| kW | kWh | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total |
| 200 | 60,000 | \$8,472.32 | \$6,250.00 | \$2,222.32 | \$8,097.32 | \$5,875.00 | \$2,222.32 | -\$375.00 | -4.4% |
| 750 | 225,000 | \$31,093.94 | \$23,437.50 | \$7,656.44 | \$29,687.69 | \$22,031.25 | \$7,656.44 | -\$1,406.25 | -4.5% |
| 1,000 | 300,000 | \$41,376.49 | \$31,250.00 | \$10,126.49 | \$39,501.49 | \$29,375.00 | \$10,126.49 | -\$1,875.00 | -4.5% |
| 1,500 | 450,000 | \$61,941.59 | \$46,875.00 | \$15,066.59 | \$59,129.09 | \$44,062.50 | \$15,066.59 | -\$2,812.50 | -4.5% |
| 2,500 | 750,000 | \$103,071.80 | \$78,125.00 | \$24,946.80 | \$98,384.30 | \$73,437.50 | \$24,946.80 | -\$4,687.50 | -4.5% |

Present Rates: G-32

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$236.43 |
| Transmission Demand Charge | kW x | \$1.27 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.02 |
| Distribution Energy Charge | kWh x | \$0.00889 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.10000

Proposed Rates: G-32

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$236.43 |
| Transmission Demand Charge | kW x | \$1.27 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.02 |
| Distribution Energy Charge | kWh x | \$0.00889 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.09400

File: S:\RADATA1\2006 neco\Standard Offer\July filing\typbills.XLS\Input Section

Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on G-32 Rate Customers

Hours Use: 400

| Monthly Power | | Present Rates Standard | | | Proposed Rates Standard | | | Increase/(Decrease) | |
|---------------|-----------|---------------------------|--------------|-------------|----------------------------|-------------|-------------|---------------------|------------|
| kW | kWh | Total | Offer | Delivery | Total | Offer | Delivery | Amount | % of Total |
| 200 | 80,000 | \$10,985.86 | \$8,333.33 | \$2,652.53 | \$10,485.86 | \$7,833.33 | \$2,652.53 | -\$500.00 | -4.6% |
| 750 | 300,000 | \$40,519.72 | \$31,250.00 | \$9,269.72 | \$38,644.72 | \$29,375.00 | \$9,269.72 | -\$1,875.00 | -4.6% |
| 1,000 | 400,000 | \$53,944.20 | \$41,666.67 | \$12,277.53 | \$51,444.20 | \$39,166.67 | \$12,277.53 | -\$2,500.00 | -4.6% |
| 1,500 | 600,000 | \$80,793.16 | \$62,500.00 | \$18,293.16 | \$77,043.16 | \$58,750.00 | \$18,293.16 | -\$3,750.00 | -4.6% |
| 2,500 | 1,000,000 | \$134,491.08 | \$104,166.67 | \$30,324.41 | \$128,241.08 | \$97,916.67 | \$30,324.41 | -\$6,250.00 | -4.6% |

Present Rates: G-32

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$236.43 |
| Transmission Demand Charge | kW x | \$1.27 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.02 |
| Distribution Energy Charge | kWh x | \$0.00889 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.10000

Proposed Rates: G-32

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$236.43 |
| Transmission Demand Charge | kW x | \$1.27 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.02 |
| Distribution Energy Charge | kWh x | \$0.00889 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.09400

File: S:\RADATA1\2006 neco\Standard Offer\July filing\typbills.XLS\Input Section

Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on G-32 Rate Customers

Hours Use: 500

| Monthly Power | | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | |
|---------------|-----------|---------------|----------------|-------------|----------------|----------------|-------------|---------------------|------------|
| kW | kWh | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total |
| 200 | 100,000 | \$13,499.41 | \$10,416.67 | \$3,082.74 | \$12,874.41 | \$9,791.67 | \$3,082.74 | -\$625.00 | -4.6% |
| 750 | 375,000 | \$49,945.50 | \$39,062.50 | \$10,883.00 | \$47,601.75 | \$36,718.75 | \$10,883.00 | -\$2,343.75 | -4.7% |
| 1,000 | 500,000 | \$66,511.90 | \$52,083.33 | \$14,428.57 | \$63,386.90 | \$48,958.33 | \$14,428.57 | -\$3,125.00 | -4.7% |
| 1,500 | 750,000 | \$99,644.72 | \$78,125.00 | \$21,519.72 | \$94,957.22 | \$73,437.50 | \$21,519.72 | -\$4,687.50 | -4.7% |
| 2,500 | 1,250,000 | \$165,910.34 | \$130,208.33 | \$35,702.01 | \$158,097.84 | \$122,395.83 | \$35,702.01 | -\$7,812.50 | -4.7% |

Present Rates: G-32

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$236.43 |
| Transmission Demand Charge | kW x | \$1.27 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.02 |
| Distribution Energy Charge | kWh x | \$0.00889 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.10000

Proposed Rates: G-32

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$236.43 |
| Transmission Demand Charge | kW x | \$1.27 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.02 |
| Distribution Energy Charge | kWh x | \$0.00889 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.09400

File: S:\RADATA1\2006 neco\Standard Offer\July filing\typbills.XLS\Input Section

Date: 28-Jul-06
 Time: 02:58 PM

Calculation of Monthly Typical Bill
 Comparison of Present and Proposed Rates
 Impact on G-32 Rate Customers

Hours Use: 600

| Monthly Power | | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | |
|---------------|-----------|---------------|----------------|-------------|----------------|----------------|-------------|---------------------|------------|
| kW | kWh | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total |
| 200 | 120,000 | \$16,012.95 | \$12,500.00 | \$3,512.95 | \$15,262.95 | \$11,750.00 | \$3,512.95 | -\$750.00 | -4.7% |
| 750 | 450,000 | \$59,371.28 | \$46,875.00 | \$12,496.28 | \$56,558.78 | \$44,062.50 | \$12,496.28 | -\$2,812.50 | -4.7% |
| 1,000 | 600,000 | \$79,079.61 | \$62,500.00 | \$16,579.61 | \$75,329.61 | \$58,750.00 | \$16,579.61 | -\$3,750.00 | -4.7% |
| 1,500 | 900,000 | \$118,496.28 | \$93,750.00 | \$24,746.28 | \$112,871.28 | \$88,125.00 | \$24,746.28 | -\$5,625.00 | -4.7% |
| 2,500 | 1,500,000 | \$197,329.61 | \$156,250.00 | \$41,079.61 | \$187,954.61 | \$146,875.00 | \$41,079.61 | -\$9,375.00 | -4.8% |

Present Rates: G-32

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$236.43 |
| Transmission Demand Charge | kW x | \$1.27 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.02 |
| Distribution Energy Charge | kWh x | \$0.00889 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.10000

Proposed Rates: G-32

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$236.43 |
| Transmission Demand Charge | kW x | \$1.27 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.02 |
| Distribution Energy Charge | kWh x | \$0.00889 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.09400

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Date: 28-Jul-06
 Time: 02:58 PM

Calculation of Monthly Typical Bill
 Comparison of Present and Proposed Rates
 Impact on G-62 Rate Customers

Hours Use: 200

| Monthly Power | | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | |
|---------------|-----------|---------------|----------------|--------------|----------------|----------------|--------------|---------------------|------------|
| kW | kWh | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total |
| 3,000 | 600,000 | \$99,088.25 | \$62,500.00 | \$36,588.25 | \$95,338.25 | \$58,750.00 | \$36,588.25 | -\$3,750.00 | -3.8% |
| 5,000 | 1,000,000 | \$153,259.09 | \$104,166.67 | \$49,092.42 | \$147,009.09 | \$97,916.67 | \$49,092.42 | -\$6,250.00 | -4.1% |
| 7,500 | 1,500,000 | \$220,972.63 | \$156,250.00 | \$64,722.63 | \$211,597.63 | \$146,875.00 | \$64,722.63 | -\$9,375.00 | -4.2% |
| 10,000 | 2,000,000 | \$288,686.16 | \$208,333.33 | \$80,352.83 | \$276,186.16 | \$195,833.33 | \$80,352.83 | -\$12,500.00 | -4.3% |
| 20,000 | 4,000,000 | \$559,540.34 | \$416,666.67 | \$142,873.67 | \$534,540.34 | \$391,666.67 | \$142,873.67 | -\$25,000.00 | -4.5% |

Present Rates: G-62

| | | |
|--------------------------------|-------|-------------|
| Customer Charge | | \$17,118.72 |
| Transmission Demand Charge | kW x | \$1.39 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.26 |
| Distribution Energy Charge | kWh x | \$0.00000 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

| | | |
|-----------------------|-------|-----------|
| Gross Earnings Tax | | 4% |
| Standard Offer Charge | kWh x | \$0.10000 |

Proposed Rates: G-62

| | | |
|--------------------------------|-------|-------------|
| Customer Charge | | \$17,118.72 |
| Transmission Demand Charge | kW x | \$1.39 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.26 |
| Distribution Energy Charge | kWh x | \$0.00000 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

| | | |
|-----------------------|-------|-----------|
| Gross Earnings Tax | | 4% |
| Standard Offer Charge | kWh x | \$0.09400 |

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Date: 28-Jul-06
 Time: 02:58 PM

Calculation of Monthly Typical Bill
 Comparison of Present and Proposed Rates
 Impact on G-62 Rate Customers

Hours Use: 300

| Monthly Power | | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | |
|---------------|-----------|---------------|----------------|--------------|----------------|----------------|--------------|---------------------|------------|
| kW | kWh | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total |
| 3,000 | 900,000 | \$134,013.25 | \$93,750.00 | \$40,263.25 | \$128,388.25 | \$88,125.00 | \$40,263.25 | -\$5,625.00 | -4.2% |
| 5,000 | 1,500,000 | \$211,467.42 | \$156,250.00 | \$55,217.42 | \$202,092.42 | \$146,875.00 | \$55,217.42 | -\$9,375.00 | -4.4% |
| 7,500 | 2,250,000 | \$308,285.13 | \$234,375.00 | \$73,910.13 | \$294,222.63 | \$220,312.50 | \$73,910.13 | -\$14,062.50 | -4.6% |
| 10,000 | 3,000,000 | \$405,102.83 | \$312,500.00 | \$92,602.83 | \$386,352.83 | \$293,750.00 | \$92,602.83 | -\$18,750.00 | -4.6% |
| 20,000 | 6,000,000 | \$792,373.67 | \$625,000.00 | \$167,373.67 | \$754,873.67 | \$587,500.00 | \$167,373.67 | -\$37,500.00 | -4.7% |

Present Rates: G-62

| | | |
|--------------------------------|-------|-------------|
| Customer Charge | | \$17,118.72 |
| Transmission Demand Charge | kW x | \$1.39 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.26 |
| Distribution Energy Charge | kWh x | \$0.00000 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

| | | |
|-----------------------|-------|-----------|
| Gross Earnings Tax | | 4% |
| Standard Offer Charge | kWh x | \$0.10000 |

Proposed Rates: G-62

| | | |
|--------------------------------|-------|-------------|
| Customer Charge | | \$17,118.72 |
| Transmission Demand Charge | kW x | \$1.39 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.26 |
| Distribution Energy Charge | kWh x | \$0.00000 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

| | | |
|-----------------------|-------|-----------|
| Gross Earnings Tax | | 4% |
| Standard Offer Charge | kWh x | \$0.09400 |

File: S:\RADATA1\2006 neco\Standard Offer\July filing\typbills.XLS\Input Section

Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on G-62 Rate Customers

Hours Use: 400

| Monthly Power | | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | |
|---------------|-----------|----------------|----------------|--------------|----------------|----------------|--------------|---------------------|------------|
| kW | kWh | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total |
| 3,000 | 1,200,000 | \$168,938.25 | \$125,000.00 | \$43,938.25 | \$161,438.25 | \$117,500.00 | \$43,938.25 | -\$7,500.00 | -4.4% |
| 5,000 | 2,000,000 | \$269,675.75 | \$208,333.33 | \$61,342.42 | \$257,175.75 | \$195,833.33 | \$61,342.42 | -\$12,500.00 | -4.6% |
| 7,500 | 3,000,000 | \$395,597.63 | \$312,500.00 | \$83,097.63 | \$376,847.63 | \$293,750.00 | \$83,097.63 | -\$18,750.00 | -4.7% |
| 10,000 | 4,000,000 | \$521,519.50 | \$416,666.67 | \$104,852.83 | \$496,519.50 | \$391,666.67 | \$104,852.83 | -\$25,000.00 | -4.8% |
| 20,000 | 8,000,000 | \$1,025,207.00 | \$833,333.33 | \$191,873.67 | \$975,207.00 | \$783,333.33 | \$191,873.67 | -\$50,000.00 | -4.9% |

Present Rates: G-62

| | | |
|--------------------------------|-------|-------------|
| Customer Charge | | \$17,118.72 |
| Transmission Demand Charge | kW x | \$1.39 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.26 |
| Distribution Energy Charge | kWh x | \$0.00000 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

| | | |
|-----------------------|-------|-----------|
| Gross Earnings Tax | | 4% |
| Standard Offer Charge | kWh x | \$0.10000 |

Proposed Rates: G-62

| | | |
|--------------------------------|-------|-------------|
| Customer Charge | | \$17,118.72 |
| Transmission Demand Charge | kW x | \$1.39 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.26 |
| Distribution Energy Charge | kWh x | \$0.00000 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

| | | |
|-----------------------|-------|-----------|
| Gross Earnings Tax | | 4% |
| Standard Offer Charge | kWh x | \$0.09400 |

File: S:\RADATA1\2006 neco\Standard Offer\July filing\typbills.XLS\Input Section

Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on G-62 Rate Customers

Hours Use: 500

| Monthly Power | | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | |
|---------------|------------|----------------|----------------|--------------|----------------|----------------|--------------|---------------------|------------|
| kW | kWh | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total |
| 3,000 | 1,500,000 | \$203,863.25 | \$156,250.00 | \$47,613.25 | \$194,488.25 | \$146,875.00 | \$47,613.25 | -\$9,375.00 | -4.6% |
| 5,000 | 2,500,000 | \$327,884.09 | \$260,416.67 | \$67,467.42 | \$312,259.09 | \$244,791.67 | \$67,467.42 | -\$15,625.00 | -4.8% |
| 7,500 | 3,750,000 | \$482,910.13 | \$390,625.00 | \$92,285.13 | \$459,472.63 | \$367,187.50 | \$92,285.13 | -\$23,437.50 | -4.9% |
| 10,000 | 5,000,000 | \$637,936.16 | \$520,833.33 | \$117,102.83 | \$606,686.16 | \$489,583.33 | \$117,102.83 | -\$31,250.00 | -4.9% |
| 20,000 | 10,000,000 | \$1,258,040.34 | \$1,041,666.67 | \$216,373.67 | \$1,195,540.34 | \$979,166.67 | \$216,373.67 | -\$62,500.00 | -5.0% |

Present Rates: G-62

| | | |
|--------------------------------|-------|-------------|
| Customer Charge | | \$17,118.72 |
| Transmission Demand Charge | kW x | \$1.39 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.26 |
| Distribution Energy Charge | kWh x | \$0.00000 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.10000

Proposed Rates: G-62

| | | |
|--------------------------------|-------|-------------|
| Customer Charge | | \$17,118.72 |
| Transmission Demand Charge | kW x | \$1.39 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.26 |
| Distribution Energy Charge | kWh x | \$0.00000 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.09400

File: S:\RADATA1\2006 neco\Standard Offer\July filing\typbills.XLS\Input Section

Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on G-62 Rate Customers

Hours Use: 600

| Monthly Power | | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | |
|---------------|------------|----------------|----------------|--------------|----------------|----------------|--------------|---------------------|------------|
| kW | kWh | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total |
| 3,000 | 1,800,000 | \$238,788.25 | \$187,500.00 | \$51,288.25 | \$227,538.25 | \$176,250.00 | \$51,288.25 | -\$11,250.00 | -4.7% |
| 5,000 | 3,000,000 | \$386,092.42 | \$312,500.00 | \$73,592.42 | \$367,342.42 | \$293,750.00 | \$73,592.42 | -\$18,750.00 | -4.9% |
| 7,500 | 4,500,000 | \$570,222.63 | \$468,750.00 | \$101,472.63 | \$542,097.63 | \$440,625.00 | \$101,472.63 | -\$28,125.00 | -4.9% |
| 10,000 | 6,000,000 | \$754,352.83 | \$625,000.00 | \$129,352.83 | \$716,852.83 | \$587,500.00 | \$129,352.83 | -\$37,500.00 | -5.0% |
| 20,000 | 12,000,000 | \$1,490,873.67 | \$1,250,000.00 | \$240,873.67 | \$1,415,873.67 | \$1,175,000.00 | \$240,873.67 | -\$75,000.00 | -5.0% |

Present Rates: G-62

| | | |
|--------------------------------|-------|-------------|
| Customer Charge | | \$17,118.72 |
| Transmission Demand Charge | kW x | \$1.39 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.26 |
| Distribution Energy Charge | kWh x | \$0.00000 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

| | | |
|-----------------------|-------|-----------|
| Gross Earnings Tax | | 4% |
| Standard Offer Charge | kWh x | \$0.10000 |

Proposed Rates: G-62

| | | |
|--------------------------------|-------|-------------|
| Customer Charge | | \$17,118.72 |
| Transmission Demand Charge | kW x | \$1.39 |
| Transmission Adjustment Factor | kWh x | \$0.00371 |
| Distribution Demand Charge | kW x | \$2.26 |
| Distribution Energy Charge | kWh x | \$0.00000 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

| | | |
|-----------------------|-------|-----------|
| Gross Earnings Tax | | 4% |
| Standard Offer Charge | kWh x | \$0.09400 |

File: S:\RADATA1\2006 neco\Standard Offer\July filing\typbills.XLS\Input Section

Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on T-06 (Phase-out to A-16) Rate Customers

| Monthly kWh | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | | Percentage of Custs |
|-------------|---------------|----------------|----------|----------------|----------------|----------|---------------------|------------|---------------------|
| | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total | |
| 500 | \$77.01 | \$52.08 | \$24.93 | \$73.89 | \$48.96 | \$24.93 | -\$3.12 | -4.1% | 3.0% |
| 1,000 | \$151.16 | \$104.17 | \$46.99 | \$144.91 | \$97.92 | \$46.99 | -\$6.25 | -4.1% | 24.7% |
| 2,000 | \$299.44 | \$208.33 | \$91.11 | \$286.94 | \$195.83 | \$91.11 | -\$12.50 | -4.2% | 13.9% |
| 5,000 | \$744.32 | \$520.83 | \$223.49 | \$713.07 | \$489.58 | \$223.49 | -\$31.25 | -4.2% | 14.9% |
| 10,000 | \$1,485.78 | \$1,041.67 | \$444.11 | \$1,423.28 | \$979.17 | \$444.11 | -\$62.50 | -4.2% | 7.2% |
| 20,000 | \$2,968.69 | \$2,083.33 | \$885.36 | \$2,843.69 | \$1,958.33 | \$885.36 | -\$125.00 | -4.2% | 8.8% |

Present Rates: T-06 (Phase-out to A-16)

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$2.75 |
| Transmission Energy Charge (1) | kWh x | \$0.00732 |
| Distribution Energy Charge | kWh x | \$0.02699 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

| | | |
|-----------------------|-------|-----------|
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.10000 |

Proposed Rates: T-06 (Phase-out to A-16)

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$2.75 |
| Transmission Energy Charge (1) | kWh x | \$0.00732 |
| Distribution Energy Charge | kWh x | \$0.02699 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

| | | |
|-----------------------|-------|-----------|
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.09400 |

Note (1): Includes Transmission Adjustment Factor of \$0.00371/kWh.

File: S:\RADATA1\2006 neco\Standard Offer\July filing\typbills.XLS\Input Section

Date: 28-Jul-06
Time: 02:58 PM

Calculation of Monthly Typical Bill
Comparison of Present and Proposed Rates
Impact on T-06 (Phase-out to C-06) Rate Customers

| Monthly kWh | Present Rates | | | Proposed Rates | | | Increase/(Decrease) | | Percentage of Custs |
|-------------|---------------|----------------|----------|----------------|----------------|----------|---------------------|------------|---------------------|
| | Total | Standard Offer | Delivery | Total | Standard Offer | Delivery | Amount | % of Total | |
| 500 | \$80.90 | \$52.08 | \$28.82 | \$77.78 | \$48.96 | \$28.82 | -\$3.12 | -3.9% | 2.7% |
| 1,000 | \$155.57 | \$104.17 | \$51.40 | \$149.32 | \$97.92 | \$51.40 | -\$6.25 | -4.0% | 8.0% |
| 2,000 | \$304.87 | \$208.33 | \$96.54 | \$292.37 | \$195.83 | \$96.54 | -\$12.50 | -4.1% | 17.3% |
| 5,000 | \$752.81 | \$520.83 | \$231.98 | \$721.56 | \$489.58 | \$231.98 | -\$31.25 | -4.2% | 18.7% |
| 10,000 | \$1,499.38 | \$1,041.67 | \$457.71 | \$1,436.88 | \$979.17 | \$457.71 | -\$62.50 | -4.2% | 17.3% |
| 20,000 | \$2,992.50 | \$2,083.33 | \$909.17 | \$2,867.50 | \$1,958.33 | \$909.17 | -\$125.00 | -4.2% | 36.0% |

Present Rates: T-06 (Phase-out to C-06)

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$6.00 |
| Transmission Energy Charge (1) | kWh x | \$0.00732 |
| Distribution Energy Charge | kWh x | \$0.02797 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

| | | |
|-----------------------|-------|-----------|
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.10000 |

Proposed Rates: T-06 (Phase-out to C-06)

| | | |
|--------------------------------|-------|-----------|
| Customer Charge | | \$6.00 |
| Transmission Energy Charge (1) | kWh x | \$0.00732 |
| Distribution Energy Charge | kWh x | \$0.02797 |
| Transition Energy Charge | kWh x | \$0.00575 |
| C&LM Adjustment | kWh x | \$0.00230 |

| | | |
|-----------------------|-------|-----------|
| Gross Earnings Tax | | 4.00% |
| Standard Offer Charge | kWh x | \$0.09400 |

Note (1): Includes Transmission Adjustment Factor of \$0.00371/kWh.

Testimony of
Michael J. Hager

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 3739
July 2006 Standard Offer Service Rate Filing
Witness: Michael J. Hager

DIRECT TESTIMONY
OF
MICHAEL J. HAGER

1 **I. Introduction**

2 Q. Please state your name and business address.

3 A. My name is Michael J. Hager and my business address is 55 Bearfoot Road,
4 Northborough, Massachusetts 01532.

5
6 Q. Please state your position.

7 A. I am the Vice President, Energy Supply – New England for National Grid. I am
8 responsible for, among other things, all power procurement and related activities for the
9 New England distribution companies of National Grid including The Narragansett
10 Electric Company (“Company”). These activities include the procurement of power for
11 Standard Offer Service and Last Resort Service.

12

13 Q. Will you describe your educational background and training?

14 A. In 1982, I graduated from the University of Hartford with a Bachelor of Science degree
15 in Mechanical Engineering. In 1986, I received a Master of Science degree in
16 Mechanical Engineering from Northeastern University. I am a Licensed Professional
17 Engineer in the Commonwealth of Massachusetts.

18

19 Q. What is your professional background?

20 A. From 1982 to 1992, I was employed by New England Power Service Company in various
21 engineering positions. In these positions, I provided support to New England Power
22 Company’s (“NEP”) thermal and hydroelectric generating plants with overall

1 responsibility for the management and control of studies and projects from initiation to
2 completion.

3
4 From 1992 to 1997, I was employed by NEP where I conducted wholesale and retail
5 power marketing activities involving the sale and purchase of generation resources to and
6 from investor-owned utilities, municipalities, independent power producers, government
7 agencies, brokers, marketers, and end-use retail customers.

8
9 In June 1997, I was promoted to the position of Standard Offer Portfolio Manager for
10 New England Power Service Company (now National Grid USA Service Company). In
11 November 2000, my title was changed to Manager, Distribution Energy Services to more
12 fully reflect the scope of work performed by my department.

13
14 In April 2002, I was promoted to the position of Director, Energy Supply – New
15 England. In December 2002, I was promoted to the position of Vice President, Energy
16 Supply – New England.

17
18 Q. Have you previously testified before the Rhode Island Public Utilities Commission
19 (“Commission”)?

20 A. Yes.

1 **II. Purpose of Testimony**

2 Q. What is the purpose of your testimony?

3 A. The purpose of my testimony is to provide an estimate of the costs the Company expects
4 to incur under its Standard Offer supply contracts for the period September 2006 through
5 December 2007.

6
7 **III. Description of Standard Offer Supply Costs**

8 Q. What are the Company's current arrangements for procurement of Standard Offer
9 Service?

10 A. The Company has contracts with three suppliers to serve the load within its pre-merger
11 service territory ("Narragansett Zone"). The Company also has four contracts with
12 suppliers to serve the load within the service territory of the former Blackstone Valley
13 Electric Company and Newport Electric Corporation ("EUA Zone"). All of the
14 Company's contracts run through December 31, 2009.

15
16 Q. Please describe the costs that the Company incurs under the Standard Offer supply
17 contracts.

18 A. The Standard Offer supply contracts include two basic price components – a base price
19 and, for some contracts, a fuel index adjustment provision.

20

1 Q. What is the base price in effect for calendar years 2006 and 2007?

2 A. The base price for calendar year 2006 is 5.9¢/kWh. The base price for calendar year
3 2007 is 6.3¢/kWh.

4
5 Q. Can you describe the fuel index adjustment provision that is contained in the Standard
6 Offer contracts?

7 A. Yes. Some of the Company's contracts with its Standard Offer suppliers contain a fuel
8 index adjustment provision that provides additional payments to those suppliers in the
9 event of substantial increases in the market price of No. 6 residual fuel oil (1% sulphur)
10 and natural gas. In short, the provision compares the sum of the twelve-month rolling
11 average of oil and natural gas prices to a preset trigger point. If the sum of the fuel index
12 values exceeds the trigger point in a given month then the Company makes additional
13 payments to the suppliers in that month. If the sum of the fuel index values is less than or
14 equal to the trigger point in a given month, no additional payments are made in that
15 month. Comparisons are made each month and thus payments may be made in some
16 months and not in others. The text of the fuel index adjustment provision that is
17 applicable to the Standard Offer contracts in the Narragansett Zone is provided as Exhibit
18 MJH-1.

19
20 **IV. Fuel Index Estimate for the Period September 2006 through December 2007**

21 Q. Has the Company conducted an estimate of expected costs under the fuel index
22 adjustment provisions for the period September 2006 through December 2007?

1 A. Yes. The Company has estimated its expected costs under the fuel index adjustment
2 provisions using average natural gas and crude oil prices as reported in The Wall Street
3 Journal on July 25, 2006, July 26, 2006 and July 27, 2006.
4

5 Q. What natural gas and oil prices were used in the current estimate?

6 A. Exhibit MJH-2 provides the natural gas and oil values used in the analysis.
7

8 Q. What are the resulting fuel index trigger payments?

9 A. Exhibit MJH-3 provides the resulting fuel index adjustment payments from the analysis.
10 The analysis shows that the Company would pay an arithmetic average fuel index
11 adjustment payment for the period September 2006 through December 2007 of
12 4.122¢/kWh for the Narragansett Zone load which corresponds to an arithmetic average
13 of 3.050¢/kWh applicable to both zones. The fuel index adjustment is not applicable for
14 the EUA Zone load in this period.
15

16 Q. How do these costs compare to current market costs for power?

17 A. The Company's market cost proxy for comparable service is the cost it incurs to procure
18 its Last Resort Service requirements in Rhode Island or the cost its affiliates incur to
19 procure their Default Service requirements. In January 2006, the Company procured Last
20 Resort Service for the period March 2006 through October 2006 at an arithmetic average
21 rate of 11.205¢/kWh for its residential customers and 10.909¢/kWh for its commercial

1 and industrial customers. For the August 2006 through October 2006 period, the cost
2 averaged 11.459 and 11.156¢/kWh respectively.

3
4 In June 2006, the Company's affiliate in Massachusetts procured its Default Service
5 requirements for large commercial and industrial customers for the period August 2006
6 through October 2006 at an arithmetic average rate of 9.342¢/kWh for the SEMA zone,
7 9.542¢/kWh for the NEMA zone and 9.133¢/kWh for the WCMA zone.

8
9 Q. Can you provide the details of the current fuel index adjustment provision calculations?

10 A. Yes. Detailed calculations are provided in Exhibit MJH-4.

11
12 Q. In your review of the fuel indices and awareness of fuel markets, have you seen anything
13 to indicate that natural gas and oil prices are likely to abate from current levels?

14 A. No. General publications and power market publications do not provide any indication
15 that prices will subside significantly from their current levels in the near future. The
16 Company does not independently estimate natural gas and crude oil prices, instead, it
17 relies on futures market prices for purposes of estimating future Standard Offer expenses.
18 The oil market is a world market that is affected by world-wide supply and demand as
19 well as the political instability in oil producing regions of the world. Oil prices thus
20 move in response to these factors. The gas market is much more of a domestic market
21 affected by the North American supply and demand picture. With gas storage levels
22 running above five-year averages, there may be some short term downward pressure on

1 prices assuming normal summer cooling demand and no significant production losses
2 through the remainder of the Gulf hurricane season. As the gas market rolls out of the
3 summer storage injection season and into the winter heating season, supply and demand
4 are expected to be similar to prior winters with winter weather being the primary driver
5 of demand, and therefore, prices. The futures market prices used in this analysis reflect
6 the market's expectation for market variables that would affect supply and demand. Any
7 changes to those expectations would drive price changes. For example:

- 8 • Hurricanes or other storms that disrupt supply in the coming months would put
9 upward pressure on prices (as we saw last August/September with Hurricane
10 Katrina and Hurricane Rita);
- 11 • Should we experience colder than anticipated temperatures at the start of the
12 heating season, the market may anticipate higher demand that would put upward
13 pressure on prices; likewise, should we experience warmer than anticipated
14 temperatures at the start of the heating season, the market may anticipate lower
15 demand that would put downward pressure on prices.

16
17 The next few months (August through November) have generally been periods when
18 these factors have arisen and resulted in significant changes in market prices.

19
20 **V. Upcoming Impacts to Standard Offer Costs**

21 Q. Are there other costs that will be incurred to provide Standard Offer supply beginning
22 January 1, 2007?

1 A. Yes. Beginning on January 1, 2007, Rhode Island's Renewable Portfolio Standard
2 ("RIRPS") begins. The requirements of the RIRPS are contained in the Rules and
3 Regulations Governing the Implementation of a Renewable Energy Standard, which was
4 issued by the Commission pursuant to the requirements of R.I.G.L. § 39-26-1 et seq.
5 ("RPS Rules").

6

7 Q. What obligations do the RPS Rules place on Standard Offer Service beginning on
8 January 1, 2007?

9 A. Beginning on January 1, 2007, the RPS Rules require that the amount of retail electricity
10 sales associated with Standard Offer Service, as well as Last Resort Service, meet a
11 minimum requirement for renewable resources. For compliance year 2007, 3% of the
12 retail sales of these two supply types must come from renewable resources of which 1%
13 must be from new renewable resources and 2% must be from either new or existing
14 renewable resources.

15

16 The RPS Rules also require the Company to file an annual plan for procurement of
17 NEPOOL GIS Certificates for compliance with the regulations.

18

19 Q. Has the Company filed its 2007 acquisition plan with the Commission?

20 A. No. The Company anticipates filing its 2007 acquisition plan in the fall of 2006.

21

22 Q. Has the Company estimated the additional cost of complying with the RPS Rules?

1 A. Yes. The Company has developed a rough estimate of the cost of complying with the
2 RPS Rules assuming the 1% new requirements is priced at the Alternative Compliance
3 Payment rate (estimated to be \$56.50 per MWh in 2007) and the remaining 2%
4 requirement can be purchased at a market price of \$1 - \$10 per MWh. The estimated cost
5 is \$0.00060/kWh –\$0.00080/kWh.

6

7 Q. Has the Company included this cost in the estimates provided above?

8 A. No. The Company intends to make a separate filing prior to September 1, 2006 to
9 propose a cost adder for Standard Offer Service and Last Resort Service associated with
10 RIRPS compliance. Approval of such an adder is not requested as a part of this filing
11 and the costs are not included in the costs stated previously in my testimony.

12

13 **VI. Conclusion**

14 Q. Does this conclude your testimony?

15 A. Yes, it does.

Exhibits of
Michael J. Hager

Exhibits

Table of Contents

| | |
|---------------|--|
| Exhibit MJH-1 | Standard Offer Fuel Index Adjustment Provision |
| Exhibit MJH-2 | Natural Gas and Crude Oil Values Used in Analysis for the period September 2006 through December 2007 |
| Exhibit MJH-3 | Additional Payments Estimated to be Made Pursuant to Fuel Index Adjustment Provision for the period September 2006 through December 2007 |
| Exhibit MJH-4 | Details of Fuel Index Adjustment Calculation |

NATIONAL GRID
RIPUC Docket No. 3739
July 2006 Standard Offer Rate Adjustment Filing
Witness: Michael J. Hager

Exhibit MJH-1

Standard Offer Fuel Index Adjustment Provision

Standard Offer Fuel Index Adjustment Provision
For Narragansett Zone Contracts

In the event of substantial increases in the market prices of No. 6 residual fuel oil (1% sulphur) and natural gas after 1999, NECO will pay additional amounts to Seller in accordance with this Standard Offer Fuel Index Adjustment Provision, which is calculated as follows:

The Stipulated Price that is in effect for a given billing month is multiplied by a "Fuel Index Adjustment" that is set equal to 1.0 and thus has no impact on the rate paid unless the "Market Gas Price" plus "Market Oil Price" for the billing month exceeds the "Fuel Trigger Point" then in effect, where:

The Stipulated Price is the following predetermined, flat rate, for energy consumed at the customer meter point:

| <u>Calendar Year</u> | <u>Price per Kilowatt hour</u> |
|----------------------|--------------------------------|
| 1998 | 3.2 cents |
| 1999 | 3.5 cents |
| 2000 | 3.8 cents |
| 2001 | 3.8 cents |
| 2002 | 4.2 cents |
| 2003 | 4.7 cents |
| 2004 | 5.1 cents |
| 2005 | 5.5 cents |
| 2006 | 5.9 cents |
| 2007 | 6.3 cents |
| 2008 | 6.7 cents |
| 2009 | 7.1 cents |

Seller will be paid the difference between the Stipulated Price as adjusted in accordance with this Standard Offer Fuel Adjustment Provision and the Stipulated Price for each kilowatt-hour it provides in the applicable month.

Market Gas Price is the average of the values of "Gas Index" for the most recent available twelve months where:

Gas Index is the average of the daily settlement prices for the last three days that the NYMEX Contract (as defined below) for the month of delivery trades as reported in "The Wall Street Journal," expressed in dollars per MMBtu. NYMEX Contract shall mean the New York Mercantile Exchange Natural Gas Futures Contract as approved by the Commodity Futures Trading Commission for the purchase and sale of natural gas at Henry Hub;

Market Oil Price is the average of the values of “Oil Index” for the most recent available twelve months where:

Oil Index is the average for the month of the daily low quotations for cargo delivery of 1.0% sulphur No. 6 residual fuel oil into New York harbor, as reported in “Platt’s Oilgram U.S. Marketscan” in dollars per barrel and converted to dollars per MMBtu by dividing by 6.3; and

If the indices referred to above should become obsolete or no longer suitable, NECO shall file alternate indices with the RIPUC.

Fuel Trigger Point is the following amounts, expressed in dollars per MMBtu, applicable for all months in the specified calendar year:

| | |
|--------|--------------|
| 2000 | \$5.35/MMBtu |
| 2001 | \$5.35 |
| 2002 | \$6.09 |
| 2003 | \$7.01 |
| 2004 | \$7.74 |
| 2005 * | \$8.48 |
| 2006 * | \$9.22 |
| 2007 * | \$9.95 |
| 2008 * | \$10.69 |
| 2009 * | \$11.42 |

* For Narragansett Zone only

In the event that the Fuel Trigger Point is exceeded, the Fuel Adjustment value for the billing month is determined based according to the following formula:

$$\text{Fuel Adjustment} = \frac{(\text{Market Gas Price} + \$0.60/\text{MMBtu}) + (\text{Market Oil Price} + \$0.04/\text{MMBtu})}{\text{Fuel Trigger Point} + \$0.60 + \$0.04/\text{MMBtu}}$$

Where:

Market Gas Price, Market Oil Price and Fuel Trigger Point are as defined above. The values of \$.60 and \$.04/MMBtu represent for gas and oil respectively, estimated basis differentials or market costs of transportation from the point where the index is calculated to a proxy power plant in the New England market.

For example if at a point in the year 2002 the Market Gas Price and Market Oil Price total \$6.50 (\$3.50/MMBtu plus \$3.00/MMBtu respectively), the Fuel Trigger Point of 6.09 would be exceeded. In this case the Fuel Adjustment value would be:

$$\frac{(\$3.50 + \$0.60/\text{MMBtu}) + (\$3.00 + \$0.04/\text{MMBtu})}{\$6.09 + \$0.60 + \$0.04/\text{MMBtu}} = 1.0609$$

The Stipulated Price is increased by this Fuel Adjustment factor for the billing month, becoming 4.45484/kWh (4.2 x 1.0609).

In subsequent months the same comparisons are made and, if applicable, a Fuel Adjustment determined.

NATIONAL GRID
RIPUC Docket No. 3739
July 2006 Standard Offer Rate Adjustment Filing
Witness: Michael J. Hager

Exhibit MJH-2

Natural Gas and Crude Oil Values Used in Analysis
for the period September 2006 through December 2007

**Gas and Oil Values
Used in Company's Analysis
July 25, 2006, July 26, 2006 and July 27, 2006
(\$/mmBtu)**

| Month | Gas Index | Oil Index |
|--------------|------------------|------------------|
| Sep-06 | 6.870 | 8.11 |
| Oct-06 | 7.123 | 8.22 |
| Nov-06 | 8.607 | 8.30 |
| Dec-06 | 10.055 | 8.36 |
| Jan-07 | 10.725 | 8.41 |
| Feb-07 | 10.740 | 8.43 |
| Mar-07 | 10.510 | 8.45 |
| Apr-07 | 8.560 | 8.45 |
| May-07 | 8.370 | 8.47 |
| Jun-07 | 8.452 | 8.47 |
| Jul-07 | 8.555 | 8.47 |
| Aug-07 | 8.636 | 8.47 |
| Sep-07 | 8.733 | 8.47 |
| Oct-07 | 8.903 | 8.47 |
| Nov-07 | 9.672 | 8.47 |
| Dec-07 | 10.478 | 8.41 |

NATIONAL GRID
RIPUC Docket No. 3739
July 2006 Standard Offer Rate Adjustment Filing
Witness: Michael J. Hager

Exhibit MJH-3

Additional Payments Estimated to be Made
Pursuant to Fuel Index Adjustment Provision
for the period September 2006 through December 2007

**Summary of Additional Payments Estimated to be
Made Pursuant to the Fuel Index Adjustment Provisions
Based on July 25-27, 2006 Fuel Costs
(Cents/kWh)**

| Month | Narragansett Zone | EUA Zone |
|--------------|------------------------------|---------------------|
| Sep-06 | 4.394 | n/a |
| Oct-06 | 4.116 | n/a |
| Nov-06 | 3.894 | n/a |
| Dec-06 | 3.856 | n/a |
| Jan-07 | 3.400 | n/a |
| Feb-07 | 3.559 | n/a |
| Mar-07 | 3.766 | n/a |
| Apr-07 | 3.854 | n/a |
| May-07 | 3.938 | n/a |
| Jun-07 | 4.103 | n/a |
| Jul-07 | 4.268 | n/a |
| Aug-07 | 4.384 | n/a |
| Sep-07 | 4.494 | n/a |
| Oct-07 | 4.594 | n/a |
| Nov-07 | 4.655 | n/a |
| Dec-07 | 4.678 | n/a |

NATIONAL GRID
RIPUC Docket No. 3739
July 2006 Standard Offer Rate Adjustment Filing
Witness: Michael J. Hager

Exhibit MJH-4

Details of Fuel Index Adjustment Calculation

Prices published in WSJ on: **25-Jul-06** **26-Jul-06** **27-Jul-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 | \$7.067 | \$7.214 | \$7.233 | \$7.171 | \$9.246 | n/a | Apr-06 |
| May-06 | Apr-06 | \$7.558 | \$7.254 | \$7.198 | \$7.337 | \$9.274 | n/a | May-06 |
| Jun-06 | May-06 | \$5.964 | \$5.975 | \$5.925 | \$5.955 | \$9.248 | n/a | Jun-06 |
| Jul-06 | Jun-06 | \$5.969 | \$6.107 | \$5.887 | \$5.988 | \$9.151 | n/a | Jul-06 |
| Aug-06 | Jul-06 | \$6.409 | \$6.887 | \$7.042 | \$6.779 | \$9.095 | n/a | Aug-06 |
| Sep-06 | Aug-06 | \$6.513 | \$6.974 | \$7.123 | \$6.870 | \$8.822 | n/a | Sep-06 |
| Oct-06 | Sep-06 | \$6.783 | \$7.224 | \$7.363 | \$7.123 | \$8.333 | n/a | Oct-06 |
| Nov-06 | Oct-06 | \$8.283 | \$8.679 | \$8.858 | \$8.607 | \$7.877 | n/a | Nov-06 |
| Dec-06 | Nov-06 | \$9.788 | \$10.124 | \$10.253 | \$10.055 | \$7.759 | n/a | Dec-06 |
| Jan-07 | Dec-06 | \$10.503 | \$10.804 | \$10.868 | \$10.725 | \$7.688 | n/a | Jan-07 |
| Feb-07 | Jan-07 | \$10.523 | \$10.819 | \$10.878 | \$10.740 | \$7.886 | n/a | Feb-07 |
| Mar-07 | Feb-07 | \$10.308 | \$10.584 | \$10.638 | \$10.510 | \$8.155 | n/a | Mar-07 |
| Apr-07 | Mar-07 | \$8.428 | \$8.584 | \$8.668 | \$8.560 | \$8.271 | n/a | Apr-07 |
| May-07 | Apr-07 | \$8.248 | \$8.394 | \$8.468 | \$8.370 | \$8.357 | n/a | May-07 |
| Jun-07 | May-07 | \$8.331 | \$8.476 | \$8.550 | \$8.452 | \$8.565 | n/a | Jun-07 |
| Jul-07 | Jun-07 | \$8.434 | \$8.578 | \$8.652 | \$8.555 | \$8.779 | n/a | Jul-07 |
| Aug-07 | Jul-07 | \$8.517 | \$8.660 | \$8.732 | \$8.636 | \$8.934 | n/a | Aug-07 |
| Sep-07 | Aug-07 | \$8.615 | \$8.757 | \$8.828 | \$8.733 | \$9.089 | n/a | Sep-07 |
| Oct-07 | Sep-07 | \$8.788 | \$8.929 | \$8.993 | \$8.903 | \$9.237 | n/a | Oct-07 |
| Nov-07 | Oct-07 | \$9.563 | \$9.694 | \$9.758 | \$9.672 | \$9.326 | n/a | Nov-07 |
| Dec-07 | Nov-07 | \$10.383 | \$10.504 | \$10.548 | \$10.478 | \$9.361 | 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 - Jul-06)
- Settlement price as reported in the Wall Street Journal on 07-25-06 (Aug-06 - Dec-07)
- Col. D - Settlement price for the second last trading day as reported in the Wall Street Journal. (Jan-99 - Jul-06)
- Settlement price as reported in the Wall Street Journal on 07-26-06 (Aug-06 - Dec-07)
- Col. E - Settlement price for the last trading day as reported in the Wall Street Journal. (Jan-99 - Jul-06)
- Settlement price as reported in the Wall Street Journal on 07-27-06 (Aug-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 | 25-Jul-06 | 26-Jul-06 | 27-Jul-06 | |
| Jan-05 | Jan-05 | 594.00 | 20 | 6.3 | 4.71 | 4.43738 | 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 | 4.49990 | 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 | 4.64430 | 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 | 4.81806 | n/a | 56.6200 | 56.62 | 56.62 | 56.62 | <=Apr closing from WSJ on 03/21/05 |
| May-05 | May-05 | 792.25 | 21 | 6.3 | 5.99 | 4.91814 | 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 | 5.06936 | 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 | 5.26003 | 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 | 5.49487 | 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 | 5.79894 | 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 | 6.02252 | 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 | 6.25192 | 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 | 6.56276 | n/a | 56.1400 | 56.14 | 56.14 | 56.14 | <=Dec closing from WSJ on 11/18/05 |
| Jan-06 | Jan-06 | 948.15 | 20 | 6.3 | 7.53 | 6.79699 | 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 | 7.02450 | n/a | 68.3500 | 68.35 | 68.35 | 68.35 | <=Feb closing from WSJ on 01/20/06 |
| Mar-06 | Mar-06 | 1086.62 | 23 | 6.3 | 7.50 | 7.18060 | n/a | 61.1000 | 61.10 | 61.10 | 61.10 | <=Mar closing from WSJ on 02/21/06 |
| Apr-06 | Apr-06 | 965.29 | 19 | 6.3 | 8.06 | 7.34154 | n/a | 60.5700 | 60.57 | 60.57 | 60.57 | <=Apr closing from WSJ on 03/21/06 |
| May-06 | May-06 | 1081.50 | 22 | 6.3 | 7.80 | 7.49276 | n/a | 71.9500 | 71.95 | 71.95 | 71.95 | <=May closing from WSJ on 04/20/06 |
| Jun-06 | Jun-06 | 1060.25 | 22 | 6.3 | 7.65 | 7.58896 | n/a | 69.2300 | 69.23 | 69.23 | 69.23 | <=June closing from WSJ on 05/22/06 |
| Jul-06 | Jul-06 | 824.40 | 17 | 6.3 | 7.70 | 7.67199 | n/a | 70.3300 | 70.33 | 70.33 | 70.33 | <=July closing from WSJ on 06/20/06 |
| Aug-06 | Aug-06 | 73.08 | | | 8.00 | 7.73561 | n/a | 73.0800 | 73.08 | 73.08 | 73.08 | <=Aug closing from WSJ on 07/20/06 |
| Sep-06 | Sep-06 | 74.08 | | | 8.11 | 7.74057 | n/a | 74.0767 | 73.75 | 73.94 | 74.54 | |
| Oct-06 | Oct-06 | 75.13 | | | 8.22 | 7.76550 | n/a | 75.1333 | 74.71 | 74.99 | 75.70 | |
| Nov-06 | Nov-06 | 75.87 | | | 8.30 | 7.84971 | n/a | 75.8733 | 75.40 | 75.73 | 76.49 | |
| Dec-06 | Dec-06 | 76.41 | | | 8.36 | 7.90415 | n/a | 76.4100 | 75.90 | 76.27 | 77.06 | |
| Jan-07 | Jan-07 | 76.80 | | | 8.41 | 7.97753 | n/a | 76.8000 | 76.25 | 76.66 | 77.49 | |
| Feb-07 | Feb-07 | 77.07 | | | 8.43 | 8.04586 | n/a | 77.0667 | 76.48 | 76.93 | 77.79 | |
| Mar-07 | Mar-07 | 77.25 | | | 8.45 | 8.12550 | n/a | 77.2500 | 76.63 | 77.13 | 77.99 | |
| Apr-07 | Apr-07 | 77.25 | | | 8.45 | 8.15805 | n/a | 77.2500 | 76.63 | 77.13 | 77.99 | |
| May-07 | May-07 | 77.38 | | | 8.47 | 8.21359 | n/a | 77.3833 | 76.69 | 77.29 | 78.17 | |
| Jun-07 | Jun-07 | 77.37 | | | 8.47 | 8.28175 | n/a | 77.3667 | 76.64 | 77.29 | 78.17 | |
| Jul-07 | Jul-07 | 77.37 | | | 8.47 | 8.34593 | n/a | 77.3667 | 76.64 | 77.29 | 78.17 | |
| Aug-07 | Aug-07 | 77.37 | | | 8.47 | 8.38503 | n/a | 77.3667 | 76.64 | 77.29 | 78.17 | |
| Sep-07 | Sep-07 | 77.37 | | | 8.47 | 8.41503 | n/a | 77.3667 | 76.64 | 77.29 | 78.17 | |
| Oct-07 | Oct-07 | 77.37 | | | 8.47 | 8.43540 | n/a | 77.3667 | 76.64 | 77.29 | 78.17 | |
| Nov-07 | Nov-07 | 77.37 | | | 8.47 | 8.44902 | n/a | 77.3667 | 76.64 | 77.29 | 78.17 | |
| Dec-07 | Dec-07 | 76.83 | | | 8.41 | 8.45288 | n/a | 76.8333 | 76.03 | 76.80 | 77.67 | |

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 - Jul-06)
 - Aug-06 Final Crude oil contract price as reported in the Wall Street Journal on 20-Jul-06
 - average of Crude oil contract prices as reported in the Wall Street Journal on 07-25-06, 07-26-06 & 07-27-06
- 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 - Jul-06)
 - Current month value Col. HH * Jul-06 value in Col KK/ 70.33 (Aug-06 - Dec-07)
 - Where 70.33 represents the Jul-06 closing value from the WSJ 20-Jun-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 | \$4.9181 | \$11.4092 | \$8.48 | 1.32119 | n/a | n/a | n/a | n/a | n/a | 1.767 | n/a | 1.307 |
| Jun-05 | \$6.4555 | \$5.0694 | \$11.5249 | \$8.48 | 1.33387 | n/a | n/a | n/a | n/a | n/a | 1.836 | n/a | 1.359 |
| Jul-05 | \$6.5248 | \$5.2600 | \$11.7848 | \$8.48 | 1.36237 | n/a | n/a | n/a | n/a | n/a | 1.993 | n/a | 1.475 |
| Aug-05 | \$6.6460 | \$5.4949 | \$12.1408 | \$8.48 | 1.40141 | n/a | n/a | n/a | n/a | n/a | 2.208 | n/a | 1.634 |
| Sep-05 | \$7.0582 | \$5.7989 | \$12.8571 | \$8.48 | 1.47995 | n/a | n/a | n/a | n/a | n/a | 2.640 | n/a | 1.953 |
| Oct-05 | \$7.6867 | \$6.0225 | \$13.7092 | \$8.48 | 1.57338 | n/a | n/a | n/a | n/a | n/a | 3.154 | n/a | 2.334 |
| Nov-05 | \$8.1948 | \$6.2519 | \$14.4467 | \$8.48 | 1.65425 | n/a | n/a | n/a | n/a | n/a | 3.598 | n/a | 2.663 |
| Dec-05 | \$8.5527 | \$6.5628 | \$15.1154 | \$8.48 | 1.72757 | n/a | n/a | n/a | n/a | n/a | 4.002 | n/a | 2.961 |
| Jan-06 | \$8.9886 | \$6.7970 | \$15.7856 | \$9.22 | 1.66589 | n/a | n/a | n/a | n/a | n/a | 3.929 | n/a | 2.907 |
| Feb-06 | \$9.1556 | \$7.0245 | \$16.1801 | \$9.22 | 1.70589 | n/a | n/a | n/a | n/a | n/a | 4.165 | n/a | 3.082 |
| Mar-06 | \$9.2427 | \$7.1806 | \$16.4233 | \$9.22 | 1.73055 | n/a | n/a | n/a | n/a | n/a | 4.310 | n/a | 3.190 |
| Apr-06 | \$9.2463 | \$7.3415 | \$16.5878 | \$9.22 | 1.74724 | n/a | n/a | n/a | n/a | n/a | 4.409 | n/a | 3.262 |
| May-06 | \$9.2738 | \$7.4928 | \$16.7665 | \$9.22 | 1.76537 | n/a | n/a | n/a | n/a | n/a | 4.516 | n/a | 3.342 |
| Jun-06 | \$9.2481 | \$7.5890 | \$16.8371 | \$9.22 | 1.77252 | n/a | n/a | n/a | n/a | n/a | 4.558 | n/a | 3.373 |
| Jul-06 | \$9.1506 | \$7.6720 | \$16.8226 | \$9.22 | 1.77105 | n/a | n/a | n/a | n/a | n/a | 4.549 | n/a | 3.366 |
| Aug-06 | \$9.0945 | \$7.7356 | \$16.8301 | \$9.22 | 1.77182 | n/a | n/a | n/a | n/a | n/a | 4.554 | n/a | 3.370 |
| Sep-06 | \$8.8223 | \$7.7406 | \$16.5629 | \$9.22 | 1.74472 | n/a | n/a | n/a | n/a | n/a | 4.394 | n/a | 3.251 |
| Oct-06 | \$8.3325 | \$7.7655 | \$16.0980 | \$9.22 | 1.69757 | n/a | n/a | n/a | n/a | n/a | 4.116 | n/a | 3.046 |
| Nov-06 | \$7.8773 | \$7.8497 | \$15.7270 | \$9.22 | 1.65994 | n/a | n/a | n/a | n/a | n/a | 3.894 | n/a | 2.881 |
| Dec-06 | \$7.7592 | \$7.9041 | \$15.6634 | \$9.22 | 1.65349 | n/a | n/a | n/a | n/a | n/a | 3.856 | n/a | 2.853 |
| Jan-07 | \$7.6881 | \$7.9775 | \$15.6656 | \$9.95 | 1.53972 | n/a | n/a | n/a | n/a | n/a | 3.400 | n/a | 2.516 |
| Feb-07 | \$7.8862 | \$8.0459 | \$15.9320 | \$9.95 | 1.56487 | n/a | n/a | n/a | n/a | n/a | 3.559 | n/a | 2.633 |
| Mar-07 | \$8.1550 | \$8.1255 | \$16.2805 | \$9.95 | 1.59778 | n/a | n/a | n/a | n/a | n/a | 3.766 | n/a | 2.787 |
| Apr-07 | \$8.2707 | \$8.1581 | \$16.4287 | \$9.95 | 1.61178 | n/a | n/a | n/a | n/a | n/a | 3.854 | n/a | 2.852 |
| May-07 | \$8.3568 | \$8.2136 | \$16.5704 | \$9.95 | 1.62516 | n/a | n/a | n/a | n/a | n/a | 3.938 | n/a | 2.914 |
| Jun-07 | \$8.5649 | \$8.2817 | \$16.8467 | \$9.95 | 1.65125 | n/a | n/a | n/a | n/a | n/a | 4.103 | n/a | 3.036 |
| Jul-07 | \$8.7789 | \$8.3459 | \$17.1248 | \$9.95 | 1.67751 | n/a | n/a | n/a | n/a | n/a | 4.268 | n/a | 3.159 |
| Aug-07 | \$8.9336 | \$8.3850 | \$17.3186 | \$9.95 | 1.69581 | n/a | n/a | n/a | n/a | n/a | 4.384 | n/a | 3.244 |
| Sep-07 | \$9.0889 | \$8.4150 | \$17.5039 | \$9.95 | 1.71331 | n/a | n/a | n/a | n/a | n/a | 4.494 | n/a | 3.325 |
| Oct-07 | \$9.2372 | \$8.4354 | \$17.6726 | \$9.95 | 1.72924 | n/a | n/a | n/a | n/a | n/a | 4.594 | n/a | 3.400 |
| Nov-07 | \$9.3260 | \$8.4490 | \$17.7750 | \$9.95 | 1.73890 | n/a | n/a | n/a | n/a | n/a | 4.655 | n/a | 3.445 |
| Dec-07 | \$9.3613 | \$8.4529 | \$17.8141 | \$9.95 | 1.74260 | n/a | n/a | n/a | n/a | n/a | 4.678 | n/a | 3.462 |

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. L) + (0.26 * Col. M)

Forecast of fuel prices based on NYMEX futures as reported in the Wall Street Journal on 07-25-06, 07-26-06 & 07-27-06

Certificate of Service

I hereby certify that a copy of the cover letter and materials accompanying this certificate were mailed or hand-delivered to the individuals listed below.



Joanne M. Scanlon

Date: July 31, 2006

Narragansett Electric Co. – Standard Offer Rate Filing – Docket No. 3739
Service list as 3/31/06

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