

August 22, 2006

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 3739 - Standard Offer Rate Adjustment Filing

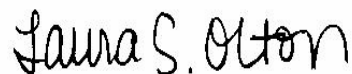
Dear Ms. Massaro:

Enclosed on behalf of The Narragansett Electric Company, d/b/a National Grid (“Company”) are ten (10) copies of Updated Exhibits JAL-1, JAL-2 and MJH-4 previously filed in this docket. These Exhibits have been updated to reflect fuel price estimates as reported in the *Wall Street Journal* on August 16, August 17, and August 18, 2006. In addition, the Standard Offer reconciliation shown on Updated Exhibit JAL-1, page 1, has been revised to include actual revenues and expenses for July 2006. Based on this analysis, the Company believes that a Standard Offer Service Rate of 9.4¢ per kWh, effective September 1, 2006, as proposed in the July 31, 2006 filing in this docket, is reasonable.

As shown on page 1 of the attached Updated Exhibit JAL-1, the projected balance in the Standard Offer reconciliation as of December 31, 2006 is an over recovery of approximately \$30.2 million. This compares to a projected over recovery of approximately \$37.5 million as of December 31, 2006, shown on Exhibit JAL-1 in the Company’s July 31, 2006 filing. The difference in the projected reconciliation filed today compared to the reconciliation filed on July 31, 2006, primarily results from the inclusion of actual expenses for July which were higher than previously forecasted.

Thank you for your attention to this filing. Please do not hesitate to contact me if you have any questions regarding this update.

Very truly yours,



Laura S. Olton

Enclosures

cc: Docket 3739 Service List
Steve Scialabba, RI Division

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
(1) 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)	\$8,502,981
(1) Jul-06	(\$25,281,713)	\$61,426,717	\$40,913,211	\$23,657,797	\$64,571,008	(\$3,144,291)	(\$939,326)	(\$29,365,329)	\$5,883,724
(2) Aug-06	(\$29,365,329)	\$64,089,187	\$38,088,204	\$21,636,510	\$59,724,713	\$4,364,474	(\$784,715)	(\$25,785,570)	\$7,463,612
(2) Sep-06	(\$25,785,570)	\$60,453,059	\$35,927,253	\$19,617,018	\$55,544,270	\$4,908,788	(\$716,317)	(\$21,593,099)	\$7,668,108
* (2) Oct-06	(\$21,593,099)	\$29,261,207				\$29,261,207		\$7,668,108	
Totals	(\$14,122,974)	\$629,876,247	\$389,161,004	\$208,431,363	\$597,592,367	\$32,283,880	(\$10,492,797)	\$7,668,108	
Interest (3)								(\$138,188)	
Ending Balance@ September 30, 2006 with Interest								\$7,529,920	

- (1) Actual revenues and expenses
- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(-14122974+7668108)/2*((4.27\%*5/12)+(4.29\%*7/12))$

* 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	\$7,529,920	\$23,940,987	\$31,618,064	\$16,083,023	\$47,701,088	(\$23,760,100)	(\$634,793)	(\$16,864,973)	\$12,759,449
(2) Nov-06	(\$16,864,973)	\$53,862,585	\$32,010,534	\$15,415,472	\$47,426,006	\$6,436,579	(\$628,370)	(\$11,056,764)	\$21,933,019
(2) Dec-06	(\$11,056,764)	\$59,981,423	\$35,646,960	\$17,046,721	\$52,693,680	\$7,287,743	(\$741,141)	(\$4,510,161)	\$29,951,297
* (2) Jan-07	(\$4,510,161)	\$34,461,459				\$34,461,459		\$29,951,297	
Totals	\$7,529,920	\$172,246,455	\$99,275,559	\$48,545,216	\$147,820,774	\$24,425,680	(\$2,004,303)	\$29,951,297	
Interest (3)								\$200,993	
Ending Balance@ December 31, 2006 with Interest								\$30,152,290	

* For December usage billed in January

- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(7529920+29951297)/2*(4.29\%)$

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	
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)
<u>2006:</u>								
Aug-06	740,915,456	86.5%	640,891,869	\$0.05943	\$38,088,204	\$0.03376	\$21,636,510	\$59,724,713
Sep-06	698,879,291	86.5%	604,530,587	\$0.05943	\$35,927,253	\$0.03245	\$19,617,018	\$55,544,270
Oct-06	615,054,271	86.5%	532,021,944	\$0.05943	\$31,618,064	\$0.03023	\$16,083,023	\$47,701,088
Nov-06	622,688,847	86.5%	538,625,853	\$0.05943	\$32,010,534	\$0.02862	\$15,415,472	\$47,426,006
Dec-06	693,426,860	86.5%	599,814,234	\$0.05943	\$35,646,960	\$0.02842	\$17,046,721	\$52,693,680
<u>2007:</u>								
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	\$0.02644	\$15,182,743	\$51,606,396
Mar-07	642,735,530	86.5%	555,966,233	\$0.06343	\$35,264,938	\$0.02809	\$15,617,091	\$50,882,030
Apr-07	615,402,677	86.5%	532,323,316	\$0.06343	\$33,765,268	\$0.02867	\$15,261,709	\$49,026,977
May-07	591,445,387	86.5%	511,600,260	\$0.06343	\$32,450,804	\$0.02923	\$14,954,076	\$47,404,880
Jun-07	642,536,086	86.5%	555,793,714	\$0.06343	\$35,253,995	\$0.03041	\$16,901,687	\$52,155,682
Jul-07	721,725,393	86.5%	624,292,465	\$0.06343	\$39,598,871	\$0.03157	\$19,708,913	\$59,307,784
Aug-07	756,057,989	86.5%	653,990,160	\$0.06343	\$41,482,596	\$0.03233	\$21,143,502	\$62,626,098
Sep-07	710,985,132	86.5%	615,002,139	\$0.06343	\$39,009,586	\$0.03323	\$20,436,521	\$59,446,107
Oct-07	624,490,750	86.5%	540,184,499	\$0.06343	\$34,263,903	\$0.03408	\$18,409,488	\$52,673,390
Nov-07	643,136,354	86.5%	556,312,946	\$0.06343	\$35,286,930	\$0.03450	\$19,192,797	\$54,479,727
Dec-07	713,076,798	86.5%	616,811,430	\$0.06343	\$39,124,349	\$0.03465	\$21,372,516	\$60,496,865
Total Expected Payments through December 2006							\$89,798,743	\$263,089,758
Total Expected Payments January - December 2007							\$213,945,594	\$655,613,948

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 - Updated, Page 3
- (g) Column (c) x Column (f)
- (h) Column (e) + Column (g)

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)	\$8,502,981
Jul-06	(\$25,281,713)	\$61,426,717	\$40,913,211	\$23,657,797	\$64,571,008	(\$3,144,291)	(\$939,326)	(\$29,365,329)	\$5,883,724
Aug-06	(\$29,365,329)	\$64,089,187	\$38,088,204	\$21,636,510	\$59,724,713	\$4,364,474	(\$784,715)	(\$25,785,570)	\$6,565,884
Sep-06	(\$25,785,570)	\$58,820,826	\$35,927,253	\$19,617,018	\$55,544,270	\$3,276,556	(\$716,317)	(\$23,225,331)	\$4,280,203
Oct-06	(\$23,225,331)	\$50,010,063	\$31,618,064	\$16,083,023	\$47,701,088	\$2,308,975	(\$634,793)	(\$21,551,149)	\$6,295,808
Nov-06	(\$21,551,149)	\$50,630,830	\$32,010,534	\$15,415,472	\$47,426,006	\$3,204,824	(\$628,370)	(\$18,974,695)	\$12,035,701
Dec-06	(\$18,974,695)	\$56,382,538	\$35,646,960	\$17,046,721	\$52,693,680	\$3,688,858	(\$741,141)	(\$16,026,978)	\$16,211,717
Jan-07	(\$16,026,978)	\$58,615,808	\$39,743,460	\$15,764,551	\$55,508,011	\$3,107,797	(\$734,979)	(\$13,654,160)	\$15,717,901
Feb-07	(\$13,654,160)	\$53,403,748	\$36,423,653	\$15,182,743	\$51,606,396	\$1,797,352	(\$786,489)	(\$12,643,297)	\$15,794,376
Mar-07	(\$12,643,297)	\$51,704,860	\$35,264,938	\$15,617,091	\$50,882,030	\$822,830	(\$848,721)	(\$12,669,187)	\$14,559,150
Apr-07	(\$12,669,187)	\$49,506,068	\$33,765,268	\$15,261,709	\$49,026,977	\$479,091	(\$897,954)	(\$13,088,050)	\$13,080,303
May-07	(\$13,088,050)	\$47,578,824	\$32,450,804	\$14,954,076	\$47,404,880	\$173,944	(\$896,541)	(\$13,810,647)	\$14,618,201
Jun-07	(\$13,810,647)	\$51,688,815	\$35,253,995	\$16,901,687	\$52,155,682	(\$466,867)	(\$967,731)	(\$15,245,245)	\$16,687,315
Jul-07	(\$15,245,245)	\$58,059,199	\$39,598,871	\$19,708,913	\$59,307,784	(\$1,248,585)	(\$1,047,608)	(\$17,541,437)	\$15,910,159
Aug-07	(\$17,541,437)	\$60,821,085	\$41,482,596	\$21,143,502	\$62,626,098	(\$1,805,013)	(\$1,040,288)	(\$20,386,739)	\$11,070,621
Sep-07	(\$20,386,739)	\$57,195,199	\$39,009,586	\$20,436,521	\$59,446,107	(\$2,250,908)	(\$925,084)	(\$23,562,730)	\$4,067,707
Oct-07	(\$23,562,730)	\$50,237,158	\$34,263,903	\$18,409,488	\$52,673,390	(\$2,436,232)	(\$771,892)	(\$26,770,854)	\$1,684,553
Nov-07	(\$26,770,854)	\$51,737,104	\$35,286,930	\$19,192,797	\$54,479,727	(\$2,742,623)	(\$802,936)	(\$30,316,413)	\$1,233,491
Dec-07	(\$30,316,413)	\$57,363,463	\$39,124,349	\$21,372,516	\$60,496,865	(\$3,133,402)	(\$921,184)	(\$34,370,999)	(\$2,321,843)
Jan-08	(\$34,370,999)	\$58,271,194							

(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 - Updated, Page 3

Column (d) from Exhibit JAL-1 - Updated, 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>		
	Estimated Standard Offer <u>Deliveries</u> (a)	Standard Offer <u>Rate</u> (b)	Total Estimated <u>Revenues</u> (c)
Jan-00	-	\$0.10000	\$0
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	\$0.09300	\$58,615,808
Feb-07	574,233,848	\$0.09300	\$53,403,748
Mar-07	555,966,233	\$0.09300	\$51,704,860
Apr-07	532,323,316	\$0.09300	\$49,506,068
May-07	511,600,260	\$0.09300	\$47,578,824
Jun-07	555,793,714	\$0.09300	\$51,688,815
Jul-07	624,292,465	\$0.09300	\$58,059,199
Aug-07	653,990,160	\$0.09300	\$60,821,085
Sep-07	615,002,139	\$0.09300	\$57,195,199
Oct-07	540,184,499	\$0.09300	\$50,237,158
Nov-07	556,312,946	\$0.09300	\$51,737,104
Dec-07	616,811,430	\$0.09300	\$57,363,463
Jan-08	626,571,974	\$0.09300	<u>\$58,271,194</u>
			\$863,205,957

Column Notes:

(a) Exhibit JAL-1 - Updated, 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)

Prices published in WSJ on: 16-Aug-06 17-Aug-06 18-Aug-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	\$6.766	\$6.689	\$6.731	\$6.729	\$8.811	n/a	Sep-06
Oct-06	Sep-06	\$6.939	\$6.830	\$6.851	\$6.873	\$8.300	n/a	Oct-06
Nov-06	Oct-06	\$8.819	\$8.850	\$8.921	\$8.863	\$7.866	n/a	Nov-06
Dec-06	Nov-06	\$10.409	\$10.380	\$10.421	\$10.403	\$7.777	n/a	Dec-06
Jan-07	Dec-06	\$11.129	\$11.090	\$11.121	\$11.113	\$7.738	n/a	Jan-07
Feb-07	Jan-07	\$11.139	\$11.100	\$11.126	\$11.122	\$7.968	n/a	Feb-07
Mar-07	Feb-07	\$10.929	\$10.892	\$10.916	\$10.912	\$8.270	n/a	Mar-07
Apr-07	Mar-07	\$8.489	\$8.382	\$8.426	\$8.432	\$8.376	n/a	Apr-07
May-07	Apr-07	\$8.329	\$8.222	\$8.256	\$8.269	\$8.453	n/a	May-07
Jun-07	May-07	\$8.411	\$8.307	\$8.341	\$8.353	\$8.653	n/a	Jun-07
Jul-07	Jun-07	\$8.411	\$8.407	\$8.441	\$8.420	\$8.856	n/a	Jul-07
Aug-07	Jul-07	\$8.596	\$8.407	\$8.526	\$8.510	\$9.000	n/a	Aug-07
Sep-07	Aug-07	\$8.688	\$8.587	\$8.621	\$8.632	\$9.159	n/a	Sep-07
Oct-07	Sep-07	\$8.833	\$8.732	\$8.766	\$8.777	\$9.317	n/a	Oct-07
Nov-07	Oct-07	\$9.743	\$9.662	\$9.691	\$9.699	\$9.387	n/a	Nov-07
Dec-07	Nov-07	\$10.623	\$10.567	\$10.586	\$10.592	\$9.403	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 - Aug-06)
- Settlement price as reported in the Wall Street Journal on 08-16-06 (Sep-06 - Dec-07)
- Col. D - Settlement price for the second last trading day as reported in the Wall Street Journal. (Jan-99 - Aug-06)
- Settlement price as reported in the Wall Street Journal on 08-17-06 (Sep-06 - Dec-07)
- Col. E - Settlement price for the last trading day as reported in the Wall Street Journal. (Jan-99 - Aug-06)
- Settlement price as reported in the Wall Street Journal on 08-18-06 (Sep-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:				
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	16-Aug-06	17-Aug-06	18-Aug-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	967.73	19	6.3	8.08	7.34323	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	7.49446	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	7.59066	n/a	69.2300	69.23	69.23	69.23	<=June closing from WSJ on 05/22/06	
Jul-06	Jul-06	923.40	19	6.3	7.71	7.67509	n/a	70.3300	70.33	70.33	70.33	<=July closing from WSJ on 06/20/06	
Aug-06	Aug-06	716.70	14	6.3	8.13	7.74933	n/a	73.0800	73.08	73.08	73.08	<=Aug closing from WSJ on 07/20/06	
Sep-06	Sep-06	71.03			7.90	7.73682	n/a	71.0300	71.89	70.06	71.14		
Oct-06	Oct-06	72.26			8.03	7.74601	n/a	72.2567	73.19	71.48	72.10		
Nov-06	Nov-06	73.28			8.15	7.81724	n/a	73.2833	74.19	72.56	73.10		
Dec-06	Dec-06	74.09			8.24	7.86128	n/a	74.0900	74.96	73.41	73.90		
Jan-07	Jan-07	74.69			8.30	7.92626	n/a	74.6900	75.50	74.04	74.53		
Feb-07	Feb-07	75.12			8.35	7.98778	n/a	75.1233	75.90	74.49	74.98		
Mar-07	Mar-07	75.34			8.38	8.06092	n/a	75.3367	76.20	74.49	75.32		
Apr-07	Apr-07	75.41			8.39	8.08597	n/a	75.4133	76.43	74.49	75.32		
May-07	May-07	75.74			8.42	8.13749	n/a	75.7367	76.60	75.29	75.32		
Jun-07	Jun-07	76.02			8.45	8.20441	n/a	76.0200	76.71	75.43	75.92		
Jul-07	Jul-07	76.02			8.45	8.26595	n/a	76.0200	76.71	75.43	75.92		
Aug-07	Aug-07	76.02			8.45	8.29319	n/a	76.0200	76.71	75.43	75.92		
Sep-07	Sep-07	76.06			8.46	8.33977	n/a	76.0567	76.71	75.54	75.92		
Oct-07	Oct-07	76.05			8.46	8.37492	n/a	76.0500	76.71	75.52	75.92		
Nov-07	Nov-07	76.05			8.46	8.40055	n/a	76.0500	76.71	75.52	75.92		
Dec-07	Dec-07	75.97			8.45	8.41801	n/a	75.9733	76.56	75.44	75.92		

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 - Aug-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 08-16-06, 08-17-06 & 08-18-06
- 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 - Aug-06)
 - Current month value Col. HH * Aug-06 value in Col KK/ 73.08 (Sep-06 - Dec-07)
 - Where 73.08 represents the Aug-06 closing value from the WSJ 20-Jul-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	\$7.3432	\$16.5895	\$9.22	1.74742	n/a	n/a	n/a	n/a	n/a	4.410	n/a	3.263
May-06	\$9.2738	\$7.4945	\$16.7682	\$9.22	1.76554	n/a	n/a	n/a	n/a	n/a	4.517	n/a	3.342
Jun-06	\$9.2481	\$7.5907	\$16.8388	\$9.22	1.77270	n/a	n/a	n/a	n/a	n/a	4.559	n/a	3.374
Jul-06	\$9.1506	\$7.6751	\$16.8257	\$9.22	1.77137	n/a	n/a	n/a	n/a	n/a	4.551	n/a	3.368
Aug-06	\$9.0945	\$7.7493	\$16.8439	\$9.22	1.77321	n/a	n/a	n/a	n/a	n/a	4.562	n/a	3.376
Sep-06	\$8.8106	\$7.7368	\$16.5474	\$9.22	1.74314	n/a	n/a	n/a	n/a	n/a	4.385	n/a	3.245
Oct-06	\$8.2999	\$7.7460	\$16.0459	\$9.22	1.69228	n/a	n/a	n/a	n/a	n/a	4.084	n/a	3.023
Nov-06	\$7.8660	\$7.8172	\$15.6833	\$9.22	1.65550	n/a	n/a	n/a	n/a	n/a	3.867	n/a	2.862
Dec-06	\$7.7770	\$7.8613	\$15.6383	\$9.22	1.65094	n/a	n/a	n/a	n/a	n/a	3.841	n/a	2.842
Jan-07	\$7.7383	\$7.9263	\$15.6645	\$9.95	1.53961	n/a	n/a	n/a	n/a	n/a	3.400	n/a	2.516
Feb-07	\$7.9681	\$7.9878	\$15.9559	\$9.95	1.56713	n/a	n/a	n/a	n/a	n/a	3.573	n/a	2.644
Mar-07	\$8.2705	\$8.0609	\$16.3314	\$9.95	1.60259	n/a	n/a	n/a	n/a	n/a	3.796	n/a	2.809
Apr-07	\$8.3756	\$8.0860	\$16.4615	\$9.95	1.61488	n/a	n/a	n/a	n/a	n/a	3.874	n/a	2.867
May-07	\$8.4533	\$8.1375	\$16.5907	\$9.95	1.62708	n/a	n/a	n/a	n/a	n/a	3.951	n/a	2.923
Jun-07	\$8.6531	\$8.2044	\$16.8575	\$9.95	1.65227	n/a	n/a	n/a	n/a	n/a	4.109	n/a	3.041
Jul-07	\$8.8558	\$8.2660	\$17.1217	\$9.95	1.67722	n/a	n/a	n/a	n/a	n/a	4.266	n/a	3.157
Aug-07	\$9.0000	\$8.2932	\$17.2932	\$9.95	1.69341	n/a	n/a	n/a	n/a	n/a	4.368	n/a	3.233
Sep-07	\$9.1586	\$8.3398	\$17.4984	\$9.95	1.71278	n/a	n/a	n/a	n/a	n/a	4.491	n/a	3.323
Oct-07	\$9.3172	\$8.3749	\$17.6921	\$9.95	1.73108	n/a	n/a	n/a	n/a	n/a	4.606	n/a	3.408
Nov-07	\$9.3868	\$8.4006	\$17.7874	\$9.95	1.74007	n/a	n/a	n/a	n/a	n/a	4.662	n/a	3.450
Dec-07	\$9.4026	\$8.4180	\$17.8206	\$9.95	1.74321	n/a	n/a	n/a	n/a	n/a	4.682	n/a	3.465

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 08-16-06, 08-17-06 & 08-18-06

Certificate of Service

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



Date: August 22, 2006

Joanne M. Scanlon
National Grid

Narragansett Electric Co. – Standard Offer Rate Filing – Docket No. 3739 Service list as 7/27/06

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