

July 11, 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 Reconciliation Report

Dear Ms. Massaro:

Enclosed are ten copies of The Narragansett Electric Company's d/b/a National Grid ("National Grid" or "Company") Standard Offer Reconciliation Report ("Report") through May 2006. The enclosed Report provides the Company's most current projection of the Standard Offer reconciliation balance through December 31, 2006 based on actual revenues and expenses through May 2006. The estimated expenses are calculated using estimated fuel index payments based on projected gas and oil futures prices as reported in the *Wall Street Journal* for June 26, 27, and 28, 2006.

As shown in the Report, the Company estimates an over-collection of approximately \$14 million by the end of June. By the end of July, the Company estimates that the over-collection will be approximately \$19 million. These amounts are still below the Commission's designated amount of \$23 million that would trigger consideration of a rate change. The Report shows a projection of \$21 million for the end of September, however, which is much closer to the trigger.

As National Grid suggested in its June 16, 2006 letter to the Commission, the Company would expect to be able to propose a reduction in the Standard Offer Service rate by July 31, 2006, to be effective September 1, 2006, provided that there are no major hurricanes or other national or global events that materially affect fuel prices. Thus, the Company will review fuel prices at the end of July, as the Company typically does. Assuming no material changes in fuel price forecasts, the Company anticipates proposing to reduce the Standard Offer Service rate, effective September 1, 2006, based on the fuel data obtained at the end of the month.

Attachment 1, page 1, of this Report shows the Company's projected Standard Offer reconciliation balance through December 31, 2006. Pages 2 and 3 of Attachment 1 support the calculation of the Company's estimated Standard Offer revenues and expenses, respectively. Estimated revenues are determined by applying the current Standard Offer Service rate of 10.0¢ per kWh to the Company's forecasted retail Standard Offer deliveries. Standard Offer base expenses are calculated by multiplying the forecasted kWh deliveries by the base wholesale charge in effect for each period under the Company's wholesale Standard Offer supply contracts. The base wholesale charge shown in Column (d) on Page 3 has been adjusted to include an

Luly E. Massaro, Commission Clerk
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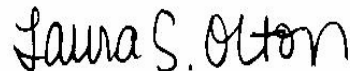
estimate of the effect of the Standard Offer contract amendment approved by the Commission in Docket No. 3496.

The calculation of the estimated monthly fuel index adjustment prices per kWh based on the June 26, 27, and 28, 2006 forecasted fuel prices is contained in Attachment 2. Pages 1 and 2 include the projections of natural gas and crude oil prices, respectively. The monthly weighted fuel index adjustments are calculated on Page 3.

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

Thank you for your attention to this filing. If you have any questions regarding this report, please do not hesitate to contact me at (401) 784-7667.

Very truly yours,



Laura S. Olton

Enclosures

cc: Docket 3706 Service List
Steve Scialabba, RI Division

Attachment 1

The Narragansett Electric Company

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

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

Submitted: July 11, 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	(\$1,079,865)	(\$40,803,364)	(\$11,348,117)
(1) Jan-06	(\$40,803,364)	\$53,554,994	\$33,033,210	\$16,282,947	\$49,316,157	\$4,238,837	(\$1,082,390)	(\$37,646,916)	(\$9,198,110)
(1) Feb-06	(\$37,646,916)	\$51,725,103	\$30,414,298	\$15,937,659	\$46,351,957	\$5,373,146	(\$1,097,430)	(\$33,371,201)	(\$1,858,903)
(1) Mar-06	(\$33,371,201)	\$57,295,088	\$31,993,526	\$17,350,530	\$49,344,056	\$7,951,032	(\$1,161,614)	(\$26,581,783)	\$557,174
(1) Apr-06	(\$26,581,783)	\$49,343,559	\$27,827,903	\$15,399,194	\$43,227,097	\$6,116,462	(\$962,065)	(\$21,427,386)	\$3,744,214
(1) May-06	(\$21,427,386)	\$45,766,547	\$29,289,997	\$16,626,980	\$45,916,977	(\$150,431)	(\$906,122)	(\$22,483,939)	\$7,617,450
(2) Jun-06	(\$22,483,939)	\$54,729,798	\$32,525,919	\$18,460,361	\$50,986,280	\$3,743,518	(\$898,821)	(\$19,639,242)	\$14,121,069
(2) Jul-06	(\$19,639,242)	\$61,382,384	\$36,479,551	\$20,679,725	\$57,159,276	\$4,223,108	(\$873,575)	(\$16,289,709)	\$18,959,344
(2) Aug-06	(\$16,289,709)	\$64,089,187	\$38,088,204	\$21,469,878	\$59,558,081	\$4,531,106	(\$785,663)	(\$12,544,267)	\$20,704,916
(2) Sep-06	(\$12,544,267)	\$60,453,059	\$35,927,253	\$19,435,658	\$55,362,911	\$5,090,148	(\$700,660)	(\$8,154,779)	\$21,106,428
* (2) Oct-06	(\$8,154,779)	\$29,261,207				\$29,261,207		\$21,106,428	
Totals	(\$14,122,974)	\$634,498,995	\$384,255,823	\$204,613,003	\$588,868,826	\$45,630,169	(\$10,400,766)	\$21,106,428	
Interest (3)								\$149,504	
Ending Balance@ September 30, 2006 with Interest								\$21,255,932	

- (1) Actual revenues and expenses
- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(-14122974+21106428)/2*((4.27\%*5/12)+(4.29\%*7/12))$

* 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	\$21,255,932	\$23,940,987	\$31,618,064	\$15,939,377	\$47,557,442	(\$23,616,454)	(\$618,848)	(\$2,979,370)	\$26,645,052
(2) Nov-06	(\$2,979,370)	\$53,862,585	\$32,010,534	\$15,140,773	\$47,151,307	\$6,711,278	(\$614,419)	\$3,117,489	\$36,107,272
(2) Dec-06	\$3,117,489	\$59,981,423	\$35,646,960	\$16,566,869	\$52,213,829	\$7,767,594	(\$711,402)	\$10,173,681	\$44,635,140
* (2) Jan-07	\$10,173,681	\$34,461,459				\$34,461,459		\$44,635,140	
Totals	\$21,255,932	\$172,246,455	\$99,275,559	\$47,647,019	\$146,922,578	\$25,323,877	(\$1,944,669)	\$44,635,140	
Interest (3)								\$353,341	
Ending Balance@ December 31, 2006 with Interest								\$44,988,481	

* For December usage billed in January

- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(21255932+44635140)/2*(4.29\%)$

Column Notes:

- Column (a) Column (g) from previous row; beginning balance from Page 1.
- Column (b) from Attachment 1, Page 2
- Column (c) from Attachment 1, Page 3
- Column (d) from Attachment 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)

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)
	-		
May-06		\$0.10000	\$0
Jun-06	547,297,979	\$0.10000	\$54,729,798
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	626,571,974	\$0.10000	\$62,657,197

Column Notes:

- (a) Attachment 1, Page 3, Column (c)
- (b) Per currently effective tariff
- (c) Column (a) x Column (b)

Standard Offer Reconciliation
 Estimated Standard Offer Expenses through December 2006

	Estimated Total Company kWh Deliveries (a)	% of Standard Offer kWhs to Total kWhs (b)	Estimated Standard Offer kWh Deliveries (c)	Estimated Base Standard Offer Charge (d)	Estimated Base Standard Offer Expenses (e)	Estimated Fuel Index Value per kWh (f)	Estimated Fuel Index Payments (g)	Total Estimated Standard Offer Expenses (h)
Jun-06	632,714,427	86.5%	547,297,979	\$0.05943	\$32,525,919	\$0.03373	\$18,460,361	\$50,986,280
Jul-06	709,622,935	86.5%	613,823,839	\$0.05943	\$36,479,551	\$0.03369	\$20,679,725	\$57,159,276
Aug-06	740,915,456	86.5%	640,891,869	\$0.05943	\$38,088,204	\$0.03350	\$21,469,878	\$59,558,081
Sep-06	698,879,291	86.5%	604,530,587	\$0.05943	\$35,927,253	\$0.03215	\$19,435,658	\$55,362,911
Oct-06	615,054,271	86.5%	532,021,944	\$0.05943	\$31,618,064	\$0.02996	\$15,939,377	\$47,557,442
Nov-06	622,688,847	86.5%	538,625,853	\$0.05943	\$32,010,534	\$0.02811	\$15,140,773	\$47,151,307
Dec-06	693,426,860	86.5%	599,814,234	\$0.05943	\$35,646,960	\$0.02762	\$16,566,869	\$52,213,829
Total Expected Payments through December 2006							\$127,692,641	\$369,989,126

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) Attachment 2, Page 3, Column (n)
- (g) Column (c) x Column (f)
- (h) Column (e) + Column (g)

Attachment 2

The Narragansett Electric Company
Report to the R.I.P.U.C.
Standard Offer Reconciliation

Calculation of the Fuel Index Adjustment
through December 2007

Prices published in WSJ on: 26-Jun-06 27-Jun-06 28-Jun-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	\$6.169	\$6.312	\$6.160	\$6.214	\$9.047	n/a	Aug-06
Sep-06	Aug-06	\$6.419	\$6.562	\$6.425	\$6.469	\$8.742	n/a	Sep-06
Oct-06	Sep-06	\$6.814	\$6.962	\$6.830	\$6.869	\$8.231	n/a	Oct-06
Nov-06	Oct-06	\$8.127	\$8.267	\$8.185	\$8.193	\$7.741	n/a	Nov-06
Dec-06	Nov-06	\$9.539	\$9.687	\$9.670	\$9.632	\$7.588	n/a	Dec-06
Jan-07	Dec-06	\$10.274	\$10.427	\$10.415	\$10.372	\$7.487	n/a	Jan-07
Feb-07	Jan-07	\$10.314	\$10.462	\$10.450	\$10.409	\$7.658	n/a	Feb-07
Mar-07	Feb-07	\$10.124	\$10.272	\$10.265	\$10.220	\$7.902	n/a	Mar-07
Apr-07	Mar-07	\$8.244	\$8.382	\$8.405	\$8.344	\$8.000	n/a	Apr-07
May-07	Apr-07	\$8.059	\$9.197	\$8.220	\$8.492	\$8.096	n/a	May-07
Jun-07	May-07	\$8.154	\$8.292	\$8.315	\$8.254	\$8.288	n/a	Jun-07
Jul-07	Jun-07	\$8.264	\$8.402	\$8.430	\$8.365	\$8.486	n/a	Jul-07
Aug-07	Jul-07	\$8.359	\$8.497	\$8.525	\$8.460	\$8.673	n/a	Aug-07
Sep-07	Aug-07	\$8.474	\$8.612	\$8.640	\$8.575	\$8.849	n/a	Sep-07
Oct-07	Sep-07	\$8.644	\$8.787	\$8.815	\$8.749	\$9.005	n/a	Oct-07
Nov-07	Oct-07	\$9.424	\$9.567	\$9.590	\$9.527	\$9.117	n/a	Nov-07
Dec-07	Nov-07	\$10.189	\$10.352	\$10.390	\$10.310	\$9.173	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 - Jun-06)
- Settlement price as reported in the Wall Street Journal on 06-26-06 (Jul-06 - Dec-07)
- Col. D - Settlement price for the second last trading day as reported in the Wall Street Journal. (Jan-99 - Jun-06)
- Settlement price as reported in the Wall Street Journal on 06-27-06 (Jul-06 - Dec-07)
- Col. E - Settlement price for the last trading day as reported in the Wall Street Journal. (Jan-99 - Jun-06)
- Settlement price as reported in the Wall Street Journal on 06-28-06 (Jul-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	26-Jun-06	27-Jun-06	28-Jun-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	1081.40	22	6.3	7.80	7.49270	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	7.58890	n/a	69.2300	69.23	69.23	69.23	<=June closing from WSJ on 05/22/06
Jul-06	Jul-06	70.33			7.77	7.67808	n/a	70.3300	70.33	70.33	70.33	<=July closing from WSJ on 06/20/06
Aug-06	Aug-06	71.97			7.95	7.73787	n/a	71.9700	71.80	71.92	72.19	
Sep-06	Sep-06	72.89			8.05	7.73841	n/a	72.8933	72.74	72.80	73.14	
Oct-06	Oct-06	73.50			8.12	7.75490	n/a	73.5033	73.36	73.40	73.75	
Nov-06	Nov-06	73.99			8.18	7.82840	n/a	73.9900	73.86	73.88	74.23	
Dec-06	Dec-06	74.36			8.22	7.87066	n/a	74.3633	74.24	74.25	74.60	
Jan-07	Jan-07	74.63			8.25	7.93075	n/a	74.6267	74.50	74.51	74.87	
Feb-07	Feb-07	74.74			8.26	7.98439	n/a	74.7400	74.67	74.68	74.87	
Mar-07	Mar-07	74.86			8.27	8.04881	n/a	74.8633	74.67	74.78	75.14	
Apr-07	Apr-07	74.90			8.28	8.06648	n/a	74.9000	74.78	74.78	75.14	
May-07	May-07	74.88			8.27	8.10582	n/a	74.8833	74.75	74.78	75.12	
Jun-07	Jun-07	74.78			8.26	8.15692	n/a	74.7800	74.65	74.66	75.03	
Jul-07	Jul-07	74.74			8.26	8.19756	n/a	74.7433	74.65	74.66	74.92	
Aug-07	Aug-07	74.74			8.26	8.22310	n/a	74.7433	74.65	74.66	74.92	
Sep-07	Sep-07	74.51			8.23	8.23799	n/a	74.5100	74.23	74.66	74.64	
Oct-07	Oct-07	74.51			8.23	8.24725	n/a	74.5100	74.23	74.66	74.64	
Nov-07	Nov-07	74.51			8.23	8.25204	n/a	74.5100	74.23	74.66	74.64	
Dec-07	Dec-07	73.88			8.16	8.24759	n/a	73.8800	73.73	73.76	74.15	

Notes:

- Col. A - month in which SOS was delivered at wholesale.
- Col. B - month in which oil prices were quoted and delivered.
- Col. C - Col. GG - daily prices as quoted by Platt's MarketScan. (not shown)
- Col. HH - sum of values in Col. C through Col. GG. (Jan-99 - Jun-06)
 - Jul-06 Final Crude oil contract price as reported in the Wall Street Journal on 20-Jun-06
 - average of Crude oil contract prices as reported in the Wall Street Journal on 06-26-06, 06-27-06 & 06-28-06
- 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 - Jun-06)
 - Current month value Col. HH * Jun-06 value in Col KK/ 69.23 (Jun-06 - Dec-07)
 - Where 69.23 represents the Jun-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	\$7.4927	\$16.7665	\$9.22	1.76536	n/a	n/a	n/a	n/a	n/a	4.516	n/a	3.342
Jun-06	\$9.2481	\$7.5889	\$16.8370	\$9.22	1.77252	n/a	n/a	n/a	n/a	n/a	4.558	n/a	3.373
Jul-06	\$9.1506	\$7.6781	\$16.8287	\$9.22	1.77167	n/a	n/a	n/a	n/a	n/a	4.553	n/a	3.369
Aug-06	\$9.0474	\$7.7379	\$16.7853	\$9.22	1.76727	n/a	n/a	n/a	n/a	n/a	4.527	n/a	3.350
Sep-06	\$8.7418	\$7.7384	\$16.4802	\$9.22	1.73632	n/a	n/a	n/a	n/a	n/a	4.344	n/a	3.215
Oct-06	\$8.2307	\$7.7549	\$15.9856	\$9.22	1.68617	n/a	n/a	n/a	n/a	n/a	4.048	n/a	2.996
Nov-06	\$7.7410	\$7.8284	\$15.5694	\$9.22	1.64395	n/a	n/a	n/a	n/a	n/a	3.799	n/a	2.811
Dec-06	\$7.5877	\$7.8707	\$15.4584	\$9.22	1.63269	n/a	n/a	n/a	n/a	n/a	3.733	n/a	2.762
Jan-07	\$7.4871	\$7.9308	\$15.4179	\$9.95	1.51633	n/a	n/a	n/a	n/a	n/a	3.253	n/a	2.407
Feb-07	\$7.6576	\$7.9844	\$15.6420	\$9.95	1.53749	n/a	n/a	n/a	n/a	n/a	3.386	n/a	2.506
Mar-07	\$7.9023	\$8.0488	\$15.9511	\$9.95	1.56668	n/a	n/a	n/a	n/a	n/a	3.570	n/a	2.642
Apr-07	\$8.0000	\$8.0665	\$16.0665	\$9.95	1.57757	n/a	n/a	n/a	n/a	n/a	3.639	n/a	2.693
May-07	\$8.0963	\$8.1058	\$16.2021	\$9.95	1.59037	n/a	n/a	n/a	n/a	n/a	3.719	n/a	2.752
Jun-07	\$8.2878	\$8.1569	\$16.4448	\$9.95	1.61329	n/a	n/a	n/a	n/a	n/a	3.864	n/a	2.859
Jul-07	\$8.4860	\$8.1976	\$16.6835	\$9.95	1.63584	n/a	n/a	n/a	n/a	n/a	4.006	n/a	2.964
Aug-07	\$8.6732	\$8.2231	\$16.8963	\$9.95	1.65593	n/a	n/a	n/a	n/a	n/a	4.132	n/a	3.058
Sep-07	\$8.8488	\$8.2380	\$17.0867	\$9.95	1.67391	n/a	n/a	n/a	n/a	n/a	4.246	n/a	3.142
Oct-07	\$9.0054	\$8.2473	\$17.2527	\$9.95	1.68958	n/a	n/a	n/a	n/a	n/a	4.344	n/a	3.215
Nov-07	\$9.1166	\$8.2520	\$17.3686	\$9.95	1.70053	n/a	n/a	n/a	n/a	n/a	4.413	n/a	3.266
Dec-07	\$9.1731	\$8.2476	\$17.4207	\$9.95	1.70545	n/a	n/a	n/a	n/a	n/a	4.444	n/a	3.289

Notes:

- Col. A - month in which SOS was delivered at wholesale
- Col. B - Average of the values of Gas Index for the most recent 12 months. (Col. G - Determination of Market Gas Price)
- Col. C - Average of the values of Oil Index for the most recent 12 months. (Col. LL - Determination of Market Oil Price)
- Col. D - Col. B + Col. C
- Col. E - Applicable value from the Standard Offer Supply Contracts.
- Col. F - @if(Col. D > Col. E, (Col. B + \$0.60 + Col. C + \$0.04) / (Col. E + \$0.64), 1.000)
- Col. G - Average of the values of Gas Index for the most recent 6 months. (Col. H - Determination of Market Gas Price)
- Col. H - Average of the values of Oil Index for the most recent 6 months. (Col. I - Determination of Market Oil Price)
- Col. I - Col. G + Col. H
- Col. J - Applicable value from the Standard Offer Supply Contracts.
- Col. K - @if(Col. I > Col. J, (Col. G + \$0.60 + Col. H + \$0.04) / (Col. J + \$0.64), 1.000)
- Col. L - (Col. F - 1.0) * Applicable Contract Price from the Standard Offer Supply Contracts.
- Col. M - (Col. K - 1.0) * Applicable Contract Price from the Standard Offer Supply Contracts.
- Col. N - (0.74 * Col. K) + (0.26 * Col. L)

Forecast of fuel prices based on NYMEX futures as reported in the Wall Street Journal on 06-26-06, 06-27-06 & 06-28-06

3706 - Certificate of Service

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



Joanne M. Scanlon
National Grid

July 11, 2006
Date

Narragansett Electric Co. – Standard Offer Rate Filing – Docket No. 3706
Service list as 6/1/2006

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