

August 2, 2010

**VIA HAND DELIVERY AND ELECTRONIC MAIL**

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

**RE: Semi-annual Report on Gas Procurement Incentive Plan**

Dear Ms. Massaro:

Pursuant to the provisions of the Gas Procurement Incentive Plan (“Plan”) initially approved in Docket No. 3436, Order No. 17444, enclosed please find ten (10) copies of National Grid’s semi-annual report on the status of the penalties and incentives as of the end of June 2010.

A summary of incentives and penalties associated with the GPIIP is shown on page 1 of the attachment. This summary shows the purchases made under the GPIIP for the months of July 2009 to June 2010 as of June 30, 2010. For each month the schedule shows the average unit cost for mandatory and discretionary purchases and the difference. The schedule also shows the discretionary volume, the gain/loss from the discretionary hedges, the incentive percent and the incentive earned by the Company. As of June 30, 2010, 9.2 million DT in discretionary purchases have resulted in \$12.5 million in savings compared to the benchmark mandatory prices. Details on the hedge incentive are shown on pages 2 through 4 while pages 5 and 6 show a summary of the hedge positions by month and by type. Additional details on the purchases are also available in the quarterly report filed July 20, 2010.

The incentive/penalty impact on the Company as of June 30, 2010 is shown in the last column of page 1. Note that the \$1.6 million in incentive for the July 2009 to June 2010 year would be capped at \$1 million.

Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact Stephen Mc Cauley at (516) 545-5403 or me at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

Enclosures

cc: Thomas Ahern, Division  
Stephen Scialabba, Division  
Bruce Oliver, Division  
Leo Wold, Esq.

Gas Procurement Incentive Program Worksheet - Jun 30, 2010

Incentive Calculation  
National Grid - Rhode Island

TOTAL

	Mandatory NYMEX	Discretionary NYMEX	Difference	Discretionary Volumes (Dt)	Gain/ (Loss)	Aggregate * Incentive %	Company Incentive
Jul-09	\$ 8.2187	\$ 6.7181	\$ 1.50	200,000	\$ 300,111	12.08%	\$ 36,260 **
Aug-09	\$ 8.4090	\$ 5.9470	\$ 2.46	250,000	\$ 615,502	11.37%	\$ 70,004
Sep-09	\$ 8.5793	\$ 5.8915	\$ 2.69	250,000	\$ 671,957	15.76%	\$ 105,913 **
Oct-09	\$ 8.6087	\$ 4.9288	\$ 3.68	500,000	\$ 1,839,971	11.84%	\$ 217,854
Nov-09	\$ 9.0895	\$ 6.5111	\$ 2.58	350,000	\$ 902,432	15.98%	\$ 144,204
Dec-09	\$ 9.3808	\$ 6.5491	\$ 2.83	450,000	\$ 1,274,270	15.45%	\$ 196,864
Jan-10	\$ 9.6441	\$ 6.6709	\$ 2.97	500,000	\$ 1,486,575	13.37%	\$ 198,693
Feb-10	\$ 9.6066	\$ 6.8329	\$ 2.77	500,000	\$ 1,386,825	15.98%	\$ 221,547
Mar-10	\$ 9.3888	\$ 6.6991	\$ 2.69	450,000	\$ 1,210,370	16.79%	\$ 203,252
Apr-10	\$ 7.2889	\$ 5.6178	\$ 1.67	400,000	\$ 668,445	20.00%	\$ 133,689
May-10	\$ 6.4765	\$ 5.3401	\$ 1.14	231,000	\$ 262,502	14.72%	\$ 38,645
Jun-10	\$ 6.7184	\$ 5.6994	\$ 1.02	300,000	\$ 305,708	13.09%	\$ 40,012
<b>Subtotal 09-10</b>				<b>4,381,000</b>	<b>\$ 10,924,667</b>		<b>\$ 1,606,937</b>
Jul-10	\$ 6.9731	\$ 5.9670	\$ 1.01	250,000	\$ 251,533	20.00%	\$ 50,307
Aug-10	\$ 6.8592	\$ 6.0422	\$ 0.82	250,000	\$ 204,250	20.00%	\$ 40,850
Sep-10	\$ 6.7443	\$ 6.1150	\$ 0.63	200,000	\$ 125,851	20.00%	\$ 25,170
Oct-10	\$ 6.3375	\$ 6.1043	\$ 0.23	645,000	\$ 150,463	10.00%	\$ 15,046
Nov-10	\$ 6.0936	\$ 6.0690	\$ 0.02	616,000	\$ 15,167	10.00%	\$ 1,517
Dec-10	\$ 6.5329	\$ 6.2682	\$ 0.26	410,000	\$ 108,525	10.00%	\$ 10,853
Jan-11	\$ 6.7563	\$ 6.4031	\$ 0.35	400,000	\$ 141,317	10.00%	\$ 14,132
Feb-11	\$ 6.6145	\$ 6.1779	\$ 0.44	660,000	\$ 288,156	10.00%	\$ 28,816
Mar-11	\$ 6.3136	\$ 5.8079	\$ 0.51	400,000	\$ 202,284	20.00%	\$ 40,457 **
Apr-11	\$ 5.8273	\$ 5.8606	\$ (0.03)	266,000	\$ (8,836)	-10.00%	\$ (884)
May-11	\$ 5.8520	\$ 5.8320	\$ 0.02	178,000	\$ 3,563	10.00%	\$ 356
Jun-11	\$ 5.9785	\$ 5.4698	\$ 0.51	54,000	\$ 27,468	20.00%	\$ 5,494
<b>Subtotal 10-11</b>				<b>4,329,000</b>	<b>\$ 1,509,740</b>		<b>\$ 232,113</b>
Jul-11	\$ 5.9868	\$ 5.5073	\$ 0.48	52,000	\$ 24,934	10.00%	\$ 2,493
Aug-11	\$ 6.0003	\$ 5.6037	\$ 0.40	92,000	\$ 36,485	10.00%	\$ 3,649
Sep-11	\$ 6.0901	\$ 5.7625	\$ 0.33	56,000	\$ 18,345	10.00%	\$ 1,834
Oct-11	\$ 6.0172	\$ 5.9505	\$ 0.07	33,000	\$ 2,203	10.00%	\$ 220
Nov-11	\$ 6.1939	\$ 6.1787	\$ 0.02	42,000	\$ 641	10.00%	\$ 64
Dec-11	\$ 6.5312	\$ 6.5098	\$ 0.02	29,000	\$ 620	10.00%	\$ 62
Jan-12	\$ 6.6620	\$ 6.6374	\$ 0.02	31,000	\$ 762	10.00%	\$ 76
Feb-12	\$ 6.4903	\$ 6.4891	\$ 0.00	86,000	\$ 101	10.00%	\$ 10
Mar-12	\$ 5.9863	\$ 5.8000	\$ 0.19	3,000	\$ 559	10.00%	\$ 56
Apr-12	\$ 5.5730	\$ 5.5244	\$ 0.05	8,000	\$ 389	10.00%	\$ 39
May-12	\$ 5.6393	\$ 5.5610	\$ 0.08	10,000	\$ 783	10.00%	\$ 78
Jun-12	\$ 5.5200	\$ 5.4800	\$ 0.04	10,000	\$ 400	10.00%	\$ 40
<b>Subtotal 11-12</b>				<b>452,000</b>	<b>\$ 86,223</b>		<b>\$ 8,622</b>
<b>TOTAL</b>				<b>9,162,000</b>	<b>\$ 12,520,630</b>		<b>\$ 1,847,671</b>

\* Percentage Computed as the weighted average of the three levels of incentive as detailed below:

- a) OLD MECHANISM Deals executed prior to Dec 1 2008.
- b) NEW MECHANISM Deals executed after Dec 1 2008

b. i) 10% for trades executed within the 8 months to the start of the Supply Month.

b. ii) 20% for trades executed at least 8 months prior to the start of the Supply Month and Margin is higher than \$.50, 10% if margin is lower than \$.50.

In both a & b explained above a 10% Penalty is applicable for months where discretionary price is higher than the mandatory hedged price.

\*\* See "Exception (Error) Trades" tab!

OLD MECHANISM

~ Volumes purchase before Dec 2008

	VOLUME (Dth)			PURCHASE (USD)			Average Price (\$/Dth)			Margin	Incentive
	Mandatory	Accelerated	Discretionary	Mandatory	Accelerated	Discretionary	Mandatory	Accelerated	Discretionary	(\$/Dth)	(USD)
Jul-09	890,000	80,000	100,000	\$ 7,314,610	\$ 585,000	\$ 743,000	\$ 8.2187	\$ 7.3125	\$ 7.4300	\$ 0.7887	\$ 15,773
Aug-09	830,000	110,000	50,000	\$ 6,979,450	\$ 813,800	\$ 342,500	\$ 8.4090	\$ 7.3982	\$ 6.8500	\$ 1.5590	\$ 15,590
Sep-09	780,000	170,000	50,000	\$ 6,691,840	\$ 1,258,250	\$ 344,000	\$ 8.5793	\$ 7.4015	\$ 6.8800	\$ 1.6993	\$ 16,993
Oct-09	940,000	250,000	50,000	\$ 8,092,200	\$ 1,868,750	\$ 348,750	\$ 8.6087	\$ 7.4750	\$ 6.9750	\$ 1.6337	\$ 16,337
Nov-09	1,350,000	570,000	100,000	\$ 12,270,850	\$ 4,155,010	\$ 802,250	\$ 9.0895	\$ 7.2895	\$ 8.0225	\$ 1.0670	\$ 21,340
Dec-09	1,680,000	940,000	100,000	\$ 15,759,750	\$ 6,973,350	\$ 840,250	\$ 9.3808	\$ 7.4185	\$ 8.4025	\$ 0.9783	\$ 19,566
Jan-10	1,660,000	1,110,000	100,000	\$ 16,009,200	\$ 8,470,060	\$ 863,750	\$ 9.6441	\$ 7.6307	\$ 8.6375	\$ 1.0066	\$ 20,132
Feb-10	1,300,000	1,040,000	100,000	\$ 12,488,550	\$ 7,894,390	\$ 864,000	\$ 9.6066	\$ 7.5908	\$ 8.6400	\$ 0.9666	\$ 19,332
Mar-10	1,130,000	1,160,000	100,000	\$ 10,609,400	\$ 8,454,680	\$ 844,500	\$ 9.3888	\$ 7.2885	\$ 8.4450	\$ 0.9438	\$ 18,877
Apr-10	1,320,000	740,000	-	\$ 9,621,300	\$ 4,061,470	-	\$ 7.2889	\$ 5.4885	-	\$ -	\$ -
May-10	1,320,000	320,000	-	\$ 8,548,950	\$ 1,766,040	-	\$ 6.4765	\$ 5.5189	-	\$ -	\$ -
Jun-10	855,000	280,000	-	\$ 5,744,250	\$ 1,569,890	-	\$ 6.7184	\$ 5.6068	-	\$ -	\$ -
Jul-10	607,000	290,000	-	\$ 4,232,690	\$ 1,657,680	-	\$ 6.9731	\$ 5.7161	-	\$ -	\$ -
Aug-10	526,000	310,000	-	\$ 3,607,940	\$ 1,794,470	-	\$ 6.8592	\$ 5.7886	-	\$ -	\$ -
Sep-10	470,000	330,000	-	\$ 3,169,800	\$ 1,920,490	-	\$ 6.7443	\$ 5.8197	-	\$ -	\$ -
Oct-10	695,000	440,000	-	\$ 4,404,590	\$ 2,601,660	-	\$ 6.3375	\$ 5.9129	-	\$ -	\$ -
Nov-10	1,700,000	770,000	-	\$ 10,359,200	\$ 4,796,230	-	\$ 6.0936	\$ 6.2289	-	\$ -	\$ -
Dec-10	1,640,000	1,110,000	-	\$ 10,713,900	\$ 7,326,740	-	\$ 6.5329	\$ 6.6007	-	\$ -	\$ -
Jan-11	1,370,000	1,240,000	-	\$ 9,256,190	\$ 8,466,940	-	\$ 6.7563	\$ 6.8282	-	\$ -	\$ -
Feb-11	1,150,000	1,100,000	-	\$ 7,606,650	\$ 7,510,920	-	\$ 6.6145	\$ 6.8281	-	\$ -	\$ -
Mar-11	1,180,000	1,140,000	-	\$ 7,450,060	\$ 7,850,420	-	\$ 6.3136	\$ 6.8863	-	\$ -	\$ -
Apr-11	874,000	820,000	-	\$ 5,093,100	\$ 5,159,890	-	\$ 5.8273	\$ 6.2925	-	\$ -	\$ -
May-11	679,000	620,000	-	\$ 3,973,495	\$ 4,212,900	-	\$ 5.8520	\$ 6.7950	-	\$ -	\$ -
Jun-11	427,000	480,000	-	\$ 2,552,815	\$ 3,177,600	-	\$ 5.9785	\$ 6.6200	-	\$ -	\$ -
Jul-11	250,000	480,000	-	\$ 1,496,700	\$ 3,084,500	-	\$ 5.9868	\$ 6.4260	-	\$ -	\$ -
Aug-11	218,000	470,000	-	\$ 1,308,060	\$ 3,109,050	-	\$ 6.0003	\$ 6.6150	-	\$ -	\$ -
Sep-11	116,000	470,000	-	\$ 706,450	\$ 3,062,050	-	\$ 6.0901	\$ 6.5150	-	\$ -	\$ -
Oct-11	270,000	590,000	-	\$ 1,624,650	\$ 3,986,800	-	\$ 6.0172	\$ 6.7573	-	\$ -	\$ -
Nov-11	446,000	1,510,000	-	\$ 2,762,500	\$ 9,795,450	-	\$ 6.1939	\$ 6.4871	-	\$ -	\$ -
Dec-11	524,000	1,700,000	-	\$ 3,422,360	\$ 11,367,600	-	\$ 6.5312	\$ 6.6868	-	\$ -	\$ -
Jan-12	442,000	1,670,000	-	\$ 2,944,600	\$ 11,361,150	-	\$ 6.6620	\$ 6.8031	-	\$ -	\$ -
Feb-12	330,000	1,500,000	-	\$ 2,141,800	\$ 9,728,000	-	\$ 6.4903	\$ 6.4853	-	\$ -	\$ -
Mar-12	300,000	1,670,000	-	\$ 1,795,900	\$ 9,787,250	-	\$ 5.9863	\$ 5.8606	-	\$ -	\$ -
Apr-12	219,000	970,000	-	\$ 1,220,495	\$ 5,431,650	-	\$ 5.5730	\$ 5.5996	-	\$ -	\$ -
May-12	125,000	740,000	-	\$ 704,915	\$ 4,133,550	-	\$ 5.6393	\$ 5.5859	-	\$ -	\$ -
Jun-12	60,000	540,000	-	\$ 331,200	\$ 2,972,800	-	\$ 5.5200	\$ 5.5052	-	\$ -	\$ -

NEW MECHANISM\_ < 8 MONTHS ~ 10%

	VOLUME (Dth)			PURCHASE (USD)			Average Price (\$/Dth)			Margin (\$/Dth)	10% Incentive (USD)
	Mandatory	Accelerated	Discretionary	Mandatory	Accelerated	Discretionary	Mandatory	Accelerated	Discretionary		
Jul-09	890,000	80,000	100,000	\$ 7,314,610	\$ 585,000	\$ 617,000	\$ 8.2187	\$ 7.3125	\$ 6.1700	\$ 2.0487	\$ 20,487
Aug-09	830,000	110,000	200,000	\$ 6,979,450	\$ 813,800	\$ 1,137,650	\$ 8.4090	\$ 7.3982	\$ 5.6883	\$ 2.7207	\$ 54,415
Sep-09	780,000	170,000	50,000	\$ 6,691,840	\$ 1,258,250	\$ 188,750	\$ 8.5793	\$ 7.4015	\$ 3.7750	\$ 4.8043	\$ 24,021
Oct-09	940,000	250,000	300,000	\$ 8,092,200	\$ 1,868,750	\$ 1,191,270	\$ 8.6087	\$ 7.4750	\$ 3.9709	\$ 4.6378	\$ 139,135
Nov-09	1,350,000	570,000	50,000	\$ 12,270,850	\$ 4,155,010	\$ 240,250	\$ 9.0895	\$ 7.2895	\$ 4.8050	\$ 4.2845	\$ 21,423
Dec-09	1,680,000	940,000	100,000	\$ 15,759,750	\$ 6,973,350	\$ 533,000	\$ 9.3808	\$ 7.4185	\$ 5.3300	\$ 4.0508	\$ 40,508
Jan-10	1,660,000	1,110,000	200,000	\$ 16,009,200	\$ 8,470,060	\$ 1,105,350	\$ 9.6441	\$ 7.6307	\$ 5.5268	\$ 4.1173	\$ 82,347
Feb-10	1,300,000	1,040,000	100,000	\$ 12,488,550	\$ 7,894,390	\$ 571,850	\$ 9.6066	\$ 7.5908	\$ 5.7185	\$ 3.8881	\$ 38,881
Mar-10	1,130,000	1,160,000	50,000	\$ 10,609,400	\$ 8,454,680	\$ 275,500	\$ 9.3888	\$ 7.2885	\$ 5.5100	\$ 3.8788	\$ 19,394
Apr-10	1,320,000	740,000	-	\$ 9,621,300	\$ 4,061,470	\$ -	\$ 7.2889	\$ 5.4885	\$ -	\$ -	\$ -
May-10	1,320,000	320,000	81,000	\$ 8,548,950	\$ 1,766,040	\$ 387,585	\$ 6.4765	\$ 5.5189	\$ 4.7850	\$ 1.6915	\$ 13,701
Jun-10	855,000	280,000	200,000	\$ 5,744,250	\$ 1,569,890	\$ 1,116,250	\$ 6.7184	\$ 5.6068	\$ 5.5813	\$ 1.1372	\$ 22,743
Jul-10	607,000	290,000	-	\$ 4,232,690	\$ 1,657,680	\$ -	\$ 6.9731	\$ 5.7161	\$ -	\$ -	\$ -
Aug-10	526,000	310,000	-	\$ 3,607,940	\$ 1,794,470	\$ -	\$ 6.8592	\$ 5.7886	\$ -	\$ -	\$ -
Sep-10	470,000	330,000	-	\$ 3,169,800	\$ 1,920,490	\$ -	\$ 6.7443	\$ 5.8197	\$ -	\$ -	\$ -
Oct-10	695,000	440,000	-	\$ 4,404,590	\$ 2,601,660	\$ -	\$ 6.3375	\$ 5.9129	\$ -	\$ -	\$ -
Nov-10	1,700,000	770,000	-	\$ 10,359,200	\$ 4,796,230	\$ -	\$ 6.0936	\$ 6.2289	\$ -	\$ -	\$ -
Dec-10	1,640,000	1,110,000	-	\$ 10,713,900	\$ 7,326,740	\$ -	\$ 6.5329	\$ 6.6007	\$ -	\$ -	\$ -
Jan-11	1,370,000	1,240,000	-	\$ 9,256,190	\$ 8,466,940	\$ -	\$ 6.7563	\$ 6.8282	\$ -	\$ -	\$ -
Feb-11	1,150,000	1,100,000	-	\$ 7,606,650	\$ 7,510,920	\$ -	\$ 6.6145	\$ 6.8281	\$ -	\$ -	\$ -
Mar-11	1,180,000	1,140,000	-	\$ 7,450,060	\$ 7,850,420	\$ -	\$ 6.3136	\$ 6.8863	\$ -	\$ -	\$ -
Apr-11	874,000	820,000	-	\$ 5,093,100	\$ 5,159,890	\$ -	\$ 5.8273	\$ 6.2925	\$ -	\$ -	\$ -
May-11	679,000	620,000	-	\$ 3,973,495	\$ 4,212,900	\$ -	\$ 5.8520	\$ 6.7950	\$ -	\$ -	\$ -
Jun-11	427,000	480,000	-	\$ 2,552,815	\$ 3,177,600	\$ -	\$ 5.9785	\$ 6.6200	\$ -	\$ -	\$ -
Jul-11	250,000	480,000	-	\$ 1,496,700	\$ 3,084,500	\$ -	\$ 5.9868	\$ 6.4260	\$ -	\$ -	\$ -
Aug-11	218,000	470,000	-	\$ 1,308,060	\$ 3,109,050	\$ -	\$ 6.0003	\$ 6.6150	\$ -	\$ -	\$ -
Sep-11	116,000	470,000	-	\$ 706,450	\$ 3,062,050	\$ -	\$ 6.0901	\$ 6.5150	\$ -	\$ -	\$ -
Oct-11	270,000	590,000	-	\$ 1,624,650	\$ 3,986,800	\$ -	\$ 6.0172	\$ 6.7573	\$ -	\$ -	\$ -
Nov-11	446,000	1,510,000	-	\$ 2,762,500	\$ 9,795,450	\$ -	\$ 6.1939	\$ 6.4871	\$ -	\$ -	\$ -
Dec-11	524,000	1,700,000	-	\$ 3,422,360	\$ 11,367,600	\$ -	\$ 6.5312	\$ 6.6868	\$ -	\$ -	\$ -
Jan-12	442,000	1,670,000	-	\$ 2,944,600	\$ 11,361,150	\$ -	\$ 6.6620	\$ 6.8031	\$ -	\$ -	\$ -
Feb-12	330,000	1,500,000	-	\$ 2,141,800	\$ 9,728,000	\$ -	\$ 6.4903	\$ 6.4853	\$ -	\$ -	\$ -
Mar-12	300,000	1,670,000	-	\$ 1,795,900	\$ 9,787,250	\$ -	\$ 5.9863	\$ 5.8606	\$ -	\$ -	\$ -
Apr-12	219,000	970,000	-	\$ 1,220,495	\$ 5,431,650	\$ -	\$ 5.5730	\$ 5.5996	\$ -	\$ -	\$ -
May-12	125,000	740,000	-	\$ 704,915	\$ 4,133,550	\$ -	\$ 5.6393	\$ 5.5859	\$ -	\$ -	\$ -
Jun-12	60,000	540,000	-	\$ 331,200	\$ 2,972,800	\$ -	\$ 5.5200	\$ 5.5052	\$ -	\$ -	\$ -

NEW MECHANISM > 8 MONTHS ~ 20%

	VOLUME (Dth)			PURCHASE (USD)			Average Price (\$/Dth)			Margin	20% Incentive
	Mandatory	Accelerated	Discretionary	Mandatory	Accelerated	Discretionary	Mandatory	Accelerated	Discretionary	(\$/Dth)	(USD)
Jul-09	890,000	80,000	-	\$ 7,314,610	\$ 585,000	\$ -	\$ 8.2187	\$ 7.3125	\$ -	\$ -	\$ -
Aug-09	830,000	110,000	-	\$ 6,979,450	\$ 813,800	\$ -	\$ 8.4090	\$ 7.3982	\$ -	\$ -	\$ -
Sep-09	780,000	170,000	150,000	\$ 6,691,840	\$ 1,258,250	\$ 962,400	\$ 8.5793	\$ 7.4015	\$ 6.4160	\$ 2.1633	\$ 64,898
Oct-09	940,000	250,000	150,000	\$ 8,092,200	\$ 1,868,750	\$ 979,400	\$ 8.6087	\$ 7.4750	\$ 6.5293	\$ 2.0794	\$ 62,382
Nov-09	1,350,000	570,000	200,000	\$ 12,270,850	\$ 4,155,010	\$ 1,310,700	\$ 9.0895	\$ 7.2895	\$ 6.5535	\$ 2.5360	\$ 101,441
Dec-09	1,680,000	940,000	250,000	\$ 15,759,750	\$ 6,973,350	\$ 1,661,250	\$ 9.3808	\$ 7.4185	\$ 6.6450	\$ 2.7358	\$ 136,790
Jan-10	1,660,000	1,110,000	200,000	\$ 16,009,200	\$ 8,470,060	\$ 1,447,750	\$ 9.6441	\$ 7.6307	\$ 7.2388	\$ 2.4053	\$ 96,214
Feb-10	1,300,000	1,040,000	300,000	\$ 12,488,550	\$ 7,894,390	\$ 2,065,300	\$ 9.6066	\$ 7.5908	\$ 6.8843	\$ 2.7222	\$ 163,335
Mar-10	1,130,000	1,160,000	300,000	\$ 10,609,400	\$ 8,454,680	\$ 1,991,750	\$ 9.3888	\$ 7.2885	\$ 6.6392	\$ 2.7497	\$ 164,981
Apr-10	1,320,000	740,000	400,000	\$ 9,621,300	\$ 4,061,470	\$ 2,247,100	\$ 7.2889	\$ 5.4885	\$ 5.6178	\$ 1.6711	\$ 133,689
May-10	1,320,000	320,000	150,000	\$ 8,548,950	\$ 1,766,040	\$ 846,750	\$ 6.4765	\$ 5.5189	\$ 5.6450	\$ 0.8315	\$ 24,944
Jun-10	855,000	280,000	100,000	\$ 5,744,250	\$ 1,569,890	\$ 585,500	\$ 6.7184	\$ 5.6068	\$ 5.8550	\$ 0.8634	\$ 17,268
Jul-10	607,000	290,000	250,000	\$ 4,232,690	\$ 1,657,680	\$ 1,491,750	\$ 6.9731	\$ 5.7161	\$ 5.9670	\$ 1.0061	\$ 50,307
Aug-10	526,000	310,000	250,000	\$ 3,607,940	\$ 1,794,470	\$ 1,510,550	\$ 6.8592	\$ 5.7886	\$ 6.0422	\$ 0.8170	\$ 40,850
Sep-10	470,000	330,000	200,000	\$ 3,169,800	\$ 1,920,490	\$ 1,223,000	\$ 6.7443	\$ 5.8197	\$ 6.1150	\$ 0.6293	\$ 25,170
Oct-10	695,000	440,000	645,000	\$ 4,404,590	\$ 2,601,660	\$ 3,937,250	\$ 6.3375	\$ 5.9129	\$ 6.1043	\$ 0.2333	\$ 15,046
Nov-10	1,700,000	770,000	616,000	\$ 10,359,200	\$ 4,796,230	\$ 3,738,520	\$ 6.0936	\$ 6.2289	\$ 6.0690	\$ 0.0246	\$ 1,517
Dec-10	1,640,000	1,110,000	410,000	\$ 10,713,900	\$ 7,326,740	\$ 2,569,950	\$ 6.5329	\$ 6.6007	\$ 6.2682	\$ 0.2647	\$ 10,853
Jan-11	1,370,000	1,240,000	400,000	\$ 9,256,190	\$ 8,466,940	\$ 2,561,220	\$ 6.7563	\$ 6.8282	\$ 6.4031	\$ 0.3533	\$ 14,132
Feb-11	1,150,000	1,100,000	660,000	\$ 7,606,650	\$ 7,510,920	\$ 4,077,400	\$ 6.6145	\$ 6.8281	\$ 6.1779	\$ 0.4366	\$ 28,816
Mar-11	1,180,000	1,140,000	400,000	\$ 7,450,060	\$ 7,850,420	\$ 2,323,160	\$ 6.3136	\$ 6.8863	\$ 5.8079	\$ 0.5057	\$ 40,457
Apr-11	874,000	820,000	266,000	\$ 5,093,100	\$ 5,159,890	\$ 1,558,910	\$ 5.8273	\$ 6.2925	\$ 5.8606	\$ (0.0332)	\$ (884)
May-11	679,000	620,000	178,000	\$ 3,973,495	\$ 4,212,900	\$ 1,038,090	\$ 5.8520	\$ 6.7950	\$ 5.8320	\$ 0.0200	\$ 356
Jun-11	427,000	480,000	54,000	\$ 2,552,815	\$ 3,177,600	\$ 295,370	\$ 5.9785	\$ 6.6200	\$ 5.4698	\$ 0.5087	\$ 5,494
Jul-11	250,000	480,000	52,000	\$ 1,496,700	\$ 3,084,500	\$ 286,380	\$ 5.9868	\$ 6.4260	\$ 5.5073	\$ 0.4795	\$ 2,493
Aug-11	218,000	470,000	92,000	\$ 1,308,060	\$ 3,109,050	\$ 515,540	\$ 6.0003	\$ 6.6150	\$ 5.6037	\$ 0.3966	\$ 3,649
Sep-11	116,000	470,000	56,000	\$ 706,450	\$ 3,062,050	\$ 322,700	\$ 6.0901	\$ 6.5150	\$ 5.7625	\$ 0.3276	\$ 1,834
Oct-11	270,000	590,000	33,000	\$ 1,624,650	\$ 3,986,800	\$ 196,365	\$ 6.0172	\$ 6.7573	\$ 5.9505	\$ 0.0668	\$ 220
Nov-11	446,000	1,510,000	42,000	\$ 2,762,500	\$ 9,795,450	\$ 259,505	\$ 6.1939	\$ 6.4871	\$ 6.1787	\$ 0.0153	\$ 64
Dec-11	524,000	1,700,000	29,000	\$ 3,422,360	\$ 11,367,600	\$ 188,785	\$ 6.5312	\$ 6.6868	\$ 6.5098	\$ 0.0214	\$ 62
Jan-12	442,000	1,670,000	31,000	\$ 2,944,600	\$ 11,361,150	\$ 205,760	\$ 6.6620	\$ 6.8031	\$ 6.6374	\$ 0.0246	\$ 76
Feb-12	330,000	1,500,000	86,000	\$ 2,141,800	\$ 9,728,000	\$ 558,065	\$ 6.4903	\$ 6.4853	\$ 6.4891	\$ 0.0012	\$ 10
Mar-12	300,000	1,670,000	3,000	\$ 1,795,900	\$ 9,787,250	\$ 17,400	\$ 5.9863	\$ 5.8606	\$ 5.8000	\$ 0.1863	\$ 56
Apr-12	219,000	970,000	8,000	\$ 1,220,495	\$ 5,431,650	\$ 44,195	\$ 5.5730	\$ 5.5996	\$ 5.5244	\$ 0.0487	\$ 39
May-12	125,000	740,000	10,000	\$ 704,915	\$ 4,133,550	\$ 55,610	\$ 5.6393	\$ 5.5859	\$ 5.5610	\$ 0.0783	\$ 78
Jun-12	60,000	540,000	10,000	\$ 331,200	\$ 2,972,800	\$ 54,800	\$ 5.5200	\$ 5.5052	\$ 5.4800	\$ 0.0400	\$ 40

## NEC Gas Cost Volatility Hedging Summary

		Volume	HEDGED VOLUME (Dth)			Monthly	Percentage		Average	
		Forecast (Dth)	Mandatory	Accelerated	Discretionary	"Locked"	"Locked"		NYMEX	Total Cost
200907	07/01/2009	1,382,347	890,000	80,000	200,000	1,170,000	85%	**	\$ 7.9142	\$ 9,259,610
200908	08/01/2009	1,347,742	830,000	110,000	250,000	1,190,000	88%		\$ 7.7928	\$ 9,273,400
200909	09/01/2009	1,361,066	780,000	170,000	250,000	1,200,000	88%	**	\$ 7.8710	\$ 9,445,240
200910	10/01/2009	1,981,805	940,000	250,000	500,000	1,690,000	85%		\$ 7.3848	\$ 12,480,370
200911	11/01/2009	2,739,093	1,350,000	570,000	350,000	2,270,000	83%		\$ 8.2727	\$ 18,779,060
200912	12/01/2009	4,052,997	1,680,000	940,000	450,000	3,070,000	76%		\$ 8.3934	\$ 25,767,600
201001	01/01/2010	3,929,803	1,660,000	1,110,000	500,000	3,270,000	83%		\$ 8.5309	\$ 27,896,110
201002	02/01/2010	3,480,004	1,300,000	1,040,000	500,000	2,840,000	82%		\$ 8.4099	\$ 23,884,090
201003	03/01/2010	3,810,020	1,130,000	1,160,000	450,000	2,740,000	72%		\$ 8.0934	\$ 22,175,830
201004	04/01/2010	3,432,023	1,320,000	740,000	400,000	2,460,000	72%		\$ 6.4756	\$ 15,929,870
201005	05/01/2010	2,354,131	1,320,000	320,000	231,000	1,871,000	79%		\$ 6.1728	\$ 11,549,325
201006	06/01/2010	1,621,520	855,000	280,000	300,000	1,435,000	88%		\$ 6.2829	\$ 9,015,890
201007	07/01/2010	1,276,406	607,000	290,000	250,000	1,147,000	90%		\$ 6.4360	\$ 7,382,120
201008	08/01/2010	1,197,004	526,000	310,000	250,000	1,086,000	91%		\$ 6.3655	\$ 6,912,960
201009	09/01/2010	905,122	470,000	330,000	200,000	1,000,000	110%		\$ 6.3133	\$ 6,313,290
201010	10/01/2010	1,904,228	695,000	440,000	645,000	1,780,000	93%		\$ 6.1480	\$ 10,943,500
201011	11/01/2010	3,529,841	1,700,000	770,000	616,000	3,086,000	87%		\$ 6.1225	\$ 18,893,950
201012	12/01/2010	4,052,997	1,640,000	1,110,000	410,000	3,160,000	78%		\$ 6.5223	\$ 20,610,590
201101	01/01/2011	3,929,803	1,370,000	1,240,000	400,000	3,010,000	77%		\$ 6.7390	\$ 20,284,350
201102	02/01/2011	3,480,004	1,150,000	1,100,000	660,000	2,910,000	84%		\$ 6.5962	\$ 19,194,970
201103	03/01/2011	3,810,020	1,180,000	1,140,000	400,000	2,720,000	71%	**	\$ 6.4793	\$ 17,623,640
201104	04/01/2011	3,432,023	874,000	820,000	266,000	1,960,000	57%		\$ 6.0265	\$ 11,811,900
201105	05/01/2011	2,354,131	679,000	620,000	178,000	1,477,000	63%		\$ 6.2454	\$ 9,224,485
201106	06/01/2011	1,621,520	427,000	480,000	54,000	961,000	59%		\$ 6.2703	\$ 6,025,785
201107	07/01/2011	1,276,406	250,000	480,000	52,000	782,000	61%		\$ 6.2245	\$ 4,867,580
201108	08/01/2011	1,197,004	218,000	470,000	92,000	780,000	65%		\$ 6.3239	\$ 4,932,650
201109	09/01/2011	905,122	116,000	470,000	56,000	642,000	71%		\$ 6.3726	\$ 4,091,200
201110	10/01/2011	1,904,228	270,000	590,000	33,000	893,000	47%		\$ 6.5037	\$ 5,807,815
201111	11/01/2011	3,529,841	446,000	1,510,000	42,000	1,998,000	57%		\$ 6.4151	\$ 12,817,455
201112	12/01/2011	4,052,997	524,000	1,700,000	29,000	2,253,000	56%		\$ 6.6484	\$ 14,978,745
201201	01/01/2012	3,929,803	442,000	1,670,000	31,000	2,143,000	55%		\$ 6.7716	\$ 14,511,510
201202	02/01/2012	3,480,004	330,000	1,500,000	86,000	1,916,000	55%		\$ 6.4864	\$ 12,427,865
201203	03/01/2012	3,810,020	300,000	1,670,000	3,000	1,973,000	52%		\$ 5.8797	\$ 11,600,550
201204	04/01/2012	3,432,023	219,000	970,000	8,000	1,197,000	35%		\$ 5.5943	\$ 6,696,340
201205	05/01/2012	2,354,131	125,000	740,000	10,000	875,000	37%		\$ 5.5932	\$ 4,894,075
201206	06/01/2012	1,621,520	60,000	540,000	10,000	610,000	38%		\$ 5.5062	\$ 3,358,800

## NEC Gas Cost Volatility Hedging Summary

	PURCHASE (USD)			Average Price (\$/Dth)		
	Mandatory	Accelerated	Discretionary	Mandatory	Accelerated	Discretionary
07/01/2009	\$ 7,314,610	\$ 585,000	\$ 1,360,000	\$ 8.2187	\$ 7.3125	\$ 6.8000 **
08/01/2009	\$ 6,979,450	\$ 813,800	\$ 1,480,150	\$ 8.4090	\$ 7.3982	\$ 5.9206
09/01/2009	\$ 6,691,840	\$ 1,258,250	\$ 1,495,150	\$ 8.5793	\$ 7.4015	\$ 5.9806 **
10/01/2009	\$ 8,092,200	\$ 1,868,750	\$ 2,519,420	\$ 8.6087	\$ 7.4750	\$ 5.0388
11/01/2009	\$ 12,270,850	\$ 4,155,010	\$ 2,353,200	\$ 9.0895	\$ 7.2895	\$ 6.7234
12/01/2009	\$ 15,759,750	\$ 6,973,350	\$ 3,034,500	\$ 9.3808	\$ 7.4185	\$ 6.7433
01/01/2010	\$ 16,009,200	\$ 8,470,060	\$ 3,416,850	\$ 9.6441	\$ 7.6307	\$ 6.8337
02/01/2010	\$ 12,488,550	\$ 7,894,390	\$ 3,501,150	\$ 9.6066	\$ 7.5908	\$ 7.0023
03/01/2010	\$ 10,609,400	\$ 8,454,680	\$ 3,111,750	\$ 9.3888	\$ 7.2885	\$ 6.9150
04/01/2010	\$ 9,621,300	\$ 4,061,470	\$ 2,247,100	\$ 7.2889	\$ 5.4885	\$ 5.6178
05/01/2010	\$ 8,548,950	\$ 1,766,040	\$ 1,234,335	\$ 6.4765	\$ 5.5189	\$ 5.3434
06/01/2010	\$ 5,744,250	\$ 1,569,890	\$ 1,701,750	\$ 6.7184	\$ 5.6068	\$ 5.6725
07/01/2010	\$ 4,232,690	\$ 1,657,680	\$ 1,491,750	\$ 6.9731	\$ 5.7161	\$ 5.9670
08/01/2010	\$ 3,607,940	\$ 1,794,470	\$ 1,510,550	\$ 6.8592	\$ 5.7886	\$ 6.0422
09/01/2010	\$ 3,169,800	\$ 1,920,490	\$ 1,223,000	\$ 6.7443	\$ 5.8197	\$ 6.1150
10/01/2010	\$ 4,404,590	\$ 2,601,660	\$ 3,937,250	\$ 6.3375	\$ 5.9129	\$ 6.1043
11/01/2010	\$ 10,359,200	\$ 4,796,230	\$ 3,738,520	\$ 6.0936	\$ 6.2289	\$ 6.0690
12/01/2010	\$ 10,713,900	\$ 7,326,740	\$ 2,569,950	\$ 6.5329	\$ 6.6007	\$ 6.2682
01/01/2011	\$ 9,256,190	\$ 8,466,940	\$ 2,561,220	\$ 6.7563	\$ 6.8282	\$ 6.4031
02/01/2011	\$ 7,606,650	\$ 7,510,920	\$ 4,077,400	\$ 6.6145	\$ 6.8281	\$ 6.1779
03/01/2011	\$ 7,450,060	\$ 7,850,420	\$ 2,323,160	\$ 6.3136	\$ 6.8863	\$ 5.8079 **
04/01/2011	\$ 5,093,100	\$ 5,159,890	\$ 1,558,910	\$ 5.8273	\$ 6.2925	\$ 5.8606
05/01/2011	\$ 3,973,495	\$ 4,212,900	\$ 1,038,090	\$ 5.8520	\$ 6.7950	\$ 5.8320
06/01/2011	\$ 2,552,815	\$ 3,177,600	\$ 295,370	\$ 5.9785	\$ 6.6200	\$ 5.4698
07/01/2011	\$ 1,496,700	\$ 3,084,500	\$ 286,380	\$ 5.9868	\$ 6.4260	\$ 5.5073
08/01/2011	\$ 1,308,060	\$ 3,109,050	\$ 515,540	\$ 6.0003	\$ 6.6150	\$ 5.6037
09/01/2011	\$ 706,450	\$ 3,062,050	\$ 322,700	\$ 6.0901	\$ 6.5150	\$ 5.7625
10/01/2011	\$ 1,624,650	\$ 3,986,800	\$ 196,365	\$ 6.0172	\$ 6.7573	\$ 5.9505
11/01/2011	\$ 2,762,500	\$ 9,795,450	\$ 259,505	\$ 6.1939	\$ 6.4871	\$ 6.1787
12/01/2011	\$ 3,422,360	\$ 11,367,600	\$ 188,785	\$ 6.5312	\$ 6.6868	\$ 6.5098
01/01/2012	\$ 2,944,600	\$ 11,361,150	\$ 205,760	\$ 6.6620	\$ 6.8031	\$ 6.6374
02/01/2012	\$ 2,141,800	\$ 9,728,000	\$ 558,065	\$ 6.4903	\$ 6.4853	\$ 6.4891
03/01/2012	\$ 1,795,900	\$ 9,787,250	\$ 17,400	\$ 5.9863	\$ 5.8606	\$ 5.8000
04/01/2012	\$ 1,220,495	\$ 5,431,650	\$ 44,195	\$ 5.5730	\$ 5.5996	\$ 5.5244
05/01/2012	\$ 704,915	\$ 4,133,550	\$ 55,610	\$ 5.6393	\$ 5.5859	\$ 5.5610
06/01/2012	\$ 331,200	\$ 2,972,800	\$ 54,800	\$ 5.5200	\$ 5.5052	\$ 5.4800

## Exception (Error) Trades

Following trades are either over hedges or violate other strategy rules and are not incorporated in Incentive Calculation

Reason to exclude	DEAL TYPE	DEAL KEY	BUY/SELL	CONTRACT MONTH	TRADE DATE	COMMODITY	VOLUME (Dth)	PRICE	M2M PRICE	PROFIT (LOSS)
July 09 Disc Hedge executed within 6 Business Days prior to the start of supply month	FUTS	11942	PURCHASE	200907	06/24/2009	NG	50,000	\$ 3.800	\$ 3.949	\$ 7,450
July 09 Disc Hedge executed within 6 Business Days prior to the start of supply month	FUTS	11946	SALE	200907	06/24/2009	NG	(250,000)	\$ 3.780	\$ 3.949	\$ (42,250)
Sep 09 Overhedge Mandatory	FUTS	10632	PURCHASE	200909	12/13/2007	NG	50,000	\$ 8.100	\$ 2.843	\$ (262,850)
Sep 09 Overhedge Mandatory	FUTS	10790	SALE	200909	01/25/2008	NG	(50,000)	\$ 8.190	\$ 2.843	\$ 267,350
Mar 11, Overhedge Accelerated	SWPS	14422	PURCHASE	201103	03/19/2009	NG	270,000	\$ 6.640	\$ 6.630	\$ (2,653)
Mar 11, Overhedge Accelerated	SWPS	14423	SALE	201103	03/20/2009	NG	(270,000)	\$ 6.705	\$ 6.630	\$ 19,896