

KEEGAN, WERLIN & PABIAN, LLP

ATTORNEYS AT LAW
265 FRANKLIN STREET
BOSTON, MASSACHUSETTS 02110-3113

(617) 951-1400

TELECOPIERS:
(617) 951- 1354
(617) 951- 0586

September 1, 2004

VIA HAND DELIVERY

Luly Massaro, Commission Clerk
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: Docket No. 3436, Annual Gas Cost Recovery Filing

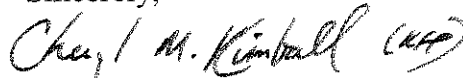
Dear Ms. Massaro:

Enclosed please find an original and nine copies of the testimony of Peter Czekanski and Gary Beland in support of the above referenced filing. Please note, these proposed rates reflect the customer class-specific factors necessary for New England Gas Company ("Company") to collect projected gas costs for the period November 1, 2004 through October 31, 2005.

Accompanying the pre-filed testimony, the Company has also filed a Motion for Protective Treatment, as permitted by the Rhode Island Department of Public Utilities ("Commission") Rule 1.2(g) and by R.I.G.L. § 38-2-2(4)(i)(B). The Company seeks protection from public disclosure the portfolio-management fee established in the ConocoPhillips Company contract, which is confidential, commercially sensitive and proprietary. Accordingly, the Company requests that the Commission protect the price terms and related calculations set forth in Exhibit GLB-11. To that end, the Company has provided the Commission with the confidential materials for its review, and has served redacted copies to the parties.

Thank you for your attention to this filing.

Sincerely,



Cheryl M. Kimball
(R.I. Bar # 6458)

Enclosure
cc: Service List

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PUBLIC UTILITIES COMMISSION

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

NEW ENGLAND GAS COMPANY
DOCKET NO. 3436

DIRECT TESTIMONY

OF

PETER C. CZEKANSKI

September 1, 2004

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Peter C. Czekanski. My business address is 100 Weybosset Street,
3 Providence, RI 02903.

4 **Q. WHAT IS YOUR POSITION AND RESPONSIBILITIES?**

5 A. I am Director of Pricing for the New England Gas Company ("NEG" or "Company").
6 My responsibilities include overseeing the design, implementation and administration
7 of rates charged by NEG. I also direct the development of the Company's sales and
8 revenue forecasts.

9 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN DOCKET NO. 3436 GAS COST**
10 **RECOVERY FILINGS?**

11 A. Yes, I have previously testified in Docket No. 3436 Gas Cost Recovery filings.

12 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

13 A. The purpose of this testimony is to explain the calculation of the Gas Cost Recovery
14 ("GCR") charges to be effective with consumption on and after November 1, 2004 for
15 the following services: (1) firm sales service customers in the Residential Non-Heating
16 and Heating rate classes as well as Commercial and Industrial ("C&I") customers in
17 the Small, Medium, Large and Extra Large rate classes; and (2) Gas Marketer Charges

1 and factors associated with transportation services billed to Gas Marketers. My
2 testimony will also address the Natural Gas Vehicle (“NGV”) rate.

3 **Q. DO YOU HAVE ANY SCHEDULES INCLUDED WITH YOUR TESTIMONY?**

4 A. Yes. I am sponsoring the following Schedules:

5 PCC-1 Gas Cost Recovery Schedules
6 PCC-2 GCR Reconciliation Filing
7 PCC-3 Projected Gas Cost Balances
8 PCC-4 Bill Impacts
9 PCC-5 NGV Tariff
10 PCC-6 Marketer Transportation Factors

11 **Q. PLEASE PROVIDE AN OVERVIEW OF THE DEVELOPMENT OF THE**
12 **PROPOSED GCR RATES.**

13 A. The proposed GCR rates reflect the customer class specific factors necessary for the
14 Company to collect sufficient revenues to cover the projected gas costs for the period
15 November 2004 through October 2005. As shown in the testimony of Mr. Beland on
16 Schedule GLB-1, gas costs for the period are projected to be \$235 million for the
17 twelve months ended October 2005. In addition to these projected costs, the GCR
18 factors also reflect Working Capital Costs of \$977,740 (Schedule PCC-1, pages 8-10),
19 Inventory Financing Costs of \$2,726,856 (Schedule PCC-1, page 11), prior period
20 Deferred Balance of \$9,933,691 (Schedule PCC-1, pages 6-7; based on actual data
21 through July 2004 and forecast data for the period August 2004 through October
22 2004), LNG Operation and Maintenance (“O&M”) Costs of \$884,360 (Docket No.
23 3401), and a credit of \$1,889,713 associated with LNG Costs which will be collected

1 via the Distribution Adjustment Clause (“DAC”) factor. Thus, the GCR factors are
2 intended to recover \$247,028,276 in costs over the period November 2004 through
3 October 2005. Schedule PCC-1, page 1 provides a summary of the GCR factors by
4 customer rate class.

5 **Q. SCHEDULE PCC-1, PAGE 1 SHOWS A RESIDENTIAL AND SMALL C&I**
6 **GCR FACTOR OF \$8.7926 PER DEKATHERM. PLEASE EXPLAIN HOW**
7 **THIS FACTOR WAS DERIVED.**

8 A. The \$8.7926/dekatherm (“Dth”) GCR factor consists of five gas cost components and
9 an un-collectible component. The five gas cost components are Supply Fixed Costs,
10 Storage Fixed Costs, Supply Variable Costs, Storage Variable Product Costs and
11 Storage Variable Non-product Costs. The associated rate components are
12 \$0.8057/Dth, \$0.3311/Dth, \$6.5123/Dth, \$0.8755/Dth, and \$.0834/Dth respectively.

13 The derivation of the Supply Fixed Cost component is reflected on Schedule PCC-1,
14 page 2. As shown, Supply Fixed Costs total \$26,449,924 (see also Schedule GLB-1;
15 Pipeline Demand Costs of \$29,199,232, Supplier Demand Costs of \$2,558,185, and
16 Marketer/Capacity Release Revenues of \$5,307,492). Also, Working Capital Costs
17 (PCC-1, page 8) associated with Supply Fixed Costs of \$111,492 are added, as is the
18 prior period Supply Fixed Gas Cost over-collection of \$3,769,316, resulting in total
19 Supply Fixed Gas Costs of \$22,792,100 to be collected over the period November
20 2004 through October 2005. Because the Company’s supply planning is based upon

1 having sufficient capacity to meet the needs of our firm sales customers under design
2 winter conditions, Supply Fixed Costs (as well as Storage Fixed Costs) are allocated to
3 the various rate classes based on their proportion of design winter use. As shown, the
4 percentage of Residential and Small C&I design sales to total design sales is 78.94%.
5 Thus, 78.94% of total Supply Fixed Costs, or \$17,991,124 is allocated to the
6 Residential and Small C&I customer class. Dividing \$17,991,124 by the November
7 2004 through October 2005 forecasted consumption of the Residential and Small C&I
8 class results in a Supply Fixed Cost rate component of \$0.8057/Dth.

9 **Q. HOW IS THE STORAGE FIXED COST FACTOR COMPONENT FOR THE**
10 **RESIDENTIAL AND SMALL C&I CLASS DERIVED?**

11 A. The derivation of the Storage Fixed Cost factor is demonstrated on Schedule PCC-1,
12 page 3. As shown, Storage Fixed Costs total \$10,745,891 (see also Schedule GLB-1).
13 Deducted from this amount are \$677,072 of LNG Demand costs that have been
14 allocated to the DAC. Added to this amount are \$518,894 of supply related LNG
15 O&M costs, \$44,630 of Working Capital Costs associated with Storage Fixed Costs
16 (Schedule PCC-1, page 8), and the prior period over-collection associated with
17 Storage Fixed Costs of \$1,085,566. Thus, Total Storage Fixed Costs to be collected
18 over the period November 2004 through October 2004 amount to \$9,546,777. As with
19 Supply Fixed Costs, the Storage Fixed Costs are allocated on the basis of design
20 winter throughput. Thus, 77.45%, or \$7,394,155 of total Storage Fixed Costs are

1 allocated to the Residential and Small C&I customer class. Dividing \$7,394,155 by
2 forecasted period sales of 22,330,538 Dths results in the Storage Fixed Cost
3 component of \$0.3311/Dth.

4 **Q. THE PERCENT OF RESIDENTIAL AND SMALL C & I DESIGN SALES**
5 **USED FOR ALLOCATED SUPPLY FIXED COSTS WAS 78.94%. WHY IS**
6 **THE COMPANY USING 77.45% FOR ALLOCATING STORAGE FIXED**
7 **COSTS?**

8 A. A portion of Storage Fixed Costs are required to meet the needs of FT-2 transportation
9 customers. Thus, the projected throughput has been adjusted to incorporate the
10 consumption of this class of customers. Schedule PCC-6, page 2 reflects the
11 development of the FT-2 Marketer Charge and the allocation of Storage Fixed Costs to
12 this class of customers.

13 **Q. WHY DOES THE COMPANY ASSIGN A PORTION OF STORAGE FIXED**
14 **COSTS TO FT-2 CUSTOMERS?**

15 A. Consistent with the methodology established and approved by the Commission in
16 Docket No. 2552, the FT-2 rate is based on the development of the storage and
17 peaking costs as described in the GCR tariff. The fixed and variable costs related to
18 the operations, maintenance, and delivery of the Company's storage resources, along
19 with requirements for purchased gas working capital are components of this rate.

1 **Q. HOW IS THE SUPPLY VARIABLE COST COMPONENT FOR THE**
2 **RESIDENTIAL AND SMALL C&I CUSTOMER CLASS DERIVED?**

3 A. The Supply Variable Cost component is \$6.5123/Dth for all customer classes,
4 including the Residential and Small C&I customer class. Schedule PCC-1, page 4
5 reflects the derivation of the \$6.5123/Dth Supply Variable Cost component. As
6 shown, projected Variable Supply Costs are \$172,024,516 (see GLB-1). Deducted
7 from this amount are Variable Delivery Storage Costs of \$131,634, Variable Injection
8 Storage Costs of \$86,541, and Fuel Costs Allocated to Storage of \$1,332,212,
9 resulting in total deductions of \$1,550,387. These costs have been transferred to the
10 Storage Variable Non-product Cost bucket. Added to this amount are Working
11 Capital Costs associated with Supply Variable Costs of \$718,586 (PCC-1, page 9) and
12 the prior period under-collection associated with Supply Variable Costs of
13 \$15,895,140. Thus, total Supply Variable Costs for the period November 2004
14 through October 2005 are \$187,088,855. Dividing \$187,088,855 by projected period
15 sales of 28,728,585 Dths results in the Supply Variable Cost factor of \$6.5123/Dth.

16 **Q. WHY AREN'T THESE COSTS ALLOCATED ON THE BASIS OF DESIGN**
17 **THROUGHPUT, AS WITH THE SUPPLY FIXED AND STORAGE FIXED**
18 **COMPONENTS?**

19 A. Supply Variable Costs vary with the amount of gas actually used, and accordingly, are
20 allocated to the various rate classes based on projected consumption.

1 Q. **HOW IS THE STORAGE VARIABLE PRODUCT COST FACTOR**
2 **ASSOCIATED WITH THE RESIDENTIAL AND C&I SMALL CUSTOMER**
3 **CLASS DERIVED?**

4 A. The derivation of the Storage Variable Product Cost factor is shown in Schedule PCC-
5 1, page 5. As shown, projected Storage Variable Product Costs are \$24,166,319.
6 Deducted from this amount are \$1,212,640 of Balancing Related LNG costs that have
7 been transferred to the DAC for collection. Added to this amount are \$365,465 of
8 Supply Related LNG O&M Costs (Docket No. 3401), \$98,295 of Working Capital
9 Costs (PCC-1, page 9), Inventory Financing Costs of \$449,915, \$2,116,619 and
10 \$45,088 for LNG, Underground Storage and LP, respectively (PCC-1, page 11), and
11 the prior period over-collection of \$876,436. Thus, Total Storage Variable Costs to be
12 collected over the period November 2004 through October 2005 are \$25,152,625.
13 Dividing \$25,152,625 by forecasted period sales of 28,728,585 Dths results in the
14 \$0.8755/Dth Storage Variable Product Cost factor.

15 Q. **HOW IS THE STORAGE VARIABLE NON-PRODUCT COST FACTOR**
16 **ASSOCIATED WITH THE RESIDENTIAL AND C&I SMALL CUSTOMER**
17 **CLASS DERIVED?**

18 A. The derivation of the Storage Variable Non-product Cost factor is shown in Schedule
19 PCC-1, page 5. As shown, projected Storage Variable Non-product Costs are
20 \$1,123,925. Added to this amount are Variable Delivery Storage Costs of \$131,634,

1 Variable Injection Costs of \$86,541, and Fuel Costs Allocated to Storage of
2 \$1,332,212. Also, Working Capital Costs of \$4,738 and the prior period over-
3 collection of \$231,131 are added, resulting in total Storage Variable Non-product
4 Costs of \$2,447,918 to be collected over the period November 2004 through October
5 2005. Dividing \$2,447,918 by forecasted period throughput of 29,335,819 Dth's
6 results in the \$0.0834/Dth Storage Variable Non-product Cost factor.

7 **Q. WHY WERE THE STORAGE VARIABLE NON-PRODUCT COSTS DIVIDED**
8 **BY FORECASTED THROUGHPUT OF 29,335,819 DTH'S WHILE STORAGE**
9 **VARIABLE PRODUCT COSTS AND SUPPLY VARIABLE COSTS WERE**
10 **DIVIDED BY FORECASTED SALES OF 28,728,585 DTH'S?**

11 A. Similar to the derivation of the Storage Fixed Cost factor, a portion of Storage
12 Variable Non-product Costs are associated with the delivery of underground storage
13 for FT-2 Marketers. Thus, a portion of the Storage Variable Non-product Costs are
14 assigned to FT-2 Marketers (see PCC-6).

15 In summary, the \$8.7926/Dth Residential and Small C&I GCR factor consists of a
16 \$0.8057/Dth Supply Fixed Cost component, \$0.3311 Storage Fixed Cost component,
17 \$6.5123 Supply Variable Cost component, \$0.8755 Storage Variable Product Cost
18 component and \$0.0834 Storage Variable Non-product Cost component. The sum
19 total of these gas cost components is \$8.6080/Dth. Adjusting this rate by the 2.10

1 uncollectible percent results in the proposed Residential and Small C & I GCR factor
2 of \$8.7926/Dth.

3 **Q. HOW ARE THE GCR FACTORS FOR THE OTHER CUSTOMER CLASSES**
4 **DERIVED?**

5 A. The GCR factors for the remaining customer classes are calculated in a manner that is
6 identical to the calculation for the Residential and Small C&I customer classes.

7 **Q. WHAT IS THE COMPANY'S ESTIMATE OF THE DEFERRED GAS COST**
8 **BALANCE AT THE END OF THE CURRENT GCR PERIOD?**

9 A. The Company's current estimate is an undercollection of approximately \$9,933,691 in
10 the deferred gas cost account at the end of October 2004. This estimate is based on
11 the actual deferred balance at the end of June as reflected in the Company's annual
12 GCR reconciliation filed with the Division and Commission under cover letter dated
13 July 30, 2004, preliminary actual data for July 2004, and our latest August 2004
14 through October 2004 projection using the current GCR factors and latest estimate of
15 gas costs. A copy of the GCR reconciliation filing is attached here as Schedule PCC-2
16 and the updated deferred gas cost balance projections for July 2004 through October
17 2004 are provided in Schedule PCC-1 at pages 6 - 7.

1 Q. **WHAT IS THE TOTAL DEFERRED BALANCE REFLECTED IN THE GCR**
2 **FACTORS?**

3 A. Based on actual data through June 2004, preliminary actual data for July 2004, and
4 updated forecasted data for the period August 2004 through October 2004, the total
5 estimated deferred balance at October 31, 2004 is \$9,933,691. The projected gas cost
6 balances for the period November 2004 through October 31, 2005 are shown on
7 Schedule PCC-3.

8 Q. **PLEASE DESCRIBE THE DEVELOPMENT OF THE FORECAST**
9 **THROUGHPUT REQUIREMENTS.**

10 A. Development of the forecast throughput requirements started with the historical actual
11 monthly number of customers and associated gas consumption by rate class. This
12 encompassed both the time prior to and during which the Company has operated under
13 the state-wide consolidated tariff. The historical consumption data was weather
14 normalized to reflect the 10-year average of 5,463 degree days established in the
15 Company's last rate case, Docket No. 3401. The Company's marketing group then
16 used the historical data along with their knowledge of any specific projects likely to
17 occur as well as general econometric data like housing starts, etc., to develop customer
18 growth rates for each rate class. The rate-class throughput forecast was then
19 calculated for the upcoming GCR period using historic average use per customer for
20 the various rate classes. For the extra-large rate class, the marketing group projected

1 the monthly consumption on a customer-by-customer basis. These customers are the
2 Company's largest customers with each account having annual consumption in excess
3 of 15,000 Dth. Although there are less than 100 customers in this group, these
4 customers account for approximately 12 percent of the Company's annual firm
5 throughput. As a result, the Company's marketing group is generally familiar with
6 these customers and their operations.

7 **Q. WHAT LEVEL OF MIGRATION FROM SALES SERVICE TO**
8 **TRANSPORTATION SERVICE IS REFLECTED IN THE FORECAST?**

9 A. The forecast does not include any migration from sales service to transportation
10 service, or from transportation service to sales service. The actual number of
11 transportation customers on July 31, 2004 was held constant throughout the forecast
12 period. However, the Company will adjust its GPIP forecast if the net change in
13 monthly marketer aggregation pool pipeline-capacity assignments is equal to or
14 greater than 1% of the Company's comparable requirements.

15 **Q. WHAT IS THE BILL IMPACT OF THE PROPOSED CHANGES?**

16 A. A residential heating customer using 1,035 therms per year will experience an increase
17 of approximately \$43 (an average \$3.58 per month), or an annual 3.2 percent increase
18 over the currently effective rates. A summary of bill impacts for customers with
19 various levels of usage are provided on Schedule PCC-4. Please note, in addition to

1 the proposed GCR factors, the bill impact analysis also incorporates the proposed
2 increase in DAC factors that was filed on July 30th in Docket No. 3548 for effect
3 November 1, 2004. Of the \$43 annual increase for a residential heating customer, \$14
4 is associated with the increased GCR rates and \$29 with the increased DAC rates. The
5 bill impact analysis presented on Schedule PCC-4 will be supplemented to reflect any
6 changes submitted in Docket No. 3548 that impact on the proposed DAC.

7 **Q. IS THE COMPANY PROPOSING A CHANGE TO THE NGV RATE?**

8 A. Yes. The commodity charge component of the NGV rates is based on the Supply
9 Variable Costs identified in the Company's GCR filing. Accordingly, the NGV
10 commodity charge is being updated to reflect the Supply Variable Costs included in
11 this filing. A revised NGV tariff is provided as Schedule PCC-5

12 **Q. WHAT ARE THE VARIOUS GAS MARKETER CHARGES AND FACTORS**
13 **INCLUDED IN THIS GCR FILING?**

14 A. The gas marketer charges and factors covered under the Company's GCR tariff and
15 included in this GCR filing are: 1) the FT-2 firm transportation marketer gas charges;
16 2) Pool Balancing Service charges; and 3) the Company's weighted average pipeline
17 cost and the associated credits/surcharges applied to marketers for pipeline capacity
18 assignments. A summary of the proposed charges that would take effect concurrent

1 with the updating of transportation factors and capacity releases on November 1, 2004
2 are shown on Schedule PCC-6, page 1.

3 **Q. PLEASE DESCRIBE THE DEVELOPMENT OF THE FT-2 FIRM**
4 **TRANSPORTATION RATE FOR STORAGE AND PEAKING RESOURCES.**

5 A. Consistent with the methodology established and approved by the Commission in
6 Docket No. 2552, the FT-2 rate is based on the development of the storage and
7 peaking costs as described in the GCR tariff. The fixed and variable costs related to
8 the operations, maintenance and delivery of the Company's storage resources were
9 totaled, along with requirements for purchased gas working capital. The result was
10 then divided by the forecasted firm throughput to arrive at a per therm cost. The
11 proposed rate of \$0.0399 per therm is comparable to the current rate of \$0.0439 per
12 therm. Schedule PCC-6, page 2 demonstrates the calculation of the \$0.0399 per therm
13 FT-2 Marketer Charge.

14 **Q. PLEASE DESCRIBE THE UPDATE OF THE POOL BALANCING SERVICE**
15 **CHARGE.**

16 A. Pursuant to Item 5.04.1 of the Transportation Terms and Conditions and consistent
17 with the methodology established in Item 4.2 of the GCR tariff, the Pool Balancing
18 Charge is being updated to reflect the relevant Fixed and Storage Cost components.

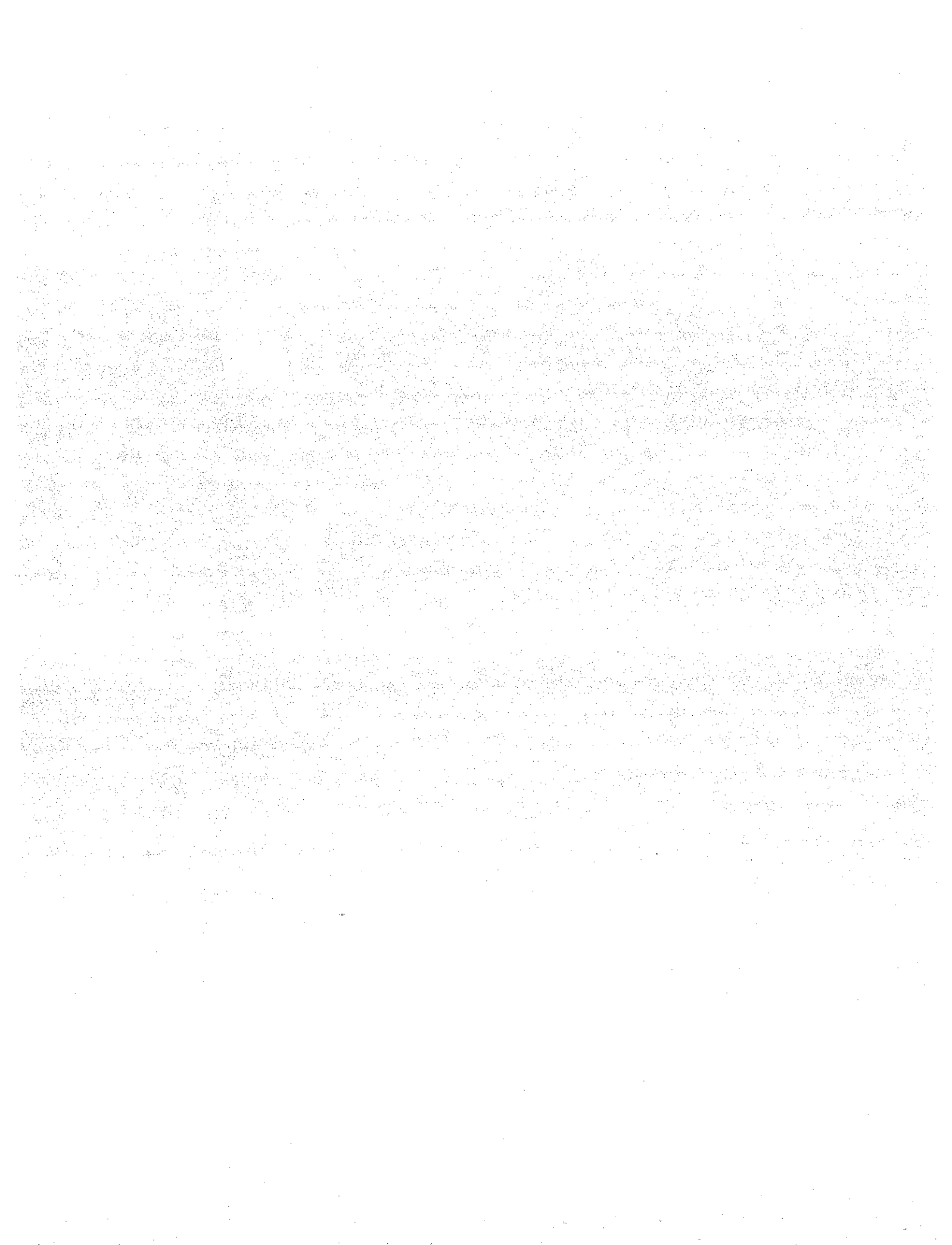
1 As shown on Schedule PCC-6, page 1, the proposed balancing charge is \$0.0020 per
2 percentage of balancing elected per therm of throughput in the Marketer pool.

3 **Q. HAS THE COMPANY UPDATED THE TRANSPORTATION SERVICE**
4 **CHARGES ASSOCIATED WITH PIPELINE CAPACITY ASSIGNMENT?**

5 A. Yes, the updated Company weighted average pipeline cost is shown on Schedule
6 PCC-6, page 1. The testimony of Company witness Mr. Gary Beland describes its
7 calculation as well as the calculation of the associated credits/surcharges applied to
8 marketers for pipeline capacity assignments.

9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

10 A. Yes.



New England Gas Company
Rhode Island Service Area
Gas Cost Recovery (GCR) Filing
Factors Effective November 1, 2004
(\$ per Dth)

Line No.	Description (a)	Reference (b)	Resid & Small C&I (c)	Medium C&I (d)	Large LLF (e)	Large HLF (f)	Extra Large LLF (g)	Extra Large HLF (h)	FT-2 Mkter (i)
1	Supply Fixed Cost Factor	pg. 2	\$0.8057	\$0.7542	\$0.8224	\$0.6838	\$0.9650	\$0.5233	n/a
2	Storage Fixed Cost Factor	pg. 3	\$0.3311	\$0.3093	\$0.3314	\$0.2812	\$0.3966	\$0.2151	\$0.3073
3	Supply Variable Cost Factor	pg. 4	\$6.5123	\$6.5123	\$6.5123	\$6.5123	\$6.5123	\$6.5123	n/a
4a	Storage Variable Product Cost Factor	pg. 5	\$0.8755	\$0.8755	\$0.8755	\$0.8755	\$0.8755	\$0.8755	n/a
4b	Storage Variable Non-product Cost Factor	pg. 5	\$0.0834	\$0.0834	\$0.0834	\$0.0834	\$0.0834	\$0.0834	\$0.0834
5	Total Gas Cost Recovery Charge	(1)+(2)+(3)+(4)	\$8.6080	\$8.5347	\$8.6250	\$8.4362	\$8.8328	\$8.2096	\$0.3907
6	Uncollectible %	Docket 3401	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%
7	Total GCR Charge adjusted for Uncollectibles	(5) / [(1 - (6))]	\$8.7926	\$8.7178	\$8.8100	\$8.6172	\$9.0223	\$8.3857	\$0.3991

Line No.	Description (a)	Reference (b)	Amount (c)	Resid & Small C&I (d)	Medium C&I (e)	Large LLE (f)	Large HLE (g)	Extra Large LLE (h)	Extra Large HLE (i)	Line No.
1	Supply Fixed Costs (net of Cap Rel)	GLB 1	\$26,449,924							1
2	Less:									2
3	Capacity Release Revenues	GLB 1	\$0							3
4	Interruptible Costs		\$0							4
5	Non-Firm Sales Costs		\$0							5
6	Off-System Sales Margin		\$0							6
7	Refunds		\$0							7
8	Total Credits	sum[(3):(7)]	\$0							8
9	Plus:									9
10	Working Capital Requirement	pg 8	\$111,492							10
11	Reconciliation Amount	pg 6	(\$3,769,316)							11
12	Total Additions	(10) + (11)	(\$3,657,824)							12
13	Total Supply Fixed Costs	(1) - (8) + (12)	\$22,792,100							13
14	Design Winter Sales Percentage	pg 13		78.94%	14.78%	3.77%	1.36%	0.35%	0.81%	14
15	Allocated Supply Fixed Costs	(13) x (14)	\$17,991,124	\$17,991,124	\$3,368,520	\$858,691	\$308,894	\$80,230	\$184,642	15
16	Sales (Dt)	pg 12		22,330,538	4,466,157	1,044,145	451,760	83,142	352,843	16
17	Supply Fixed Factor	(15) / (16)	\$0.8057	\$0.8057	\$0.7542	\$0.8224	\$0.6838	\$0.9650	\$0.5233	17

Gas Cost Recovery (GCR) Filing
 Fixed Cost Calculation (\$ per Dth)

New England Gas Company
 Rhode Island Service Area

Line No.	Description (a)	Reference (b)	Amount (c)	Resid & Small C&I (d)	Medium C&I (e)	Large LLF (f)	Large HLF (g)	Extra Large LLF (h)	Extra Large C&I (i)	Line No.
1	Storage Fixed Costs	GLB 1	\$10,745,891							1
2	Less:									2
3	LNG Demand to DAC	GLB 2/Dkt 3401	\$677,072							3
4	Credits		\$0							4
5	Refunds		\$0							5
6	Total Credits	sum [(3):(5)]	\$677,072							6
7	Plus:									7
8	Supply Related LNG O&M Costs	Docket 3401	\$518,894							8
9	Working Capital Requirement	pg 8	\$44,630							9
10	Reconciliation Amount	pg 6	(\$1,085,566)							10
11	Total Additions	sum [(8):(10)]	(\$522,042)							11
12	Total Storage Fixed Costs	(1) - (6) + (11)	\$9,546,777							12
13	Design Winter Throughput Percentage	pg 13		77.45%	15.63%	4.22%	1.56%	0.35%	0.79%	13
14	Allocated Storage Fixed Costs	(12) x (13)	\$7,394,155	\$1,492,320	\$402,412	\$149,031	\$32,974	\$75,886		14
15	Throughput (Dt)	pg 12	22,330,538	4,825,194	1,214,132	529,971	83,142	352,843		15
16	Storage Fixed Factor	(14) / (15)	\$0.3311	\$0.3093	\$0.3314	\$0.2812	\$0.3966	\$0.2151		16

<u>Line No.</u>	<u>Description</u>	<u>Reference</u>	<u>Amount</u>	<u>Line No.</u>
1	Variable Supply Costs	GLB 1	\$172,024,516	1
2	Less:			2
3	Non-Firm Sales		\$0	3
4	Variable Delivery Storage Costs	GLB 2/ PCC 1 p5	\$131,634	4
5	Variable Injection Storage Costs	GLB 2/ PCC 1 p5	\$86,541	5
6	Fuel Costs Allocated to Storage	GLB 2/ PCC 1 p5	\$1,332,212	6
7	Refunds		\$0	7
8	Total Credits	sum [(3):(7)]	<u>\$1,550,387</u>	8
9	Plus:			9
10	Working Capital	pg 9	\$718,586	10
11	Reconciliation Amount	pg 6	<u>\$15,896,140</u>	11
12	Total Additions	(10)+(11)	\$16,614,726	12
13	Total Variable Supply Costs	(1)-(8)+(12)	<u>\$187,088,855</u>	13
14	Sales (Dt)	pg 12	28,728,585	14
15	Supply Variable Cost Factor	(13)/(14)	<u>\$6.5123</u>	15

<u>Line No.</u>	<u>Description</u>	<u>Reference</u>	<u>Amount</u>	<u>Line No.</u>
1	Storage Variable Product Costs	GLB 1	\$24,166,319	1
2	Less:			2
3	Balancing Related LNG Costs (to DAC)	GLB 2/Dkt 3401	\$1,212,640	3
4	Refunds		\$0	4
5	Total Credits	(3)+(4)	\$1,212,640	5
6	Plus:			6
7	Supply Related LNG O&M	Docket 3401	\$365,465	7
8	Working Capital	pg 9	\$98,295	8
9	Inventory Financing - LNG (Supply)	pg 11	\$449,915	9
10	Inventory Financing - Storage	pg 11	\$2,116,619	10
11	Inventory Financing - LP	pg 11	\$45,088	11
12	Reconciliation Amount	pg 7	(\$876,436)	12
13	Total Additions	sum[(7):(12)]	\$2,198,947	13
14	Total Storage Variable Costs	(1)-(5)+(13)	\$25,152,625	14
15	Sales (Dt)	pg 12	28,728,585	15
16	Storage Variable Product Cost Factor	(14) / (15)	<u>\$0.8755</u>	16
17	Storage Variable Non-Product Costs	GLB 1	\$1,123,925	17
18	Less:			18
19	Refunds		\$0	19
20	Total Credits		\$0	20
21	Plus:			21
22	Variable Delivery Storage Costs	pg 4	\$131,634	22
23	Variable Injection Storage Costs	pg 4	\$86,541	23
24	Fuel Costs Allocated to Storage	pg 4	\$1,332,212	24
25	Working Capital	pg 10	\$4,738	25
26	Inventory Financing - Storage	pg 11	\$0	26
27	Reconciliation Amount	pg 7	(\$231,131)	27
28	Total Additions	sum[(22):(27)]	\$1,323,994	28
29	Total Storage Variable Costs	(17)-(20)+(28)	\$2,447,918	29
30	Throughput (Dt)	pg 12	29,335,819	30
31	Storage Variable Product Cost Factor	(29) / (30)	<u>\$0.0834</u>	31

Line No.		Jul-04 31 actual	Aug-04 31 forecast	Sep-04 30 forecast	Oct-04 31 forecast	Line No.
<u>I. Supply Fixed Cost Deferred</u>						
1	Beginning Balance	(\$9,253,083)	(\$7,580,662)	(\$6,179,939)	(\$4,828,159)	1
2	Supply Fixed Costs	\$2,393,028	\$2,129,121	\$2,127,769	\$2,129,121	2
3	Capacity Release	\$0	\$0	\$0	\$0	3
4	Working Capital	\$10,092	\$8,979	\$8,974	\$8,979	4
5	Total Supply Fixed Costs	\$2,403,120	\$2,138,100	\$2,136,743	\$2,138,100	5
6	Supply Fixed - Collections	\$714,674	\$723,293	\$773,695	\$1,070,165	6
7	Prelim. Ending Balance	(\$7,564,637)	(\$6,165,855)	(\$4,816,891)	(\$3,760,223)	7
8	Month's Average Balance	(\$8,408,860)	(\$6,873,258)	(\$5,498,415)	(\$4,294,191)	8
9	Interest Rate (Fleet Prime)	2.25%	2.42%	2.50%	2.50%	9
10	Interest Applied	(\$16,025)	(\$14,085)	(\$11,267)	(\$9,093)	10
11	Supply Fixed Ending Balance	(\$7,580,662)	(\$6,179,939)	(\$4,828,159)	(\$3,769,316)	11
<u>II. Storage Fixed Cost Deferred</u>						
12	Beginning Balance	(\$3,207,583)	(\$2,637,608)	(\$2,066,287)	(\$1,515,649)	12
13	Storage Fixed Costs	\$882,245	\$886,247	\$886,247	\$886,247	13
14	LNG Demand to DAC	(\$57,790)	(\$57,790)	(\$57,790)	(\$57,790)	14
15	Supply Related LNG O & M	\$43,241	\$43,241	\$43,241	\$43,241	15
16	Working Capital	\$3,659	\$3,676	\$3,676	\$3,676	16
17	Total Storage Fixed Costs	\$871,355	\$875,374	\$875,374	\$875,374	17
18	Storage Fixed - Collections	\$295,816	\$299,239	\$321,069	\$442,540	18
19	Prelim. Ending Balance	(\$2,632,043)	(\$2,061,473)	(\$1,511,982)	(\$1,082,815)	19
20	Month's Average Balance	(\$2,919,813)	(\$2,349,540)	(\$1,789,135)	(\$1,299,232)	20
21	Interest Rate (Fleet Prime)	2.25%	2.42%	2.50%	2.50%	21
22	Interest Applied	(\$5,564)	(\$4,815)	(\$3,666)	(\$2,751)	22
23	Storage Fixed Ending Balance	(\$2,637,608)	(\$2,066,287)	(\$1,515,649)	(\$1,085,566)	23
<u>III. Variable Supply Cost Deferred</u>						
24	Beginning Balance	\$14,434,752	\$14,214,139	\$13,759,972	\$13,419,329	24
25	Variable Supply Costs	\$4,571,591	\$4,387,112	\$4,781,763	\$9,514,610	25
26	Variable Delivery Storage	\$0	\$0	\$0	\$0	26
27	Variable Injections Storage	(\$6,395)	(\$8,270)	(\$3,460)	(\$4,992)	27
28	Fuel Cost Allocated to Storage	(\$64,004)	(\$68,548)	(\$29,144)	(\$40,145)	28
29	Working Capital	\$18,983	\$18,178	\$20,029	\$39,937	29
30	Total Supply Variable Costs	\$4,520,175	\$4,328,472	\$4,769,188	\$9,509,410	30
31	Supply Variable - Collections	\$4,753,066	\$4,811,272	\$5,137,650	\$7,063,604	31
32	Deferred Responsibility/TSS	\$14,995	\$0	\$0	\$0	32
33	Prelim. Ending Balance	\$14,186,867	\$13,731,339	\$13,391,510	\$15,865,136	33
34	Month's Average Balance	\$14,310,810	\$13,972,739	\$13,575,741	\$14,642,232	34
35	Interest Rate (Fleet Prime)	2.25%	2.42%	2.50%	2.50%	35
36	Interest Applied	\$27,273	\$28,633	\$27,819	\$31,005	36
37	Supply Variable Ending Balance	\$14,214,139	\$13,759,972	\$13,419,329	\$15,896,140	37

Line No.	Jul-04 31 actual	Aug-04 31 forecast	Sep-04 30 forecast	Oct-04 31 forecast	Line No.
<u>IVa. Storage Variable Product Cost Deferred</u>					
38	\$661,375	\$346,833	\$44,201	(\$284,063)	38
39	\$153,153	\$157,903	\$152,217	\$155,076	39
40	\$15,750	\$0	\$0	\$0	40
41	\$0	\$0	\$0	\$0	41
42	(\$31,228)	(\$32,196)	(\$31,037)	(\$31,620)	42
43	\$30,455	\$30,455	\$30,455	\$30,455	43
44	\$35,126	\$39,816	\$44,439	\$49,882	44
45	\$176,359	\$205,767	\$228,826	\$241,937	45
46	\$3,952	\$3,952	\$3,952	\$3,952	46
47	\$709	\$659	\$640	\$649	47
48	\$384,277	\$406,355	\$429,492	\$450,332	48
49	\$699,778	\$709,388	\$757,510	\$1,041,478	49
50	\$345,873	\$43,800	(\$283,817)	(\$875,209)	50
51	\$503,624	\$195,317	(\$119,808)	(\$579,636)	51
52	2.25%	2.42%	2.50%	2.50%	52
53	\$960	\$400	(\$246)	(\$1,227)	53
54	\$346,833	\$44,201	(\$284,063)	(\$876,436)	54
<u>IVb. Stor Var Non-Prod Cost Deferred</u>					
55	(\$184,372)	(\$173,243)	(\$156,468)	(\$188,188)	55
56	\$0	\$0	\$0	\$0	56
57	\$0	\$0	\$0	\$0	57
58	\$6,395	\$8,270	\$3,460	\$4,992	58
59	\$64,004	\$68,548	\$29,144	\$40,145	59
60	\$0	\$0	\$0	\$0	60
61	\$70,399	\$76,818	\$32,604	\$45,136	61
62	\$58,930	\$59,705	\$63,972	\$87,636	62
63	(\$172,903)	(\$156,130)	(\$187,835)	(\$230,668)	63
64	(\$178,638)	(\$164,687)	(\$172,152)	(\$209,438)	64
65	2.25%	2.42%	2.50%	2.50%	65
66	(\$340)	(\$337)	(\$353)	(\$443)	66
67	(\$173,243)	(\$156,468)	(\$188,188)	(\$231,131)	67
<u>GCR Deferred Summary</u>					
68	\$2,451,089	\$4,169,459	\$5,401,478	\$6,603,271	68
69	\$8,200,887	\$7,793,627	\$8,210,083	\$12,965,111	69
70	\$33,444	\$31,492	\$33,319	\$53,241	70
71	\$8,234,332	\$7,825,120	\$8,243,402	\$13,018,353	71
72	\$6,522,264	\$6,602,897	\$7,053,896	\$9,705,423	72
73	\$4,163,157	\$5,391,682	\$6,590,984	\$9,916,201	73
74	\$3,307,123	\$4,780,571	\$5,996,231	\$8,259,736	74
75	2.25%	2.42%	2.50%	2.50%	75
76	\$6,303	\$9,796	\$12,287	\$17,490	76
77	\$4,169,459	\$5,401,478	\$6,603,271	\$9,933,691	77
	\$1,712,068	\$1,222,223	\$1,189,506	\$3,312,930	
	Under/(Over)-collection				

<u>Line No.</u>	<u>Description</u> (a)	<u>Reference</u> (b)	<u>Amount</u> (c)	<u>Line No.</u>
1	Supply Fixed Costs (net of Cap Rel)	GLB 1	\$26,449,924	1
2	Capacity Release Revenue		\$0	2
3	Allowable Working Capital Costs	(1) - (2)	\$26,449,924	3
4	Number of Days Lag	Docket 3401	13.40	4
5	Working Capital Requirement	[(3) x (4)] / 365	\$971,038	5
6	Cost of Capital	Docket 3401	8.84%	6
7	Return on Working Capital Requirement	(5) x (6)	\$85,846	7
8	Weighted Cost of Debt	Docket 3401	3.94%	8
9	Interest Expense	(5) x (8)	\$38,216	9
10	Taxable Income	(7) - (9)	\$47,629	10
11	1 - Combined Tax Rate	Docket 3401	0.6500	11
12	Return and Tax Requirement	(10) / (11)	\$73,276	12
13	Supply Fixed Working Capital Requirement	(9) + (12)	\$111,492	13
14	Storage Fixed Costs	GLB 1	\$10,745,891	14
15	Less: LNG Demand to DAC		(\$677,072)	15
16	Less: Credits		\$0	16
17	Plus: Supply Related LNG O&M Costs		\$518,894	17
18	Allowable Working Capital Costs	(14) - (15) + (16)	\$10,587,713	18
19	Number of Days Lag	Docket 3401	13.40	19
20	Working Capital Requirement	[(17) x (18)] / 365	\$388,700	20
21	Cost of Capital	Docket 3401	8.84%	21
22	Return on Working Capital Requirement	(19) x (20)	\$34,363	22
23	Weighted Cost of Debt	Docket 3401	3.94%	23
24	Interest Expense	(19) x (22)	\$15,298	24
25	Taxable Income	(19) - (23)	\$19,066	25
26	1 - Combined Tax Rate	Docket 3401	0.6500	26
27	Return and Tax Requirement	(24) / (25)	\$29,332	27
28	Storage Fixed Working Capital Requirement	(23) + (26)	\$44,630	28

<u>Line No.</u>	<u>Description</u> (a)	<u>Reference</u> (b)	<u>Amount</u> (c)	<u>Line No.</u>
1	Supply Variable Costs	GLB 1	\$172,024,516	1
2	Credits		\$1,550,387	2
3	Allowable Working Capital Costs	(1) - (2)	\$170,474,129	3
4	Number of Days Lag	Docket 3401	13.40	4
5	Working Capital Requirement	[(3) x (4)] / 365	\$6,258,502	5
6	Cost of Capital	Docket 3401	8.84%	6
7	Return on Working Capital Requirement	(5) x (6)	\$553,289	7
8	Weighted Cost of Debt	Docket 3401	3.94%	8
9	Interest Expense	(5) x (8)	\$246,310	9
10	Taxable Income	(7) - (9)	\$306,980	10
11	1 - Combined Tax Rate	Rate Case	0.6500	11
12	Return and Tax Requirement	(10) / (11)	\$472,276	12
13	Supply Variable Working Capital Requirement	(9) + (12)	\$718,586	13
14	Storage Variable Product Costs	GLB 1	\$24,166,319	14
15	Less: Balancing Related LNG Commodity (to DAC)		(\$1,212,640)	15
16	Plus: Supply Related LNG O&M Costs		\$365,465	16
17	Allowable Working Capital Costs	(14) + (15) + (16)	\$23,319,144	17
18	Number of Days Lag	Docket 3401	13.40	18
19	Working Capital Requirement	[(17) * (18)] / 365	\$856,100	19
20	Cost of Capital	Docket 3401	8.84%	20
21	Return on Working Capital Requirement	(19) x (20)	\$75,684	21
22	Weighted Cost of Debt	Docket 3401	3.94%	22
23	Interest Expense	(19) x (22)	\$33,693	23
24	Taxable Income	(19) - (23)	\$41,992	24
25	1 - Combined Tax Rate	Rate Case	0.6500	25
26	Return and Tax Requirement	(24) / (25)	\$64,603	26
27	Storage Var. Product Working Capital Requir.	(23) + (26)	\$98,295	27

<u>Line No.</u>	<u>Description</u> (a)	<u>Reference</u> (b)	<u>Amount</u> (c)	<u>Line No.</u>
1	Storage Variable Non-Product Costs	GLB 1	\$1,123,925	1
2	Credits		\$0	2
3	Allowable Working Capital Costs	(1) - (2)	\$1,123,925	3
4	Number of Days Lag	Docket 3401	13.40	4
5	Working Capital Requirement	[(3) x (4)] / 365	\$41,262	5
6	Cost of Capital	Docket 3401	8.84%	6
7	Return on Working Capital Requirement	(5) x (6)	\$3,648	7
8	Weighted Cost of Debt	Docket 3401	3.94%	8
9	Interest Expense	(5) x (8)	\$1,624	9
10	Taxable Income	(7) - (9)	\$2,024	10
11	1 - Combined Tax Rate	Docket 3401	0.6500	11
12	Return and Tax Requirement	(10) / (11)	\$3,114	12
13	Storage Variable Non-product WC Requir.	(9) + (12)	\$4,738	13

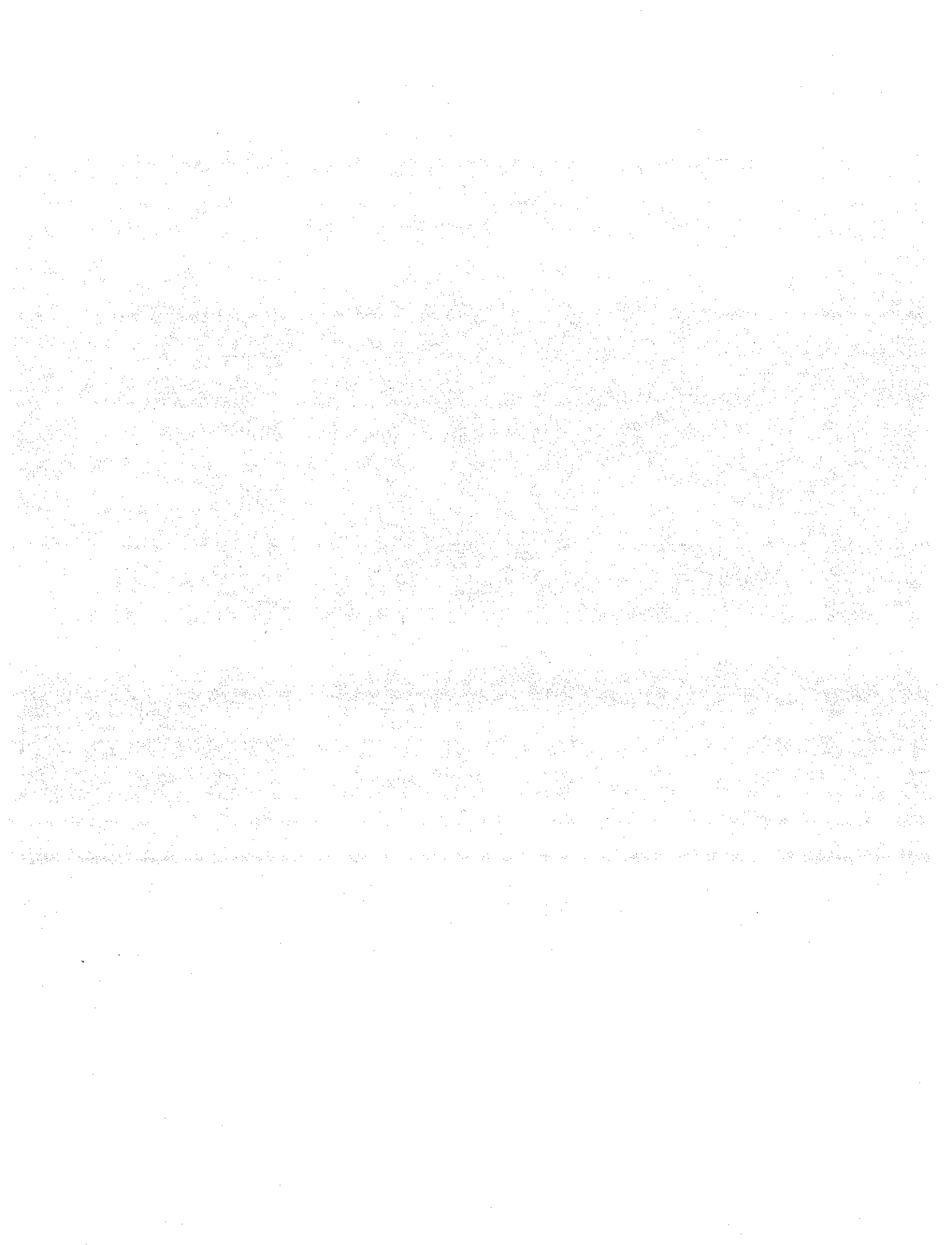
Line No.	Description (a)	Reference (b)	Nov-04 (c)	Dec-04 (d)	Jan-05 (e)	Feb-05 (f)	Mar-05 (g)	Apr-05 (h)	May-05 (i)	Jun-05 (j)	Jul-05 (k)	Aug-05 (l)	Sep-05 (m)	Oct-05 (n)	Total (p)	Line No.
1	Storage Inventory Balance	GLB 2 pg 11	\$25,306,909	\$21,552,153	\$14,982,439	\$8,977,190	\$7,396,235	\$9,659,448	\$14,700,559	\$19,285,448	\$21,784,608	\$24,198,590	\$25,529,998	\$27,830,992	\$27,830,992	1
2	Cost of Capital	Docket 3401	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	2
3	Return on Working Capital Requirement	(1) x (2)	\$2,237,283	\$1,905,340	\$1,324,537	\$783,637	\$653,872	\$853,953	\$1,298,818	\$1,705,038	\$1,926,774	\$2,139,301	\$2,257,004	\$2,460,424	\$19,656,780	3
4	Weighted Cost of Debt	Docket 3401	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	4
5	Interest Charges Financed	(1) x (4)	\$895,979	\$848,207	\$589,649	\$363,309	\$291,086	\$380,157	\$576,555	\$759,037	\$857,749	\$952,360	\$1,004,758	\$1,095,315	\$8,706,158	5
6	Taxable Income	(3) - (5)	\$1,241,304	\$1,057,133	\$734,889	\$440,331	\$362,785	\$473,786	\$721,062	\$948,000	\$1,059,026	\$1,186,941	\$1,252,246	\$1,365,109	\$1,365,109	6
7	1 - Combined Tax Rate	Docket 3401	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	7
8	Return and Tax Requirement	(6) / (7)	\$1,909,698	\$1,626,359	\$1,130,596	\$677,433	\$558,131	\$728,917	\$1,109,327	\$1,455,385	\$1,644,655	\$1,826,063	\$1,926,532	\$2,100,167	\$16,893,264	8
9	Working Capital Requirement	(5) + (8)	\$2,905,677	\$2,474,565	\$1,720,247	\$1,030,739	\$849,217	\$1,109,074	\$1,687,882	\$2,214,422	\$2,502,403	\$2,778,423	\$2,931,290	\$3,195,483	\$25,399,422	9
10	Monthly Average	(9) / 12	\$242,140	\$206,214	\$143,354	\$85,895	\$70,768	\$92,423	\$140,657	\$184,535	\$208,534	\$231,535	\$244,274	\$266,290	\$2,116,619	10
11	LNG Inventory Balance	GLB 2 pg 18	\$5,968,070	\$7,077,320	\$3,096,179	\$3,327,375	\$3,581,834	\$3,797,057	\$4,187,813	\$4,577,529	\$4,987,720	\$5,387,073	\$5,791,120	\$6,286,916	\$6,286,916	11
12	Cost of Capital	Docket 3401	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	12
13	Return on Working Capital Requirement	(11) x (12)	\$616,019	\$625,678	\$273,721	\$294,160	\$316,656	\$338,683	\$370,210	\$404,681	\$440,944	\$476,250	\$511,970	\$555,801	\$5,221,772	13
14	Weighted Cost of Debt	Docket 3401	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	14
15	Interest Charges Financed	(11) x (14)	\$274,235	\$278,535	\$121,853	\$130,952	\$140,967	\$149,437	\$164,808	\$180,153	\$196,297	\$212,014	\$227,915	\$247,428	\$2,324,584	15
16	Taxable Income	(13) - (15)	\$341,784	\$347,143	\$151,868	\$165,208	\$175,689	\$186,246	\$205,402	\$224,528	\$244,648	\$264,236	\$284,054	\$308,373	\$308,373	16
17	1 - Combined Tax Rate	Docket 3401	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	17
18	Return and Tax Requirement	(16) / (17)	\$625,821	\$534,065	\$233,842	\$251,089	\$270,291	\$286,552	\$316,004	\$345,427	\$376,381	\$408,517	\$437,007	\$474,420	\$4,457,197	18
19	Working Capital Requirement	(15) + (18)	\$800,057	\$812,600	\$355,496	\$382,041	\$411,257	\$435,969	\$480,811	\$525,661	\$572,678	\$618,530	\$664,922	\$721,848	\$6,781,790	19
20	Monthly Average	(19) / 12	\$66,671	\$67,717	\$29,625	\$31,837	\$34,271	\$36,331	\$40,068	\$43,798	\$47,723	\$51,544	\$55,410	\$60,154	\$565,149	20
21	System Balancing Factor	Docket 3401	20.39%	20.39%	20.39%	20.39%	20.39%	20.39%	20.39%	20.39%	20.39%	20.39%	20.39%	20.39%	20.39%	21
22	Balancing Related Inventory Costs	(20) x (21)	\$13,594	\$13,807	\$6,040	\$6,482	\$6,988	\$7,408	\$8,170	\$8,930	\$9,731	\$10,510	\$11,298	\$12,265	\$115,234	22
23	Supply Related Inventory Costs	(21) - (22)	\$53,077	\$53,909	\$23,694	\$25,345	\$27,283	\$28,923	\$31,898	\$34,868	\$37,992	\$41,034	\$44,112	\$47,889	\$449,915	23
24	LP Inventory Balance	GLB 2 pg 19	\$469,452	\$469,452	\$365,024	\$365,024	\$365,024	\$365,024	\$365,024	\$365,024	\$365,024	\$365,024	\$365,024	\$365,024	\$488,224	24
25	Cost of Capital	Rate Case	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%	25
26	Return on Working Capital Requirement	(24) x (25)	\$41,502	\$41,502	\$32,270	\$32,270	\$32,270	\$32,270	\$32,270	\$32,270	\$32,270	\$32,270	\$32,270	\$32,270	\$43,162	26
27	Weighted Cost of Debt	Docket 3401	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%	27
28	Interest Charges Financed	(24) x (27)	\$18,476	\$18,476	\$14,366	\$14,366	\$14,366	\$14,366	\$14,366	\$14,366	\$14,366	\$14,366	\$14,366	\$14,366	\$19,215	28
29	Taxable Income	(26) - (28)	\$23,027	\$23,027	\$17,904	\$17,904	\$17,904	\$17,904	\$17,904	\$17,904	\$17,904	\$17,904	\$17,904	\$17,904	\$23,947	29
30	1 - Combined Tax Rate	Docket 3401	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	30
31	Return and Tax Requirement	(29) / (30)	\$35,426	\$35,426	\$27,545	\$27,545	\$27,545	\$27,545	\$27,545	\$27,545	\$27,545	\$27,545	\$27,545	\$27,545	\$36,842	31
32	Working Capital Requirement	(27) + (31)	\$53,901	\$53,901	\$41,911	\$41,911	\$41,911	\$41,911	\$41,911	\$41,911	\$41,911	\$41,911	\$41,911	\$41,911	\$56,057	32
33	Monthly Average	(32) / 12	\$4,492	\$4,492	\$3,493	\$3,493	\$3,493	\$3,493	\$3,493	\$3,493	\$3,493	\$3,493	\$3,493	\$3,493	\$4,671	33

Gas Cost Recovery (GCR) Filing
Forecasted Throughput (Dth)

Line No.	Rate Class	Nov-04 (b)	Dec-04 (c)	Jan-05 (d)	Feb-05 (e)	Mar-05 (f)	Apr-05 (g)	May-05 (h)	Jun-05 (i)	Jul-05 (j)	Aug-05 (k)	Sep-05 (l)	Oct-05 (m)	Total (o)
1	SALES (dth)													
2	Residential Non-Heating	56,897	58,914	72,751	68,878	65,195	58,757	55,982	43,885	42,724	40,914	33,320	43,104	641,322
3	Residential Heating	1,370,182	2,179,177	3,229,906	3,373,384	2,838,036	2,038,701	1,295,267	637,021	473,801	447,565	405,080	665,045	18,953,165
4	Small C&I	159,836	289,294	486,522	548,264	460,391	299,076	167,356	70,885	72,345	69,599	41,919	70,763	2,736,051
5	Medium C&I	329,572	482,378	717,288	718,041	644,770	467,555	347,810	176,537	148,237	140,177	123,930	169,862	4,466,157
6	Large LLF	70,333	129,276	193,594	175,501	153,820	112,642	76,302	27,237	23,448	15,947	11,158	54,886	1,044,145
7	Large HLF	42,629	51,090	63,295	57,428	56,509	46,448	35,074	21,506	16,211	18,796	18,124	25,549	451,760
8	Extra Large LLF	8,263	12,934	17,990	15,765	12,177	6,773	3,773	1,477	288	218	152	3,333	83,142
9	Extra Large HLF	30,936	34,172	37,402	34,146	34,616	30,391	27,367	24,089	23,271	24,089	23,634	28,730	352,843
10	Total Sales	2,068,649	3,237,235	4,818,748	4,991,407	4,284,515	3,060,343	2,008,931	1,002,937	800,325	757,306	657,318	1,061,272	28,728,585
11	ET-2 TRANSPORTATION													
12	ET-2 Medium	28,382	38,917	52,344	54,954	51,140	38,597	26,677	14,508	12,396	15,387	9,823	15,912	359,036
13	FT-2 Large LLF	7,905	16,969	26,685	24,501	24,788	20,992	16,347	11,659	7,529	4,491	2,271	5,849	169,987
14	FT-2 Large HLF	7,414	8,865	11,008	9,988	9,654	8,078	6,100	3,758	2,819	3,007	2,959	4,542	78,211
15	FT-2 Extra Large LLF	0	0	0	0	0	0	0	0	0	0	0	0	0
16	FT-2 Extra Large HLF	0	0	0	0	0	0	0	0	0	0	0	0	0
17	Total Transportation	43,700	64,771	90,037	89,443	85,582	67,667	49,124	29,924	22,744	22,886	15,053	26,303	607,234
18	Sales & ET-2 THROUGHPUT													
19	Residential Non-Heating	56,897	58,914	72,751	68,878	65,195	58,757	55,982	43,885	42,724	40,914	33,320	43,104	641,322
20	Residential Heating	1,370,182	2,179,177	3,229,906	3,373,384	2,838,036	2,038,701	1,295,267	637,021	473,801	447,565	405,080	665,045	18,953,165
21	Small C&I	159,836	289,294	486,522	548,264	460,391	299,076	167,356	70,885	72,345	69,599	41,919	70,763	2,736,051
22	Medium C&I	329,572	482,378	717,288	718,041	644,770	467,555	347,810	176,537	148,237	140,177	123,930	185,774	4,825,194
23	Large LLF	78,238	146,245	220,280	200,002	178,008	133,634	92,660	38,895	30,977	20,438	13,429	60,735	1,214,132
24	Large HLF	50,042	59,975	74,302	67,416	65,163	54,526	41,173	25,364	19,031	21,804	21,083	30,082	529,971
25	Extra Large LLF	8,263	12,934	17,990	15,765	12,177	6,773	3,773	1,477	288	218	152	3,333	83,142
26	Extra Large HLF	30,936	34,172	37,402	34,146	34,616	30,391	27,367	24,089	23,271	24,089	23,634	28,730	352,843
27	Total Throughput	2,112,349	3,302,006	4,908,785	5,080,850	4,350,097	3,128,010	2,058,055	1,032,461	823,069	780,192	672,371	1,087,575	29,335,819

Gas Cost Recovery (GCR) Filing
Design Winter Period Throughput (Dth)

Line No.	Rate Class (a)	Nov-04 (b)	Dec-04 (c)	Jan-05 (d)	Feb-05 (e)	Mar-05 (f)	Total (h)	% (i)	Line No.
1	SALES (dth)								1
2	Residential Non-Heating	57,323	63,431	80,295	74,592	73,886	349,527	1.55%	2
3	Residential Heating	1,391,188	2,529,753	3,857,805	3,883,140	3,550,906	15,212,793	67.25%	3
4	Small C&I	162,142	335,879	582,965	633,140	579,498	2,293,624	10.14%	4
5	Medium C&I	333,898	552,000	845,645	817,887	793,781	3,343,210	14.78%	5
6	Large LLF	71,508	151,380	232,881	202,562	193,908	852,239	3.77%	6
7	Large HLF	43,204	58,033	73,633	64,568	67,136	306,573	1.36%	7
8	Extra Large LLF	8,263	16,920	20,408	19,595	14,441	79,627	0.35%	8
9	Extra Large HLF	30,936	38,205	39,356	37,512	37,246	183,255	0.81%	9
10	Total Sales	2,098,461	3,745,600	5,732,988	5,732,997	5,310,802	22,620,848	100.00%	10
11	TRANSPORTATION								11
12	FT-2 Medium	28,754	44,534	61,710	62,596	62,959	260,553		12
13	FT-2 Large LLF	8,037	19,871	32,101	28,279	31,248	119,535		13
14	FT-2 Large HLF	7,514	10,093	12,806	11,229	11,676	53,317		14
15	FT-2 Extra Large LLF	0	0	0	0	0	0		15
16	FT-2 Extra Large HLF	0	0	0	0	0	0		16
17	Total Transportation	44,305	74,497	106,617	102,104	105,883	433,405		17
18	THROUGHPUT								18
19	Residential Non-Heating	57,323	63,431	80,295	74,592	73,886	349,527	1.52%	19
20	Residential Heating	1,391,188	2,529,753	3,857,805	3,883,140	3,550,906	15,212,793	65.99%	20
21	Small C&I	162,142	335,879	582,965	633,140	579,498	2,293,624	9.95%	21
22	Medium C&I	362,652	596,533	907,355	880,483	856,740	3,603,763	15.63%	22
23	Large LLF	79,545	171,250	264,981	230,841	225,156	971,774	4.22%	23
24	Large HLF	50,717	68,125	86,438	75,798	78,811	359,890	1.56%	24
25	Extra Large LLF	8,263	16,920	20,408	19,595	14,441	79,627	0.35%	25
26	Extra Large HLF	30,936	38,205	39,356	37,512	37,246	183,255	0.79%	26
27	Total Throughput	2,142,766	3,820,097	5,839,605	5,835,101	5,416,685	23,054,253	100.00%	27



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New England Gas Company

PUBLIC UTILITIES COMMISSION

August 3, 2004

Ms. Luly Massaro
 Commission Clerk
 R.I. Public Utilities Commission
 89 Jefferson Blvd.
 Warwick, R.I. 02888

Re: Docket 3436: Annual Gas Cost Recovery Reconciliation

Dear Ms. Massaro:

In accordance with the provisions of the Gas Cost Recovery ("GCR") Clause Tariff, RIPUC NEGC No. 101, Section 2, Schedule A, Item 1.2, enclosed please find an original and nine copies of the New England Gas Company's (the "Company") annual GCR reconciliation filing. The filing consists of six (6) schedules.

Schedule 1, pages 1 and 2, presents the gas cost-specific over/under-collection balances for the period July 2003 through June 2004, resulting in an end-of-period under-collection of \$2,451,089 through June 30, 2004 (as shown on the bottom of page 2). The \$2,451,089 under-collection reflects the amended GCR factors that took effect April 1, 2003 for the period July 1, 2003 through October 31, 2003, updated GCR factors for the period November 1, 2003 through May 31, 2004 and amended GCR factors for June 1, 2004 through the end of June.

The \$2,451,089 deferred balance is comprised of five distinct cost components: (a) Supply Fixed, (b) Storage Fixed, (c) Supply Variable, (d) Storage Variable Product, and (e) Storage Variable Non-product. Total Supply Fixed costs totaled \$25,404,729, while collections were \$28,031,565. Interest on the monthly over/under-collection balances totaled (\$107,554). Adjusting for the (\$6,518,692) beginning deferred balance results in the ending Supply Fixed Cost over-collection of \$9,253,083. Storage Fixed Costs totaled \$10,316,052 while collections totaled \$11,251,055. Monthly interest on the deferred balances totaled (\$32,499). Adjusting for the (\$2,240,080) beginning deferred balance results in the \$3,207,583 Storage Fixed Cost over-collection. Supply Variable costs totaled \$158,046,927. Supply Variable collections totaled \$161,123,789 resulting in a \$14,434,752 end-of-period under-collection (adjusting for interest of \$444,627, deferred responsibility credits of \$128,215, and the beginning deferred balance of \$17,196,297). Storage Variable Product Costs totaled \$24,348,091. Storage Variable Product collections

Luly Massaro, Commission Clerk
August 3, 2004
Page 2

were \$26,797,928, resulting in a \$661,375 under-collection (adjusting for interest of \$55,947 and beginning deferred balance of \$3,055,265). Lastly, Storage Variable Non-product Costs totaled \$2,548,528, while collections totaled \$1,975,939. Interest on the monthly over/under-collection balances totaled (\$7,214). Adjusting for the beginning deferred balance of (\$749,747) results in an ending Storage Variable Non-product over-collection of \$184,372.

In summary, period gas costs totaled \$220,535,018 while period gas cost collections totaled \$229,180,276. Interest on the monthly over/under-collection balances totaled \$353,306. Accounting for the \$10,743,042 beginning deferred balance results in the \$2,451,089 under-collection at June 30, 2004.

Schedule 2, pages 1 through 4 summarize monthly gas costs according to the five components previously mentioned. Schedule 3 presents the calculation of inventory financing costs. For the twelve months ended June 2004, underground storage financing costs totaled \$1,756,370, LNG inventory storage financing costs totaled \$467,378, and LP inventory financing costs totaled \$49,326. Of the \$467,378 of LNG inventory financing costs, \$95,298 is associated with system balancing, and therefore, is allocated to the Distribution Adjustment Clause (DAC) account. Thus, \$372,079 of LNG inventory financing costs is associated with the GCR. Working Capital costs are calculated and demonstrated in Schedule 4, pages 1 through 3. As shown on page 1 of Schedule 4, working capital costs associated with Supply Fixed costs totaled \$107,497, and \$43,659 associated with Storage Fixed costs. The working capital cost associated with Supply Variable costs totaled \$665,289 while Storage Variable Product Cost working capital totaled \$91,280 (page 2). Storage variable non-product working capital costs totaled \$6,333 and is shown on page 3 of Schedule 4. The inventory financing costs and working capital cost calculations are consistent with the methodology approved in Docket No. 3401.

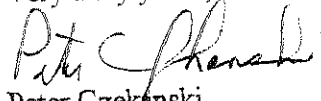
Monthly firm thru-put is summarized in Schedule 5. Firm sales, including Transitional Sales Service ("TSS"), totaled 29,797,499 dths, FT-2 thru-put totaled 551,142 dths and FT-1 thru-put totaled 5,992,282 dths, resulting in total firm thru-put of 36,340,923 dths.

Gas Cost Collections are summarized in Schedule 6, pages 1 and 2. As previously mentioned, gas cost collections for the period July 2003 through October 2003 are predicated on the GCR factors approved for effect starting April 1, 2003, on updated GCR factors for November 2003 through May 2004 and on amended GCR factors for the month of June 2004. As shown, November 2003 and June 2004 gas cost collections have been adjusted to reflect the proration of the GCR factors approved for gas consumption on or after November 1, 2003 and June 1, 2004 respectively.

Luly Massaro, Commission Clerk
August 3, 2004
Page 3

If there are any questions related to this filing, please do not hesitate to contact me at (401) 574 - 2309.

Very truly yours,



Peter Czekański
Director - Pricing

cc: Paul Roberti, Esq.
Steve Scialabba
Bruce Oliver

England Gas Company
Rhode Island Division
Deferred Gas Cost Balances

	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Total
	31	31	30	31	30	31	31	29	31	30	31	30	
	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	
Supply Fixed Cost Deferred													
Beginning Balance	(\$6,518,692)	(\$5,041,961)	(\$3,699,227)	(\$2,209,678)	(\$945,701)	(\$730,680)	(\$1,777,188)	(\$4,220,721)	(\$7,947,827)	(\$9,625,692)	(\$10,459,528)	(\$10,106,021)	
Supply Fixed Costs	\$2,365,097	\$2,259,070	\$2,286,341	\$2,258,978	\$2,354,122	\$2,349,446	\$2,383,028	\$2,230,841	\$2,274,884	\$2,656,807	\$2,247,943	\$2,012,002	\$27,697,359
Capacity Release	(\$175,699)	(\$214,278)	(\$182,740)	(\$25,424)	(\$225,986)	(\$225,000)	(\$225,000)	(\$225,000)	(\$225,000)	(\$225,000)	(\$225,000)	(\$225,000)	(\$2,400,127)
Working Capital	\$9,513	\$8,792	\$9,058	\$9,613	\$9,000	\$9,984	\$9,101	\$8,459	\$8,645	\$10,264	\$8,532	\$7,536	\$107,497
Total Supply Fixed Costs	\$2,218,911	\$2,050,584	\$2,112,659	\$2,242,167	\$2,137,136	\$2,133,430	\$2,197,129	\$2,014,100	\$2,058,629	\$2,444,071	\$2,031,475	\$1,794,539	\$25,404,729
Supply Fixed - Collections	\$732,370	\$700,431	\$618,257	\$975,513	\$1,920,738	\$3,177,810	\$4,805,506	\$5,731,571	\$3,721,523	\$3,261,457	\$1,660,563	\$925,746	\$28,031,565
Fuel Cost Allocated to Storage	(\$5,032,151)	(\$3,691,809)	(\$2,204,825)	(\$943,024)	(\$728,304)	(\$1,775,060)	(\$4,215,645)	(\$7,938,192)	(\$9,610,820)	(\$10,443,078)	(\$10,088,618)	(\$9,237,229)	
Fuel Cost Allocated to Working Capital	(\$5,775,422)	(\$4,366,885)	(\$2,952,026)	(\$1,576,351)	(\$637,602)	(\$1,252,870)	(\$2,996,417)	(\$6,079,457)	(\$8,779,923)	(\$10,034,385)	(\$10,274,072)	(\$9,671,624)	
Month's Average Balance	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
Interest Rate (Fleet Prime)	(\$9,810)	(\$7,418)	(\$4,853)	(\$2,678)	(\$1,377)	(\$2,128)	(\$5,076)	(\$9,694)	(\$14,872)	(\$16,450)	(\$17,404)	(\$15,855)	(\$107,554)
Interest Applied	(\$9,810)	(\$7,418)	(\$4,853)	(\$2,678)	(\$1,377)	(\$2,128)	(\$5,076)	(\$9,694)	(\$14,872)	(\$16,450)	(\$17,404)	(\$15,855)	
Supply Fixed Ending Balance	(\$5,041,961)	(\$3,699,227)	(\$2,209,678)	(\$945,701)	(\$730,680)	(\$1,777,188)	(\$4,220,721)	(\$7,947,827)	(\$9,625,692)	(\$10,459,528)	(\$10,106,021)	(\$9,263,063)	

Storage Fixed Cost Deferred

Beginning Balance	(\$2,240,080)	(\$1,917,339)	(\$985,069)	(\$311,945)	\$282,248	\$413,435	(\$41,765)	(\$1,055,348)	(\$2,569,898)	(\$3,380,549)	(\$3,851,139)	(\$3,685,842)	
Storage Fixed Costs	\$668,984	\$669,012	\$877,007	\$923,297	\$871,208	\$848,166	\$882,702	\$807,174	\$747,629	\$884,180	\$965,884	\$875,424	\$10,320,695
LNG Demand to DAC	(\$32,114)	(\$32,114)	(\$32,114)	(\$32,114)	(\$57,790)	(\$49,471)	(\$43,241)	(\$43,081)	(\$43,241)	(\$57,790)	(\$57,790)	(\$37,790)	(\$567,166)
Supply Related LNG O & M	\$43,241	\$43,241	\$43,241	\$43,241	\$43,241	\$43,241	\$43,241	\$43,241	\$43,241	\$43,241	\$43,241	\$43,241	\$516,894
Working Capital	\$3,790	\$3,790	\$3,824	\$4,023	\$3,823	\$3,561	\$3,664	\$3,405	\$3,092	\$3,668	\$3,590	\$3,631	\$43,659
Total Storage Fixed Costs	\$863,901	\$869,329	\$989,958	\$938,447	\$960,280	\$945,496	\$972,401	\$810,739	\$736,172	\$873,298	\$854,925	\$864,505	\$10,316,052
Storage Fixed - Collections	\$257,866	\$249,449	\$217,770	\$344,229	\$729,664	\$1,301,012	\$1,895,056	\$2,342,420	\$1,521,770	\$1,337,965	\$683,251	\$380,600	\$11,251,055
Fuel Cost Allocated to Storage	(\$1,614,066)	(\$982,859)	(\$310,880)	\$262,273	\$412,864	(\$42,080)	(\$1,054,420)	(\$2,587,012)	(\$3,375,496)	(\$3,845,215)	(\$3,675,464)	(\$3,201,937)	
Month's Average Balance	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
Interest Rate (Fleet Prime)	(\$1,927,073)	(\$1,300,069)	(\$847,974)	(\$14,838)	\$347,656	\$185,677	(\$548,092)	(\$1,821,180)	(\$2,982,697)	(\$3,612,882)	(\$3,765,301)	(\$3,443,890)	
Interest Applied	(\$1,927,073)	(\$1,300,069)	(\$847,974)	(\$14,838)	\$347,656	\$185,677	(\$548,092)	(\$1,821,180)	(\$2,982,697)	(\$3,612,882)	(\$3,765,301)	(\$3,443,890)	
Storage Fixed Ending Balance	(\$3,273)	(\$2,208)	(\$1,065)	(\$25)	\$571	\$315	(\$926)	(\$2,866)	(\$5,053)	(\$5,923)	(\$6,378)	(\$5,646)	(\$32,469)

Variable Supply Cost Deferred

Beginning Balance	\$17,196,297	\$17,037,509	\$16,824,966	\$17,474,546	\$20,853,766	\$23,089,286	\$30,871,171	\$38,321,907	\$27,479,494	\$25,173,683	\$18,756,661	\$15,242,237	\$158,741,966
Variable Supply Costs	\$3,582,056	\$3,392,503	\$3,853,896	\$8,315,701	\$12,668,704	\$29,322,849	\$34,543,344	\$22,718,406	\$19,675,028	\$12,603,328	\$9,224,253	\$4,820,999	(\$216,955)
Variable Delivery Storage	\$0	\$0	\$0	\$0	(\$9,397)	(\$20,709)	(\$86,794)	(\$52,981)	(\$46,097)	(\$976)	\$0	\$0	(\$38,046)
Variable Injections Storage	(\$8,179)	(\$6,179)	(\$8,179)	(\$9,110)	(\$1,071)	(\$41)	(\$41)	(\$861)	(\$104)	(\$4,064)	(\$3,683)	(\$3,577)	(\$1,105,327)
Fuel Cost Allocated to Storage	(\$37,452)	(\$37,664)	(\$37,666)	(\$37,534)	(\$40,087)	(\$93,781)	(\$299,632)	(\$215,884)	(\$190,303)	(\$44,833)	(\$34,026)	(\$36,664)	(\$665,289)
Working Capital	\$15,049	\$14,261	\$16,298	\$55,497	\$53,446	\$110,834	\$144,053	\$94,675	\$91,980	\$52,944	\$26,091	\$20,162	\$665,289
Total Supply Variable Costs	\$3,553,474	\$3,362,821	\$3,826,349	\$8,308,554	\$12,691,595	\$28,319,151	\$34,300,971	\$22,543,355	\$19,520,503	\$12,606,699	\$9,212,635	\$4,800,820	\$158,046,927
Supply Variable - Collections	\$3,731,704	\$3,601,953	\$3,204,613	\$4,961,512	\$10,492,183	\$18,562,358	\$26,891,813	\$33,439,767	\$21,751,274	\$19,080,326	\$9,755,319	\$5,630,968	\$161,123,789
Deferred Responsibility	\$9,609	\$2,146	\$325	\$327	\$0	\$699	\$440	\$441	\$42,939	\$70,229	\$512	\$548	\$128,215
ISS Revenues	\$17,008,458	\$16,796,231	\$17,446,378	\$20,821,261	\$23,053,186	\$30,825,580	\$38,263,351	\$27,427,397	\$25,129,124	\$18,720,682	\$15,213,465	\$14,100,447	\$444,627
Month's Average Balance	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
Interest Rate (Fleet Prime)	\$29,051	\$28,736	\$28,168	\$32,525	\$36,088	\$45,791	\$58,557	\$52,096	\$44,659	\$35,979	\$28,773	\$24,305	
Interest Applied	\$29,051	\$28,736	\$28,168	\$32,525	\$36,088	\$45,791	\$58,557	\$52,096	\$44,659	\$35,979	\$28,773	\$24,305	
Supply Variable Ending Balance	\$17,037,509	\$16,824,966	\$17,474,546	\$20,853,766	\$23,089,286	\$30,871,171	\$38,321,907	\$27,479,494	\$25,173,683	\$18,756,661	\$15,242,237	\$14,434,752	

England Gas Company
Product Island Division
Period Gas Cost Balances

	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Total
	31	31	30	31	30	31	31	29	31	30	31	30	
	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	
a. Storage Variable Product Cost/Deferred													
Beginning Balance	\$3,055,265	\$2,730,433	\$2,457,347	\$2,250,678	\$2,102,278	\$1,485,608	\$336,688	\$6,518,838	\$5,138,329	\$5,315,719	\$2,411,157	\$1,076,795	\$7,028,803
Storage Variable Prod. Costs - LNG	\$152,028	\$146,145	\$149,883	\$104,899	\$205,319	\$178,470	\$5,030,181	\$472,701	\$202,555	\$115,607	\$129,466	\$141,549	\$480,469
Storage Variable Prod. Costs - LP	\$202	\$485	\$0	\$0	\$1,750	\$1,592	\$431,296	\$0	\$48,838	\$1,437	\$768	\$985	\$15,637,471
Storage Variable Prod. Costs - UG	\$109	\$70	\$179	\$337,902	\$719,054	\$1,489,619	\$5,947,704	\$3,578,684	\$3,405,056	(\$3,837)	\$2,813	\$159,118	(\$1,433,173)
Supply Related LNG to DAC	\$30,999	(\$29,799)	(\$30,561)	(\$21,389)	(\$41,865)	(\$36,390)	(\$1,025,654)	(\$96,364)	\$30,455	\$30,455	\$30,455	\$30,455	\$365,465
Supply Related LNG O & M	\$30,455	\$30,455	\$30,455	\$30,455	\$30,455	\$30,455	\$30,455	\$30,455	\$30,455	\$30,455	\$30,455	\$30,455	\$372,079
Inventory Financing - LNG	\$34,535	\$34,867	\$27,548	\$40,280	\$43,885	\$45,551	\$16,490	\$19,330	\$24,817	\$25,533	\$28,533	\$30,581	\$17,556,370
Inventory Financing - UG	\$138,999	\$172,521	\$169,706	\$223,849	\$204,093	\$197,250	\$137,494	\$104,131	\$70,589	\$87,809	\$102,936	\$107,094	\$49,328
Inventory Financing - LP	\$2,438	\$2,438	\$6,498	\$5,670	\$5,552	\$5,511	\$3,138	\$3,964	\$2,727	\$3,487	\$3,952	\$3,952	\$91,280
Working Capital	\$279	\$288	\$349	\$1,632	\$3,781	\$7,022	\$43,920	\$16,812	\$15,374	\$314	\$419	\$1,109	\$91,280
Total Storage Variable Product Costs	\$328,046	\$357,470	\$354,057	\$723,279	\$1,168,465	\$1,915,895	\$10,615,026	\$4,130,687	\$3,758,910	\$237,410	\$272,844	\$485,981	\$24,348,091
Storage Variable Product Collections	\$657,788	\$834,958	\$564,593	\$875,372	\$1,788,102	\$3,066,362	\$4,436,678	\$5,520,424	\$3,590,368	\$3,148,300	\$1,610,158	\$902,825	\$26,797,928
Prelim. Ending Balance	\$2,725,523	\$2,452,945	\$2,246,811	\$2,069,585	\$1,482,561	\$335,142	\$6,513,036	\$5,129,100	\$5,306,872	\$2,404,829	\$1,073,843	\$659,951	\$659,951
Month's Average Balance	\$2,880,394	\$2,591,689	\$2,352,079	\$2,174,631	\$1,792,470	\$910,375	\$3,424,862	\$5,823,969	\$5,272,601	\$3,860,274	\$1,742,500	\$866,373	\$866,373
Interest Rate (Fleet Prime)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Interest Applied	\$4,910	\$4,402	\$3,866	\$3,694	\$2,947	\$1,546	\$5,802	\$9,229	\$6,847	\$6,328	\$2,952	\$1,424	\$55,947
Storage Variable Product Ending Bal.	\$2,730,433	\$2,457,347	\$2,250,678	\$2,102,278	\$1,485,608	\$336,688	\$6,518,838	\$5,138,329	\$5,315,719	\$2,411,157	\$1,076,795	\$661,375	\$661,375

	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Total
	31	31	30	31	30	31	31	29	31	30	31	30	
	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	
b. Stor. Var. Non-Prod. Cost/Deferred													
Beginning Balance	(\$746,747)	(\$714,752)	(\$679,144)	(\$642,756)	(\$610,199)	(\$620,519)	(\$508,770)	(\$96,897)	\$87,376	\$156,950	(\$51,960)	(\$149,020)	(\$149,020)
Storage Variable Non-Prod. Costs	\$0	\$0	\$0	\$0	\$26,638	\$252,432	\$393,807	\$372,738	\$130,415	\$3,837	\$0	\$0	\$216,955
Storage Variable Non-Prod. Costs	\$0	\$0	\$0	\$0	\$9,397	\$20,709	\$86,794	\$52,981	\$46,097	\$4,064	\$3,663	\$3,577	\$38,046
Storage Variable Non-Prod. Costs	\$6,179	\$6,179	\$6,179	\$6,110	\$1,071	\$93,781	\$289,632	\$215,864	\$190,303	\$44,593	\$34,026	\$36,664	\$1,105,327
Fuel Costs Allocated to Storage	\$37,452	\$37,764	\$37,666	\$37,534	\$214	\$1,068	\$1,884	\$842,989	\$387,916	\$209	\$159	\$170	\$6,333
Working Capital	\$375	\$347	\$298	\$313	\$214	\$1,068	\$1,884	\$842,989	\$387,916	\$209	\$159	\$170	\$6,333
Total Storage Var Non-Product Costs	\$44,006	\$44,289	\$44,141	\$43,957	\$79,407	\$368,031	\$781,894	\$842,989	\$387,916	\$209	\$159	\$170	\$2,548,528
Storage Var Non-Product Collections	\$7,768	\$7,498	\$6,667	\$10,337	\$8,717	\$255,324	\$369,508	\$458,709	\$298,509	\$262,655	\$134,758	\$75,489	\$75,489
Prelim. Ending Balance	(\$713,609)	(\$677,961)	(\$641,670)	(\$609,136)	(\$519,508)	(\$507,812)	(\$398,364)	\$87,363	\$156,789	(\$52,047)	(\$148,850)	(\$184,099)	(\$184,099)
Month's Average Balance	(\$731,628)	(\$698,357)	(\$660,407)	(\$625,946)	(\$614,854)	(\$584,165)	(\$302,577)	(\$4,757)	\$122,079	\$52,472	(\$100,405)	(\$166,560)	(\$166,560)
Interest Rate (Fleet Prime)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Interest Applied	(\$1,243)	(\$1,183)	(\$1,086)	(\$1,063)	(\$1,011)	(\$958)	(\$513)	(\$8)	\$207	\$86	(\$170)	(\$273)	(\$273)
Storage Var Non-Product Ending Bal.	(\$714,752)	(\$679,144)	(\$642,756)	(\$610,199)	(\$620,519)	(\$608,770)	(\$513,333)	\$87,376	\$156,990	(\$51,960)	(\$149,020)	(\$184,372)	(\$184,372)

	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Total
	31	31	30	31	30	31	31	29	31	30	31	30	
	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	
GCR Deferred Summary													
Beginning Balance	\$10,743,042	\$12,393,889	\$13,918,875	\$16,560,845	\$21,682,413	\$23,637,129	\$28,880,136	\$39,467,779	\$22,167,475	\$17,640,150	\$6,805,191	\$2,378,149	\$219,620,960
Gas Costs	\$6,989,724	\$8,665,470	\$7,199,014	\$12,204,999	\$16,866,859	\$31,449,838	\$48,518,044	\$30,019,895	\$26,212,342	\$16,168,325	\$9,370,444	\$7,952,005	\$914,058
Working Capital	\$29,005	\$27,476	\$29,825	\$51,079	\$70,043	\$131,468	\$202,399	\$123,876	\$110,088	\$67,399	\$36,791	\$32,609	\$220,535,018
Total Costs	\$7,018,729	\$8,692,946	\$7,228,839	\$12,256,077	\$16,936,902	\$31,581,307	\$48,720,443	\$30,143,771	\$26,322,431	\$16,235,724	\$9,409,235	\$7,984,613	\$229,180,276
Collections	\$5,387,516	\$5,194,289	\$4,611,900	\$7,168,963	\$15,019,404	\$26,382,866	\$38,190,841	\$47,482,814	\$30,883,444	\$27,090,703	\$13,844,049	\$7,915,628	\$229,180,276
Prelim. Ending Balance	\$12,374,255	\$13,896,548	\$16,535,814	\$21,649,960	\$23,699,911	\$28,835,570	\$39,409,938	\$22,118,677	\$17,606,462	\$6,785,170	\$2,370,377	\$2,417,134	\$229,180,276
Month's Average Balance	\$11,558,648	\$13,145,217	\$15,227,344	\$19,105,402	\$22,641,162	\$26,248,350	\$34,145,037	\$30,793,228	\$19,886,958	\$12,212,660	\$4,587,784	\$2,412,642	\$229,180,276
Interest Rate (Fleet Prime)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Interest Applied	\$19,634	\$22,329	\$25,031	\$32,453	\$37,218	\$44,566	\$57,841	\$48,798	\$33,688	\$20,021	\$7,772	\$3,955	\$353,306
Ending Bal. W/ Interest	\$12,393,889	\$13,918,875	\$16,560,845	\$21,682,413	\$23,637,129	\$28,880,136	\$39,467,779	\$22,167,475	\$17,640,150	\$6,805,191	\$2,378,149	\$2,451,089	\$229,180,276
(Over) collection	\$1,631,213	\$1,502,657	\$2,616,939	\$5,099,114	\$1,917,498	\$5,198,441	\$10,529,802	(\$17,349,102)	(\$4,561,013)	(\$10,854,980)	(\$4,434,814)	\$68,955	\$68,955

New England Gas Company
Rhode Island Service Area
Gas Cost Estimate/Actual

CRP:SHARADK13436 - GCRIGCR-Nov2003\Update_3\Amended_0204\April_12_Nymex1

	Jul-03 actual	Aug-03 actual	Sep-03 actual	Oct-03 actual	Nov-03 actual	Dec-03 actual	Jan-04 actual	Feb-04 actual	Mar-04 actual	Apr-04 actual	May-04 actual	Jun-04 actual	FY04
Storage Fixed Costs - Facilities													
Gas Eastern SS-1 Demand	\$95,563	\$95,563	\$95,903	\$95,919	\$95,904	(\$95,579)	\$0	\$183,372	\$4,208	\$91,804	\$96,007	\$96,007	
Gas Eastern SS-1 Capacity													
Gas Eastern FSS-1 Demand	\$83,515	\$83,515	\$83,515	\$130,423	\$132,578	\$329,164	\$227,197	\$47,485	\$134,972	\$143,378	\$134,396	\$136,785	
Gas Eastern FSS-1 Capacity													
Asset Manager													
Gas Eastern GSS Demand	\$39,428	\$39,428	\$39,428	\$39,428	\$39,428								
Gas Eastern GSS Capacity													
Gas Eastern GSS-TE Demand	\$83,515	\$83,515	\$83,515	\$17,490	\$2,390	(\$2,390)	\$157,500	\$128,172	\$157,500	\$157,500	\$157,500	\$157,500	\$0
Gas Eastern GSS-TE Capacity													\$0
Gas Eastern FSMA Demand	\$39,428	\$39,428	\$39,428	\$2,390	\$2,390								
Gas Eastern FSMA Capacity													
Gas Eastern FSS Demand	\$17,490	\$9,753	\$9,753	\$9,753	\$2,390	(\$2,390)	\$157,500	\$128,172	\$157,500	\$157,500	\$157,500	\$157,500	\$0
Gas Eastern FSS Capacity													\$0
Gas Eastern Fuel ESS Demand	\$2,390	\$2,390	\$2,390	\$2,390	\$2,390								
Gas Eastern Fuel ESS Capacity													
Gas Eastern Lease Tank Payments	\$157,500	\$157,500	\$157,500	\$157,500	\$157,500	\$388,695	\$384,697	\$359,029	\$298,680	\$392,682	\$387,903	\$390,292	
Asset Manager	\$395,886	\$386,149	\$388,489	\$435,413	\$388,372	\$388,695	\$384,697	\$359,029	\$298,680	\$392,682	\$387,903	\$390,292	
Total Storage Fixed - Facilities	\$213,042	\$213,042	\$220,426	\$203,884	\$2,913	\$14,761	(\$13,666)	\$9,914	(\$4,031)	\$2,913	(\$4,062)	\$2,913	
Storage Fixed Costs - Delivery													
Gas Eastern TEICO SS-1	\$64,160	\$64,160	\$64,436	\$65,528	\$294,787	\$410,495	\$375,513	\$246,932	\$308,353	\$310,165	\$297,627	\$298,778	
Gas Eastern TEICO Delivery for FSS-1					(\$206)	\$12,758	\$13,193	\$4,182	\$9,808	\$490	\$992	\$179	
Gas Eastern TEICO Delivery for FSS-1													
Gas Eastern SCT for SS-1													
Gas Eastern Delivery for GSS, GSS-TE	\$67,527	\$67,527	\$67,552	\$74,360	\$34	(\$62,706)	(\$93)	\$104,106	\$10,894	\$52,005	\$57,499	\$57,337	
Gas Eastern Delivery for GSS Conversion													
Gas Eastern Delivery for GSS													
Gas Eastern Delivery for FSMA													
Gas Eastern Delivery for GSS													
Gas Eastern Delivery for GSS-TE													
Gas Eastern Delivery for GSS Conversion	\$67,527	\$67,527	\$67,552	\$74,360	\$34	(\$62,706)	(\$93)	\$104,106	\$10,894	\$52,005	\$57,499	\$57,337	
Gas Eastern Delivery for GSS													
Gas Eastern Delivery for GSS Conversion													
Gas Eastern Delivery for FSS	\$7,738	\$7,738	\$7,738	\$15,481	\$982	(\$982)							
Gas Eastern Delivery for FSS	\$982	\$982	\$982	\$982	\$982								
Gas Eastern Fuel Delivery for FSS	\$821	\$848	\$818	\$792	\$26								
Gas Eastern Delivery for ESS	\$126,566	\$126,566	\$126,566	\$126,566	\$125,925	\$65,125	\$123,058	\$83,111	\$125,925	\$125,925	\$125,925	\$125,925	
Gas Eastern Delivery for ESS	\$480,863	\$480,863	\$488,518	\$487,603	\$482,834	\$459,471	\$496,005	\$448,145	\$450,949	\$491,498	\$477,981	\$485,132	\$5,724,097
Gas Eastern FLS Call Pmt	\$869,012	\$877,007	\$877,007	\$923,016	\$871,206	\$948,166	\$882,702	\$807,174	\$747,529	\$884,180	\$865,664	\$875,424	\$10,320,384
Total Storage Fixed - Delivery	\$868,984	\$869,012	\$877,007	\$923,016	\$871,206	\$948,166	\$882,702	\$807,174	\$747,529	\$884,180	\$865,664	\$875,424	
TOTAL STORAGE FIXED	\$3,247,662	\$3,125,082	\$3,154,430	\$3,173,671	\$4,225,328	\$3,197,612	\$3,265,730	\$3,037,815	\$3,022,513	\$3,642,987	\$3,113,827	\$2,887,426	\$37,994,183
TOTAL FIXED COSTS													

New England Gas Company
Rhode Island Service Area
Gas Cost Estimate/Actual

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	Jul-03 actual	Aug-03 actual	Sep-03 actual	Oct-03 actual	Nov-03 actual	Dec-03 actual	Jan-04 actual	Feb-04 actual	Mar-04 actual	Apr-04 actual	May-04 actual	Jun-04 actual	FY04
Storage Costs	\$109	\$70	\$179	\$337,902	\$747,692	\$1,742,051	\$6,341,511	\$3,952,422	\$3,535,471	\$0	\$2,813	\$159,118	\$16,819,338
- Ground Storage	\$152,028	\$146,145	\$149,883	\$104,899	\$205,319	\$178,470	\$5,030,181	\$472,701	\$202,555	\$115,607	\$129,466	\$141,549	\$7,028,803
- Withdrawals/Westferry Trucking	\$202	\$485	\$0	\$0	(\$1,750)	(\$1,592)	\$431,296	\$0	\$48,638	\$1,437	\$768	\$985	\$480,469
- Storage Variable	\$152,339	\$146,700	\$150,062	\$442,801	\$951,261	\$1,918,929	\$11,802,988	\$4,425,123	\$3,786,664	\$117,044	\$133,047	\$301,652	\$24,328,610
TOTAL VARIABLE COSTS	\$3,979,063	\$3,797,201	\$4,270,418	\$9,309,079	\$14,358,843	\$29,192,604	\$46,723,117	\$27,536,104	\$23,966,793	\$13,529,268	\$5,972,009	\$6,022,614	\$189,647,023
TOTAL SUPPLY COSTS	\$7,226,715	\$6,922,283	\$7,424,948	\$12,482,750	\$17,584,171	\$32,380,116	\$49,988,847	\$30,573,819	\$26,979,308	\$17,072,275	\$10,085,936	\$8,910,040	\$227,641,206
TOTAL CAPACITY RELEASE CRED	\$175,699	\$214,278	\$182,740	\$26,424	\$225,986	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$2,400,127
TOTAL SUPPLY COSTS AFTER CR	\$7,051,016	\$6,708,005	\$7,242,208	\$12,456,326	\$17,358,185	\$32,155,116	\$49,763,847	\$30,348,919	\$26,754,306	\$16,847,275	\$9,860,936	\$8,685,040	\$225,241,079
Charge Costs for FT-2 Calculation	\$395,886	\$388,149	\$388,489	\$435,413	\$388,372	\$388,695	\$384,897	\$359,029	\$296,680	\$392,662	\$387,903	\$390,292	\$4,595,287
- Storage Fixed Costs - Facilities	\$473,098	\$480,863	\$488,518	\$487,603	\$482,894	\$459,471	\$498,005	\$448,145	\$450,949	\$491,498	\$477,981	\$485,132	\$5,724,097
- Storage Variable Delivery Costs	\$0	\$0	\$0	\$16,569	\$9,397	\$20,709	\$86,794	\$52,961	\$46,097	\$976	\$0	\$0	\$233,623
- Storage Injection Costs	\$9,087	\$6,333	\$10,705	\$9,555	\$1,071	\$41	\$0	\$861	\$194	\$4,064	\$3,683	\$3,577	\$51,081
- Storage Costs Allocated to Storage	\$78,007	\$72,182	\$58,127	\$46,608	\$40,082	\$93,781	\$299,832	\$215,884	\$190,303	\$44,533	\$34,028	\$38,684	\$1,209,837
- Total Storage Costs	\$956,078	\$949,528	\$945,839	\$995,749	\$921,762	\$962,688	\$1,269,128	\$1,076,900	\$984,133	\$933,753	\$903,593	\$915,665	\$11,814,825
Storage Variable	\$3,826,714	\$3,650,501	\$4,120,356	\$8,866,278	\$13,407,582	\$27,273,575	\$34,920,129	\$23,110,981	\$20,170,129	\$13,412,244	\$6,838,962	\$5,720,962	\$165,318,413
Non-Firm Gas Costs	\$300,356	\$294,659	\$305,743	\$591,971	\$692,984	\$824,539	\$293,445	\$300,952	\$569,653	\$692,398	\$547,421	\$749,407	\$6,153,507
Company Use	\$28,456	\$29,956	\$40,406	\$37,226	\$45,193	\$46,065	\$108,990	\$93,081	\$39,497	\$55,057	\$38,853	\$36,997	\$99,777
Manchester St Balancing	\$5,145	\$4,071	\$3,836	\$4,799	\$3,242	\$2,095	\$3,659	\$5,320	\$3,280	\$5,076	\$4,151	\$3,357	\$48,031
Over-takes	\$52,489	\$25,804	\$22,731	\$7,934	\$72,194	\$30,517	\$24,875	\$174,962	\$3,808	\$21,008	\$2,967	\$3,358	\$442,607
Wider Withdrawals	\$47,598	\$9,400	\$23,605	\$12,796	\$1,618	(\$8,109)	\$128,959	\$257,467	\$192,222	\$32,807	\$51,750	(\$31,630)	\$718,483
Under-takes	\$94,190	\$87,092	\$82,651	\$79,557	\$83,037	(\$39,401)	(\$74,775)	(\$75,707)	(\$71,087)	(\$68,184)	(\$73,067)	(\$75,314)	(\$51,008)
Storage Service Charge	\$3,582,056	\$3,392,503	\$3,853,896	\$8,316,701	\$12,688,704	\$26,322,849	\$4,543,344	\$22,718,406	\$19,675,026	\$12,603,328	\$6,224,253	\$4,820,899	\$158,741,966
TOTAL FIRM COMMODITY COSTS	\$3,582,056	\$3,392,503	\$3,853,896	\$8,316,701	\$12,688,704	\$26,322,849	\$4,543,344	\$22,718,406	\$19,675,026	\$12,603,328	\$6,224,253	\$4,820,899	\$158,741,966

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	Description (a)	Reference (b)	Jul-03 (c)	Aug-03 (d)	Sep-03 (e)	Oct-03 (f)	Nov-03 (g)	Dec-03 (h)	Jan-04 (i)	Feb-04 (j)	Mar-04 (k)	Apr-04 (l)	May-04 (m)	Jun-04 (n)	FY04
1	Storage Inventory Balance		\$14,221,687	\$17,651,530	\$17,363,492	\$22,903,170	\$21,261,275	\$20,548,336	\$14,323,363	\$10,847,795	\$7,353,530	\$9,147,414	\$10,712,885	\$15,323,390	
2	Cost of Capital	Rate Case (1) - (2)	9.09%	9.09%	9.09%	9.09%	8.88%	8.88%	8.88%	8.89%	8.88%	8.88%	8.88%	8.88%	
3	Return on Working Capital Requirement		\$1,292,751	\$1,604,524	\$1,578,341	\$2,081,896	\$1,887,376	\$1,824,281	\$1,271,528	\$963,067	\$652,846	\$812,107	\$951,090	\$1,360,411	
4	Weighted Cost of Debt	Rate Case (1) * (4)	4.19%	4.19%	4.19%	4.19%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	
5	Interest Charges Financed		\$595,889	\$739,599	\$727,530	\$959,643	\$844,710	\$816,385	\$569,067	\$430,983	\$292,156	\$363,427	\$425,623	\$608,798	
6	taxable Income	Rate Case (3) - (5)	\$698,883	\$864,925	\$850,811	\$1,122,255	\$1,042,868	\$1,007,898	\$702,561	\$532,084	\$360,691	\$448,881	\$525,467	\$751,612	
7	1 - Combined Tax Rate	Rate Case (6) / (7)	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	
8	Return and Tax Requirement		\$1,072,096	\$1,340,654	\$1,309,840	\$1,726,547	\$1,604,408	\$1,550,609	\$1,080,863	\$818,591	\$554,909	\$680,278	\$808,411	\$1,156,327	
9	Working Capital Requirement	(5) + (8)	\$1,667,885	\$2,070,253	\$2,036,471	\$2,686,189	\$2,449,119	\$2,366,964	\$1,649,830	\$1,249,574	\$847,064	\$1,053,705	\$1,234,034	\$1,765,125	
10	Monthly Average	(9) / 12	\$138,989	\$172,521	\$169,706	\$223,849	\$204,093	\$197,250	\$137,494	\$104,131	\$70,589	\$87,809	\$102,836	\$147,094	\$1,756,370
11	LNG Inventory Balance		\$4,438,445	\$4,481,080	\$3,540,435	\$5,174,186	\$5,739,987	\$5,960,602	\$2,157,853	\$2,528,493	\$3,247,458	\$3,364,369	\$3,733,704	\$4,001,857	
12	Cost of Capital	Rate Case (11) * (12)	9.09%	9.09%	9.09%	9.09%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	
13	Return on Working Capital Requirement		\$403,455	\$407,330	\$321,826	\$470,335	\$509,594	\$529,188	\$191,574	\$224,480	\$288,309	\$298,690	\$331,478	\$355,207	
14	Weighted Cost of Debt	Rate Case (11) * (14)	4.19%	4.19%	4.19%	4.19%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	
15	Interest Charges Financed		\$185,971	\$187,757	\$148,344	\$216,799	\$228,049	\$236,817	\$85,732	\$100,457	\$129,022	\$133,667	\$148,340	\$158,986	
16	taxable Income	Rate Case (13) - (15)	\$217,484	\$219,573	\$173,481	\$253,536	\$281,545	\$292,370	\$105,843	\$124,023	\$159,288	\$165,023	\$183,138	\$196,281	
17	1 - Combined Tax Rate	Rate Case (16) / (17)	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	
18	Return and Tax Requirement		\$334,500	\$337,804	\$268,894	\$380,055	\$433,147	\$449,801	\$162,835	\$190,804	\$245,058	\$255,982	\$281,751	\$301,971	
19	Working Capital Requirement	(15) + (18)	\$520,561	\$525,562	\$415,239	\$608,854	\$661,196	\$686,618	\$248,566	\$291,261	\$374,080	\$387,549	\$430,091	\$460,857	
20	Monthly Average	(19) / 12	\$43,380	\$43,797	\$34,603	\$50,571	\$55,100	\$57,218	\$20,714	\$24,272	\$31,173	\$32,296	\$35,841	\$38,413	\$467,378
21	System Balancing Factor	Rate Case	20.39%	20.39%	20.39%	20.39%	20.39%	20.39%	20.39%	20.39%	20.39%	20.39%	20.39%	20.39%	
22	Balancing Related Inventory Costs	(20) * (21)	\$8,845	\$8,930	\$7,058	\$10,311	\$11,235	\$11,667	\$4,224	\$4,949	\$6,356	\$6,585	\$7,308	\$7,832	\$95,298
23	Supply Related Inventory Costs	(21) - (22)	\$34,535	\$34,867	\$27,548	\$40,260	\$43,865	\$45,551	\$16,490	\$19,323	\$24,817	\$25,711	\$28,533	\$30,581	\$372,079
24	Propane Inventory Balance		\$249,433	\$249,433	\$664,857	\$580,152	\$578,402	\$574,077	\$326,935	\$412,699	\$284,078	\$363,229	\$411,671	\$411,971	
25	Cost of Capital	Rate Case (24) * (25)	9.09%	9.09%	9.09%	9.09%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	
26	Return on Working Capital Requirement		\$22,673	\$22,673	\$60,438	\$52,736	\$51,351	\$50,967	\$29,025	\$36,657	\$25,220	\$32,247	\$36,548	\$36,548	
27	Weighted Cost of Debt	Rate Case (24) * (27)	4.19%	4.19%	4.19%	4.19%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	
28	Interest Charges Financed		\$10,451	\$10,451	\$27,858	\$24,308	\$22,980	\$22,808	\$12,989	\$16,404	\$11,266	\$14,431	\$16,356	\$16,356	
29	taxable Income	Rate Case (26) - (28)	\$12,222	\$12,222	\$32,578	\$28,427	\$28,371	\$28,158	\$16,038	\$20,253	\$13,934	\$17,816	\$20,192	\$20,192	
30	1 - Combined Tax Rate	Rate Case (29) / (30)	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	
31	Return and Tax Requirement		\$18,803	\$18,803	\$50,120	\$43,735	\$43,647	\$43,321	\$24,671	\$31,158	\$21,437	\$27,410	\$31,065	\$31,065	
32	Working Capital Requirement	(28) + (31)	\$29,255	\$29,255	\$77,978	\$68,043	\$66,627	\$68,129	\$37,660	\$47,562	\$32,723	\$41,841	\$47,421	\$47,421	
33	Monthly Average	(32) / 12	\$2,438	\$2,438	\$6,498	\$5,670	\$5,552	\$5,677	\$3,138	\$3,964	\$2,727	\$3,487	\$3,952	\$3,952	\$49,326

New England Gas Company
Rhode Island Service Area
Working Capital Calculation

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		Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	FY04
1	Supply Fixed Costs	\$2,385,097	\$2,256,070	\$2,266,341	\$2,298,978	\$2,354,122	\$2,348,446	\$2,303,026	\$2,230,641	\$2,274,884	\$2,588,607	\$2,247,943	\$2,312,002	
2	Capacity Release Revenue	\$176,988	\$214,278	\$162,740	\$26,424	\$225,988	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	
3	Allowable Working Capital Costs	\$2,209,388	\$2,041,792	\$2,103,601	\$2,232,554	\$2,128,136	\$2,124,446	\$2,158,028	\$2,005,641	\$2,049,884	\$2,433,607	\$2,022,943	\$1,787,002	
4	Number of Days Lag	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	
5	Working Capital Requirement	\$1,112	\$74,959	\$77,228	\$81,962	\$78,129	\$77,993	\$79,010	\$73,431	\$75,060	\$89,107	\$74,064	\$65,426	
6	Cost of Capital	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	
7	Return on Working Capital Requirement	\$7,373	\$6,814	\$7,020	\$7,450	\$6,936	\$6,924	\$7,014	\$6,519	\$6,663	\$7,911	\$6,575	\$5,808	
8	Weighted Cost of Debt	4.18%	4.18%	4.18%	4.18%	4.18%	4.18%	4.18%	4.18%	4.18%	4.18%	4.18%	4.18%	
9	Interest Expense	\$3,399	\$3,141	\$3,256	\$3,434	\$3,104	\$3,089	\$3,139	\$2,917	\$2,982	\$3,540	\$2,943	\$2,599	
10	Taxable Income	\$3,974	\$3,673	\$3,784	\$4,016	\$3,832	\$3,826	\$3,875	\$3,602	\$3,681	\$4,371	\$3,633	\$3,209	
11	1 - Combined Tax Rate	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	
12	Return and Tax Requirement	\$6,115	\$5,651	\$5,822	\$6,178	\$5,896	\$5,885	\$5,962	\$5,541	\$5,663	\$6,724	\$5,589	\$4,937	
13	Supply Fixed Working Capital Requirement	\$9,513	\$8,792	\$9,058	\$9,613	\$9,000	\$8,984	\$9,101	\$8,459	\$8,645	\$10,264	\$9,532	\$7,536	\$107,497
14	Storage Related Costs	\$888,984	\$869,012	\$877,007	\$923,297	\$871,206	\$848,166	\$882,702	\$807,174	\$747,629	\$884,180	\$865,884	\$875,424	
15	Less: LNG Demand to DAC	\$32,114	\$32,114	\$32,114	\$32,114	\$32,114	\$49,471	\$57,206	\$43,081	\$57,790	\$57,790	\$57,790	\$57,790	
16	Less: Credits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
17	Plus: Supply Related LNG O&M Costs	\$43,241	\$43,241	\$43,241	\$43,241	\$43,241	\$43,241	\$43,241	\$43,241	\$43,241	\$43,241	\$43,241	\$43,241	
18	Allowable Working Capital Costs	\$880,111	\$880,139	\$888,134	\$934,424	\$866,657	\$841,936	\$868,737	\$807,335	\$733,060	\$869,631	\$851,335	\$860,875	
19	Number of Days Lag	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	
20	Working Capital Requirement	\$32,311	\$32,312	\$32,605	\$34,305	\$31,450	\$30,909	\$31,808	\$29,558	\$26,840	\$31,839	\$31,169	\$31,518	
21	Cost of Capital	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	
22	Return on Working Capital Requirement	\$2,637	\$2,664	\$2,664	\$3,116	\$2,792	\$2,744	\$2,824	\$2,624	\$2,383	\$2,827	\$2,767	\$2,798	
23	Weighted Cost of Debt	4.18%	4.18%	4.18%	4.18%	4.18%	4.18%	4.18%	4.18%	4.18%	4.18%	4.18%	4.18%	
24	Interest Expense	\$1,364	\$1,364	\$1,366	\$1,437	\$1,250	\$1,228	\$1,254	\$1,174	\$1,066	\$1,265	\$1,238	\$1,252	
25	Taxable Income	\$1,683	\$1,683	\$1,598	\$1,681	\$1,543	\$1,516	\$1,560	\$1,450	\$1,316	\$1,562	\$1,529	\$1,546	
26	1 - Combined Tax Rate	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	
27	Return and Tax Requirement	\$2,438	\$2,438	\$2,458	\$2,686	\$2,373	\$2,332	\$2,400	\$2,231	\$2,025	\$2,403	\$2,352	\$2,378	
28	Storage Fixed Working Capital Requirement	\$3,790	\$3,790	\$3,824	\$4,023	\$3,823	\$3,691	\$3,664	\$3,405	\$3,092	\$3,668	\$3,590	\$3,631	\$43,659

Working Capital

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		Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	FY04
1	Supply Variable Costs	\$3,082,412	\$3,087,182	\$4,159,639	\$5,908,672	\$13,371,668	\$27,147,399	\$34,836,789	\$23,019,359	\$20,244,679	\$13,295,726	\$9,771,674	\$5,570,306	
2	Less: Non-firm Sales	\$300,368	\$294,686	\$305,743	\$591,971	\$682,984	\$824,639	\$299,445	\$300,982	\$569,653	\$692,398	\$547,421	\$749,407	
3	Less: Variable Delivery Storage Costs	\$0	\$0	\$0	\$10,599	\$9,397	\$20,709	\$86,794	\$52,981	\$46,087	\$978	\$0	\$0	
4	Less: Variable Injection Storage Costs	\$9,087	\$8,333	\$10,705	\$9,565	\$1,071	\$41	\$295,632	\$215,984	\$190,303	\$44,533	\$3,683	\$3,577	
5	Less: Fuel Costs Allocated to Storage	\$78,007	\$72,183	\$58,127	\$46,609	\$40,087	\$93,781	\$295,632	\$215,984	\$190,303	\$44,533	\$3,683	\$3,577	
6	Less: Supply Refunds	\$387,450	\$375,175	\$374,574	\$664,704	\$733,519	\$939,070	\$979,871	\$870,878	\$808,168	\$741,971	\$585,430	\$789,688	
7	Total Credits	\$3,084,962	\$3,311,987	\$3,785,065	\$5,243,968	\$12,636,149	\$26,208,318	\$34,156,918	\$22,446,680	\$19,439,523	\$12,563,755	\$6,186,544	\$4,780,658	
8	Adjustable Working Capital Costs	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	
9	Number of Days Lag													
10	Working Capital Requirement	\$128,308	\$121,591	\$130,959	\$302,655	\$463,976	\$982,168	\$1,250,654	\$821,992	\$711,884	\$459,618	\$228,502	\$175,030	
11	Cost of Capital	9.09%	9.09%	9.09%	9.09%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	
12	Return on Working Capital Requirement	\$11,663	\$11,053	\$12,631	\$27,511	\$41,182	\$85,421	\$111,024	\$72,968	\$63,183	\$40,805	\$20,109	\$15,539	
13	Weighted Cost of Debt	4.19%	4.19%	4.19%	4.19%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	
14	Interest Expense	\$5,376	\$5,095	\$5,822	\$12,681	\$18,434	\$38,227	\$49,685	\$32,654	\$28,275	\$18,261	\$8,899	\$6,954	
15	Pre-tax Income	\$6,287	\$5,958	\$6,809	\$14,830	\$22,758	\$47,194	\$61,340	\$40,314	\$34,908	\$22,544	\$11,110	\$8,565	
16	1 - Combined Tax Rate	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	
17	Return and Tax Requirement	\$9,672	\$9,166	\$10,475	\$22,816	\$35,012	\$72,607	\$94,369	\$62,021	\$53,705	\$34,684	\$17,092	\$13,208	
18	Supply Variable Working Capital Requirement	\$18,049	\$14,261	\$16,298	\$35,497	\$53,446	\$110,834	\$144,053	\$94,675	\$81,980	\$52,944	\$28,091	\$20,162	\$665,289
19	Storage Variable Product Costs	\$65,246	\$66,184	\$81,230	\$370,068	\$900,705	\$1,968,497	\$11,409,181	\$4,052,385	\$3,859,249	\$67,471	\$95,838	\$261,411	
20	Less: Backing Related LNG Commodity (to DAC)	(\$30,999)	(\$29,789)	(\$30,691)	(\$21,388)	(\$41,868)	(\$36,390)	(\$1,025,654)	(\$96,384)	(\$41,301)	(\$23,572)	(\$25,388)	(\$26,862)	
21	Plus: Supply Related LNG O&M Costs	\$30,455	\$30,455	\$30,455	\$30,455	\$30,455	\$30,455	\$30,455	\$30,455	\$30,455	\$30,455	\$30,455	\$30,455	
22	Adjustable Working Capital Costs	\$64,702	\$66,841	\$81,124	\$379,134	\$889,296	\$1,968,662	\$10,413,683	\$3,986,467	\$3,848,404	\$74,354	\$99,395	\$263,005	
23	Number of Days Lag	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	
24	Working Capital Requirement	\$2,375	\$2,454	\$2,978	\$13,919	\$32,648	\$60,963	\$381,277	\$145,952	\$133,465	\$2,722	\$3,639	\$9,629	
25	Cost of Capital	9.09%	9.09%	9.09%	9.09%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	
26	Return on Working Capital Requirement	\$218	\$223	\$271	\$1,265	\$2,899	\$5,412	\$33,850	\$12,958	\$11,849	\$242	\$323	\$855	
27	Weighted Cost of Debt	4.18%	4.19%	4.19%	4.18%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	
28	Interest Expense	\$100	\$103	\$125	\$583	\$1,297	\$2,422	\$15,146	\$5,799	\$5,303	\$108	\$145	\$363	
29	Pre-tax Income	\$116	\$120	\$148	\$682	\$1,801	\$2,990	\$18,702	\$7,159	\$6,546	\$134	\$178	\$472	
30	1 - Combined Tax Rate	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	
31	Return and Tax Requirement	\$179	\$185	\$225	\$1,049	\$2,464	\$4,600	\$28,772	\$11,014	\$10,072	\$205	\$275	\$727	
32	Storage Var. Product Working Capital Requirement	\$279	\$288	\$349	\$1,632	\$3,761	\$7,022	\$43,820	\$16,812	\$15,974	\$314	\$419	\$1,109	\$91,280

Working_capital

Description (a)	Reference (b)	FY04											
		Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04
Storage Variable Non-Product Costs		\$87,094	\$80,516	\$89,832	\$72,733	\$50,556	\$262,432	\$393,807	\$124,445	\$236,504	\$49,573	\$37,709	\$40,241
Credits		(\$3)	(\$2)	(\$1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debitable Working Capital Costs	(1) - (2)	\$87,093	\$80,514	\$89,829	\$72,729	\$50,556	\$262,432	\$393,807	\$124,445	\$236,504	\$49,573	\$37,709	\$40,241
Number of Days Lag	Rate Case	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40
Working Capital Requirement	(3) * (4) / 365	\$3,197	\$2,956	\$2,527	\$2,970	\$1,956	\$9,267	\$14,418	\$4,556	\$8,659	\$1,815	\$1,361	\$1,473
Cost of Capital	Rate Case	9.09%	9.09%	9.09%	9.09%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%
Taken on Working Capital Requirement	(5) * (6)	\$291	\$269	\$230	\$243	\$165	\$823	\$1,280	\$404	\$769	\$161	\$123	\$131
Weighted Cost of Debt	Rate Case	4.18%	4.18%	4.19%	4.19%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%
Interest Expense	(5) * (8)	\$134	\$124	\$106	\$112	\$74	\$366	\$573	\$181	\$344	\$72	\$55	\$59
Taxable Income	(7) - (9)	\$157	\$145	\$124	\$131	\$91	\$455	\$707	\$223	\$425	\$89	\$68	\$72
Tax Combined Tax Rate	Rate Case	0.8500	0.8500	0.8500	0.8500	0.8500	0.8500	0.8500	0.8500	0.8500	0.8500	0.8500	0.8500
Taxation and Tax Requirement	(10) / (11)	\$241	\$223	\$190	\$201	\$140	\$699	\$1,098	\$344	\$653	\$137	\$104	\$111
Storage Variable Non-product WC Require.	(9) + (12)	\$375	\$347	\$298	\$313	\$214	\$1,068	\$1,681	\$525	\$997	\$209	\$159	\$170
													\$6,333

New England Gas Company
Rhode Island Service Area
GCR Collections

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	Jul-03 actual	Aug-03 actual	Sep-03 actual	Oct-03 actual	Nov-03 actual	Dec-03 actual	Jan-04 actual	Feb-04 actual	Mar-04 actual	Apr-04 actual	May-04 actual	Jun-04 actual
Supply Fixed Cost Collections -					created							
Resid. & Small C & I dth	579,524	549,282	472,416	751,465	1,518,603	2,827,488	3,832,803	4,799,866	3,077,609	2,701,312	1,347,703	728,007
Supply Fixed Cost Factor	\$0.9859	\$0.9859	\$0.9859	\$0.9859	\$0.9909	\$0.9582	\$0.9582	\$0.9574	\$0.9565	\$0.9583	\$0.9573	\$0.9538
Res & Small C & I collections	\$571,352	\$541,537	\$465,755	\$740,870	\$1,504,841	\$2,517,659	\$3,672,592	\$4,595,422	\$2,943,847	\$2,588,740	\$1,290,143	\$694,353
C & I Medium dth	129,496	127,476	120,788	164,193	308,495	489,804	713,824	876,728	594,303	500,889	279,811	174,216
Supply Fixed Cost Factor	\$0.8930	\$0.8930	\$0.8930	\$0.8930	\$0.8957	\$0.8924	\$0.8924	\$0.8917	\$0.9044	\$0.8940	\$0.8929	\$0.9038
C & I Medium collections	\$115,640	\$113,836	\$107,864	\$146,624	\$276,313	\$437,101	\$637,017	\$781,748	\$537,507	\$447,802	\$249,844	\$157,464
C & I Large LLF dth	23,314	16,646	17,409	57,949	75,167	143,106	209,138	245,837	168,478	151,774	67,126	34,843
Supply Fixed Cost Factor	\$0.9391	\$0.9391	\$0.9391	\$0.9391	\$0.9409	\$0.8993	\$0.8993	\$0.9142	\$0.8979	\$0.8993	\$0.8993	\$0.8980
C & I Large LLF collections	\$21,894	\$15,633	\$16,349	\$54,420	\$70,727	\$128,695	\$188,078	\$224,744	\$151,284	\$136,491	\$60,367	\$31,288
C & I Large HLF dth	24,104	31,384	29,405	40,498	57,894	57,024	59,143	78,891	58,998	60,025	46,601	36,206
Supply Fixed Cost Factor	\$0.6152	\$0.6152	\$0.6152	\$0.6152	\$0.6999	\$0.7177	\$0.7177	\$0.7177	\$0.7177	\$0.7177	\$0.7177	\$0.7288
C & I Large HLF collections	\$14,829	\$19,308	\$18,090	\$24,914	\$40,521	\$40,926	\$42,447	\$56,621	\$42,343	\$43,080	\$33,446	\$26,385
C & I Extra Large LLF dth	3,161	2,860	1,897	3,700	12,109	26,354	26,858	36,008	20,235	17,627	5,916	3,365
Supply Fixed Cost Factor	\$0.8608	\$0.8608	\$0.8608	\$0.8608	\$0.9555	\$0.9653	\$0.9653	\$0.9653	\$0.9653	\$0.9653	\$0.9653	\$0.9770
C & I XL LLF collections	\$2,721	\$2,462	\$1,633	\$3,185	\$11,570	\$25,440	\$25,926	\$34,758	\$19,532	\$17,015	\$5,710	\$3,297
C & I Extra Large HLF dth	17,195	22,183	24,822	15,937	26,651	24,155	33,341	33,010	28,236	28,567	23,109	18,267
Supply Fixed Cost Factor	\$0.3451	\$0.3451	\$0.3451	\$0.3451	\$0.5227	\$0.6485	\$0.6485	\$0.6485	\$0.6485	\$0.6485	\$0.6485	\$0.6730
C & I XL HLF collections	\$5,934	\$7,655	\$8,566	\$5,500	\$13,929	\$15,665	\$21,621	\$21,406	\$18,310	\$18,538	\$14,986	\$12,293
C & I TSS Medium dth					1,056	3,466	10,153	10,312	4,659	5,370	3,445	752
Supply Fixed Cost Factor					\$0.9178	\$0.8924	\$0.8924	\$0.8924	\$0.8924	\$0.8946	\$0.8924	\$0.8992
C & I Medium collections					\$969	\$3,093	\$9,060	\$9,203	\$4,168	\$4,805	\$3,074	\$676
C & I TSS Large LLF dth					1,281	9,356	8,546	7,825	5,200	5,544	3,329	0
Supply Fixed Cost Factor					\$0.9736	\$0.8993	\$0.8993	\$0.8993	\$0.8735	\$0.8994	\$0.8991	\$0.8980
C & I Large LLF collections					\$1,248	\$8,414	\$7,686	\$7,037	\$4,542	\$4,986	\$2,993	\$0
C & I TSS Large HLF dth					928	1,138	1,615	881	0	0	0	0
Supply Fixed Cost Factor					\$0.6886	\$0.7177	\$0.7177	\$0.7177	\$0.7177	\$0.7177	\$0.7177	\$0.7288
C & I Large HLF collections					\$620	\$817	\$1,159	\$632	\$0	\$0	\$0	\$0
C & I TSS Extra Large LLF dth					0	0	0	0	0	0	0	0
Supply Fixed Cost Factor					\$0.9555	\$0.9653	\$0.9653	\$0.9653	\$0.9653	\$0.9653	\$0.9653	\$0.9770
C & I XL LLF collections					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C & I TSS Extra Large HLF dth					0	0	0	0	0	0	0	0
Supply Fixed Cost Factor					\$0.5227	\$0.6485	\$0.6485	\$0.6485	\$0.6485	\$0.6485	\$0.6485	\$0.6730
C & I XL HLF collections					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Dth	776,793	749,833	666,737	1,033,741	2,002,182	3,381,893	4,895,421	6,089,359	3,957,719	3,471,128	1,777,039	995,654
Supply Fixed Collections	\$732,370	\$700,431	\$618,257	\$978,513	\$1,920,738	\$3,177,810	\$4,605,586	\$5,731,571	\$3,721,523	\$3,261,457	\$1,660,563	\$925,746

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Storage Fixed Cost Collections

	Jul-03 actual	Aug-03 actual	Sep-03 actual	Oct-03 actual	Nov-03 actual	Dec-03 actual	Jan-04 actual	Feb-04 actual	Mar-04 actual	Apr-04 actual	May-04 actual	Jun-04 actual	
(a) Resid. & Small C & I dth Storage Fixed Cost Factor	579,524 \$0.3396 \$196,806	549,282 \$0.3396 \$186,536	472,416 \$0.3396 \$160,433	751,465 \$0.3396 \$255,198	1,518,603 \$0.3699 \$561,732	2,827,488 \$0.3861 \$1,014,473	3,832,803 \$0.3861 \$1,479,845	3,832,803 \$0.3861 \$1,479,845	4,799,866 \$0.3858 \$1,851,873	3,077,609 \$0.3854 \$1,186,189	2,701,312 \$0.3861 \$1,043,104	1,347,703 \$0.3857 \$519,847	728,007 \$0.3843 \$279,782
(b) C & I Medium dth Storage Fixed Cost Factor	129,496 \$0.3034 \$39,289	127,476 \$0.3034 \$38,676	120,788 \$0.3034 \$36,647	164,193 \$0.3034 \$49,816	308,495 \$0.3319 \$102,391	489,804 \$0.3582 \$175,448	713,824 \$0.3582 \$255,692	713,824 \$0.3582 \$255,692	876,728 \$0.3579 \$313,753	594,303 \$0.3630 \$215,728	500,889 \$0.3568 \$179,725	279,811 \$0.3584 \$100,275	174,216 \$0.3628 \$63,198
(c) C & I Large LLF dth Storage Fixed Cost Factor	23,314 \$0.3361 \$7,836	16,646 \$0.3361 \$5,595	17,409 \$0.3361 \$5,851	57,949 \$0.3361 \$19,477	75,167 \$0.3588 \$26,974	143,106 \$0.3650 \$52,234	209,138 \$0.3650 \$76,335	209,138 \$0.3650 \$76,335	245,837 \$0.3711 \$91,224	168,478 \$0.3645 \$61,406	151,774 \$0.3650 \$55,402	67,126 \$0.3650 \$24,503	34,843 \$0.3645 \$12,700
(d) C & I Large HLF dth Storage Fixed Cost Factor	24,104 \$0.2049 \$4,939	31,384 \$0.2049 \$6,431	29,405 \$0.2049 \$6,026	40,498 \$0.2049 \$8,298	57,894 \$0.2602 \$15,066	57,024 \$0.2907 \$16,577	59,143 \$0.2907 \$17,193	59,143 \$0.2907 \$17,193	78,891 \$0.2907 \$22,931	58,998 \$0.2907 \$17,149	60,025 \$0.2907 \$17,447	46,601 \$0.2907 \$13,545	36,206 \$0.2951 \$10,686
(e) C & I XL LLF dth Storage Fixed Cost Factor	3,161 \$0.2965 \$937	2,860 \$0.2965 \$848	1,897 \$0.2965 \$562	3,700 \$0.2965 \$1,097	12,109 \$0.3587 \$4,344	26,354 \$0.3890 \$10,252	26,858 \$0.3890 \$10,448	26,858 \$0.3890 \$10,448	36,008 \$0.3889 \$14,005	20,235 \$0.3889 \$7,870	17,627 \$0.3889 \$6,856	5,916 \$0.3890 \$2,301	3,365 \$0.3935 \$1,324
(f) C & I XL HLF dth Storage Fixed Cost Factor	17,195 \$0.1177 \$2,024	22,183 \$0.1177 \$2,611	24,822 \$0.1177 \$2,922	15,937 \$0.1177 \$1,876	26,651 \$0.1993 \$5,313	24,155 \$0.2613 \$6,312	33,341 \$0.2613 \$8,712	33,341 \$0.2613 \$8,712	33,010 \$0.2613 \$8,625	28,236 \$0.2613 \$7,378	28,587 \$0.2613 \$7,470	23,109 \$0.2613 \$6,038	18,267 \$0.2712 \$4,953
(g) C & I TSS Medium dth Storage Fixed Cost Factor					1,056 \$0.3401 \$359	3,466 \$0.3582 \$1,242	10,153 \$0.3582 \$3,637	10,153 \$0.3582 \$3,637	10,312 \$0.3581 \$3,693	4,659 \$0.3582 \$1,669	5,370 \$0.3592 \$1,929	3,445 \$0.3582 \$1,234	752 \$0.3605 \$271
(h) C & I TSS Large LLF dth Storage Fixed Cost Factor					1,281 \$0.3713 \$476	9,356 \$0.3650 \$3,415	8,546 \$0.3650 \$3,119	8,546 \$0.3650 \$3,119	7,825 \$0.3650 \$2,856	5,200 \$0.3546 \$1,844	5,544 \$0.3651 \$2,024	3,329 \$0.3650 \$1,215	0 \$0.3645 \$0
(i) C & I TSS Large HLF dth Storage Fixed Cost Factor					928 \$0.2486 \$231	1,138 \$0.2907 \$331	1,615 \$0.2907 \$469	1,615 \$0.2907 \$469	881 \$0.2906 \$256	0 \$0.2907 \$0	0 \$0.2907 \$0	0 \$0.2907 \$0	0 \$0.2951 \$0
(j) C & I TSS XL LLF dth Storage Fixed Cost Factor					0 \$0.3587 \$0	0 \$0.3890 \$0	0 \$0.3890 \$0	0 \$0.3890 \$0	0 \$0.3889 \$0	0 \$0.3889 \$0	0 \$0.3889 \$0	0 \$0.3890 \$0	0 \$0.3935 \$0
(k) C & I XL TSS HLF dth Storage Fixed Cost Factor					0 \$0.1993 \$0	0 \$0.2613 \$0	0 \$0.2613 \$0	0 \$0.2613 \$0	0 \$0.2613 \$0	0 \$0.2613 \$0	0 \$0.2613 \$0	0 \$0.2613 \$0	0 \$0.2712 \$0
(l) C & I XL HLF collections					36,241 \$0.3526 \$12,780	59,140 \$0.3505 \$20,728	84,469 \$0.3505 \$29,606	84,469 \$0.3505 \$29,606	95,249 \$0.3505 \$33,387	64,297 \$0.3505 \$22,537	68,482 \$0.3505 \$24,008	40,775 \$0.3505 \$14,293	21,927 \$0.3505 \$7,686
(m) C & I TSS XL LLF collections					24,648 \$0.3551 \$8,752	15,009 \$0.3551 \$5,330	17,051 \$0.3551 \$6,055	17,051 \$0.3551 \$6,055	23,845 \$0.3551 \$8,467	23,845 \$0.3551 \$8,467	23,845 \$0.3551 \$8,467	23,845 \$0.3551 \$8,467	23,845 \$0.3551 \$8,467

New Eir, Gas Company
Rhode Island Service Area
GCR Collections

FILE:SHARON\3436 - GCR\GCR-Nov2003\Update_3\mended_0204\April_12_Nymex

	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04
actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual
Fixed Total Dth	793,844	774,480	681,746	1,057,586	2,038,423	3,441,032	4,979,890	6,184,608	4,022,016	3,539,620	1,817,815	1,017,581
Total Supply Fixed Collections	\$257,886	\$249,449	\$217,770	\$344,229	\$729,664	\$1,301,012	\$1,885,056	\$2,342,403	\$1,521,770	\$1,337,965	\$683,251	\$350,500

III. Variable Supply Cost Collections --

(a) Firm Sales dth	776,793	749,833	666,737	1,033,741	2,002,182	3,381,893	4,895,421	6,089,359	3,957,719	3,471,128	1,777,039	995,654
Variable Supply Cost Factor	\$4,7881	\$4,7881	\$4,7881	\$4,7881	\$5,2354	\$5,4912	\$5,4912	\$5,4912	\$5,4941	\$5,4941	\$5,4941	\$5,4941
Variable supply collections	\$3,719,361	\$3,590,273	\$3,192,404	\$4,949,557	\$10,482,144	\$18,570,649	\$26,881,736	\$33,433,055	\$21,744,167	\$19,066,895	\$9,751,515	\$5,622,159
(b) FIRM Sales dth	2,525	2,389	2,497	2,425	1,728	2,016	1,735	1,180	1,250	2,362	669	1,549
Variable Supply Cost Factor	\$4,8890	\$4,8890	\$4,8890	\$4,8890	\$5,8080	\$5,8080	\$5,8080	\$5,6860	\$5,6860	\$5,6860	\$5,6860	\$5,6869
Variable supply collections	\$12,343	\$11,680	\$12,209	\$11,855	\$10,039	\$11,709	\$10,077	\$6,712	\$7,107	\$13,431	\$3,804	\$8,809
TOTAL Variable Supply Collections	\$3,731,704	\$3,601,953	\$3,204,613	\$4,961,512	\$10,492,183	\$18,582,358	\$26,891,813	\$33,439,767	\$21,751,274	\$19,080,326	\$9,755,319	\$5,630,968

IV. Storage Variable Product Cost Collections --

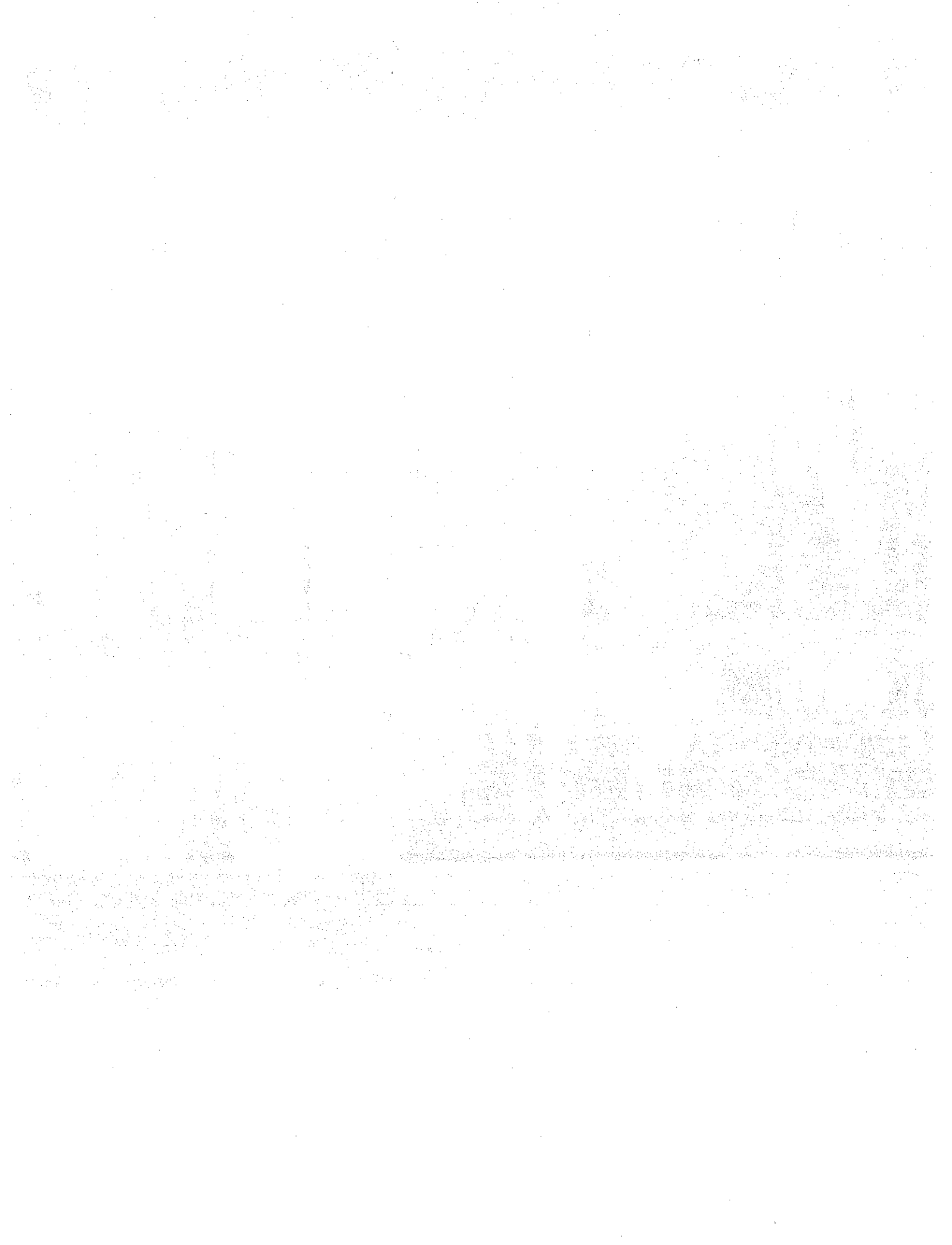
(a) Firm Sales dth	\$0,8468	\$0,8468	\$0,8468	\$0,8468	2,002,182	3,381,893	4,895,421	6,089,359	3,957,719	3,471,128	1,777,039	995,654
Variable Supply Cost Factor	\$657,788	\$634,958	\$564,593	\$0,8468	\$0,8931	\$0,9067	\$0,9067	\$0,9066	\$0,9072	\$0,9070	\$0,9061	\$0,9068
Storage Var Product collections	\$657,788	\$634,958	\$564,593	\$0,8468	\$1,788,102	\$3,086,362	\$4,438,678	\$5,520,424	\$3,590,368	\$3,148,300	\$1,610,158	\$902,825

V. Storage Variable Non-product Cost Collections --

(a) Firm Sales dth	776,793	749,833	666,737	1,033,741	2,002,182	3,381,893	4,895,421	6,089,359	3,957,719	3,471,128	1,777,039	995,654
Variable Supply Cost Factor	\$0,0100	\$0,0100	\$0,0100	\$0,0100	\$0,0429	\$0,0742	\$0,0742	\$0,0742	\$0,0742	\$0,0742	\$0,0741	\$0,0742
Storage Var Non Product collec	\$7,768	\$7,498	\$6,667	\$10,337	\$85,662	\$250,936	\$363,240	\$451,644	\$293,740	\$257,574	\$131,733	\$73,863
(b) F T-2 dth	17,051	24,646	15,009	23,845	36,241	59,140	84,469	95,249	64,297	68,482	40,775	21,927
Variable Supply Cost Factor	\$0,0842	\$0,0842	\$0,0842	\$0,0842	\$0,0788	\$0,0742	\$0,0742	\$0,0742	\$0,0742	\$0,0742	\$0,0742	\$0,0742
Storage Var Non Product collec	\$1,436	\$2,075	\$1,284	\$2,008	\$2,855	\$4,388	\$6,268	\$7,085	\$4,769	\$5,081	\$3,025	\$1,626
(c) Total Firm Sales/F T-2 dth	793,844	774,480	681,746	1,057,586	2,038,423	3,441,032	4,979,890	6,184,608	4,022,016	3,539,620	1,817,815	1,017,581
Storage Var Non Product collec	\$9,204	\$9,573	\$7,931	\$12,345	\$88,717	\$255,324	\$369,508	\$458,709	\$298,509	\$262,655	\$134,768	\$75,489

Total Gas Cost Collections

	\$5,388,952	\$5,196,364	\$4,613,164	\$7,168,971	\$15,019,404	\$26,382,866	\$38,180,641	\$47,492,874	\$30,883,444	\$27,090,703	\$13,844,049	\$7,915,628
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New England Gas Company
 Rhode Island Service Area

Bill Impact Analysis:
Current Distribution, GCR and DAC Rates vs. Proposed GCR and August 1st proposed DAC Rates

Residential Heating:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference due to:				
			Difference	% Chg	Base Rates	GCR	DAC
776	\$1,070	\$1,038	\$32	3.1%	\$0	\$11	\$22
828	\$1,132	\$1,098	\$34	3.1%	\$0	\$11	\$23
880	\$1,194	\$1,157	\$36	3.1%	\$0	\$12	\$24
932	\$1,255	\$1,217	\$39	3.2%	\$0	\$13	\$26
983	\$1,317	\$1,276	\$41	3.2%	\$0	\$13	\$27
1,035	\$1,378	\$1,335	\$43	3.2%	\$0	\$14	\$29
1,087	\$1,440	\$1,395	\$45	3.2%	\$0	\$15	\$30
1,139	\$1,501	\$1,454	\$47	3.2%	\$0	\$16	\$32
1,190	\$1,562	\$1,513	\$49	3.3%	\$0	\$16	\$33
1,242	\$1,622	\$1,571	\$51	3.3%	\$0	\$17	\$35
1,294	\$1,683	\$1,629	\$54	3.3%	\$0	\$18	\$36

Residential Non-Heating:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference due to:				
			Difference	% Chg	Base Rates	GCR	DAC
115	\$240	\$209	\$30	14.5%	\$0	\$2	\$29
122	\$250	\$217	\$32	14.9%	\$0	\$2	\$31
130	\$260	\$225	\$34	15.3%	\$0	\$2	\$33
138	\$270	\$233	\$36	15.6%	\$0	\$2	\$35
145	\$280	\$241	\$38	16.0%	\$0	\$2	\$37
153	\$290	\$249	\$40	16.2%	\$0	\$2	\$38
161	\$300	\$257	\$43	16.5%	\$0	\$2	\$40
168	\$310	\$265	\$45	16.8%	\$0	\$2	\$42
176	\$320	\$273	\$47	17.1%	\$0	\$2	\$44
184	\$330	\$281	\$49	17.3%	\$0	\$3	\$46
191	\$340	\$289	\$51	17.5%	\$0	\$3	\$48

Bill Impact Analysis:
Current Distribution, GCR and DAC Rates vs. Proposed GCR and August 1st proposed DAC Rates

C & I Small:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference due to:				
			Difference	% Chg	Base Rates	GCR	DAC
932	\$1,485	\$1,460	\$25	1.7%	\$0	\$13	\$13
994	\$1,558	\$1,531	\$27	1.8%	\$0	\$14	\$14
1,056	\$1,630	\$1,601	\$29	1.8%	\$0	\$14	\$14
1,118	\$1,702	\$1,671	\$31	1.8%	\$0	\$15	\$15
1,180	\$1,773	\$1,741	\$32	1.8%	\$0	\$16	\$16
1,242	\$1,845	\$1,811	\$34	1.9%	\$0	\$17	\$17
1,304	\$1,915	\$1,880	\$36	1.9%	\$0	\$18	\$18
1,366	\$1,986	\$1,949	\$37	1.9%	\$0	\$19	\$19
1,428	\$2,056	\$2,017	\$39	1.9%	\$0	\$19	\$20
1,490	\$2,127	\$2,086	\$41	2.0%	\$0	\$20	\$20
1,553	\$2,197	\$2,155	\$42	2.0%	\$0	\$21	\$21

C & I Medium:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference due to:				
			Difference	% Chg	Base Rates	GCR	DAC
7,761	\$9,130	\$8,792	\$338	3.8%	\$0	\$122	\$216
8,278	\$9,702	\$9,342	\$360	3.9%	\$0	\$130	\$230
8,796	\$10,275	\$9,892	\$383	3.9%	\$0	\$138	\$245
9,313	\$10,848	\$10,442	\$405	3.9%	\$0	\$146	\$259
9,831	\$11,420	\$10,993	\$428	3.9%	\$0	\$154	\$273
10,348	\$11,993	\$11,543	\$450	3.9%	\$0	\$163	\$288
10,865	\$12,566	\$12,093	\$473	3.9%	\$0	\$171	\$302
11,383	\$13,138	\$12,643	\$495	3.9%	\$0	\$179	\$316
11,900	\$13,711	\$13,193	\$518	3.9%	\$0	\$187	\$331
12,418	\$14,283	\$13,743	\$540	3.9%	\$0	\$195	\$345
12,935	\$14,856	\$14,293	\$563	3.9%	\$0	\$203	\$360

Bill Impact Analysis:
Current Distribution, GCR and DAC Rates vs. Proposed GCR and August 1st proposed DAC Rates

C & I LLF Large:

Annual Consumption	Nov 04 - Oct 05		Currently Effective	Difference	% Chg	Difference due to:		
	Nov 04	Oct 05				Base Rates	GCR	DAC
50,456	\$57,365	\$54,776	\$54,776	\$2,589	4.7%	\$0	\$1,187	\$1,403
53,819	\$61,117	\$58,355	\$58,355	\$2,762	4.7%	\$0	\$1,266	\$1,496
57,183	\$64,870	\$61,935	\$61,935	\$2,935	4.7%	\$0	\$1,345	\$1,590
60,547	\$68,622	\$65,515	\$65,515	\$3,107	4.7%	\$0	\$1,424	\$1,683
63,910	\$72,374	\$69,094	\$69,094	\$3,280	4.7%	\$0	\$1,503	\$1,777
67,274	\$76,127	\$72,674	\$72,674	\$3,453	4.8%	\$0	\$1,582	\$1,870
70,638	\$79,879	\$76,254	\$76,254	\$3,625	4.8%	\$0	\$1,662	\$1,964
74,001	\$83,631	\$79,833	\$79,833	\$3,798	4.8%	\$0	\$1,741	\$2,057
77,365	\$87,384	\$83,413	\$83,413	\$3,971	4.8%	\$0	\$1,820	\$2,151
80,729	\$91,136	\$86,993	\$86,993	\$4,143	4.8%	\$0	\$1,899	\$2,244
84,093	\$94,888	\$90,573	\$90,573	\$4,316	4.8%	\$0	\$1,978	\$2,338

C & I HLF Large:

Annual Consumption	Nov 04 - Oct 05		Currently Effective	Difference	% Chg	Difference due to:		
	Nov 04	Oct 05				Base Rates	GCR	DAC
50,456	\$52,608	\$49,672	\$49,672	\$2,936	5.9%	\$0	\$1,533	\$1,403
53,820	\$56,043	\$52,911	\$52,911	\$3,132	5.9%	\$0	\$1,636	\$1,496
57,184	\$59,478	\$56,151	\$56,151	\$3,328	5.9%	\$0	\$1,738	\$1,590
60,548	\$62,913	\$59,390	\$59,390	\$3,523	5.9%	\$0	\$1,840	\$1,683
63,911	\$66,349	\$62,630	\$62,630	\$3,719	5.9%	\$0	\$1,942	\$1,777
67,275	\$69,784	\$65,869	\$65,869	\$3,915	5.9%	\$0	\$2,045	\$1,870
70,639	\$73,219	\$69,108	\$69,108	\$4,110	5.9%	\$0	\$2,147	\$1,964
74,003	\$76,654	\$72,348	\$72,348	\$4,306	6.0%	\$0	\$2,249	\$2,057
77,366	\$80,089	\$75,587	\$75,587	\$4,502	6.0%	\$0	\$2,351	\$2,151
80,730	\$83,525	\$78,827	\$78,827	\$4,698	6.0%	\$0	\$2,453	\$2,244
84,094	\$86,960	\$82,066	\$82,066	\$4,893	6.0%	\$0	\$2,556	\$2,338

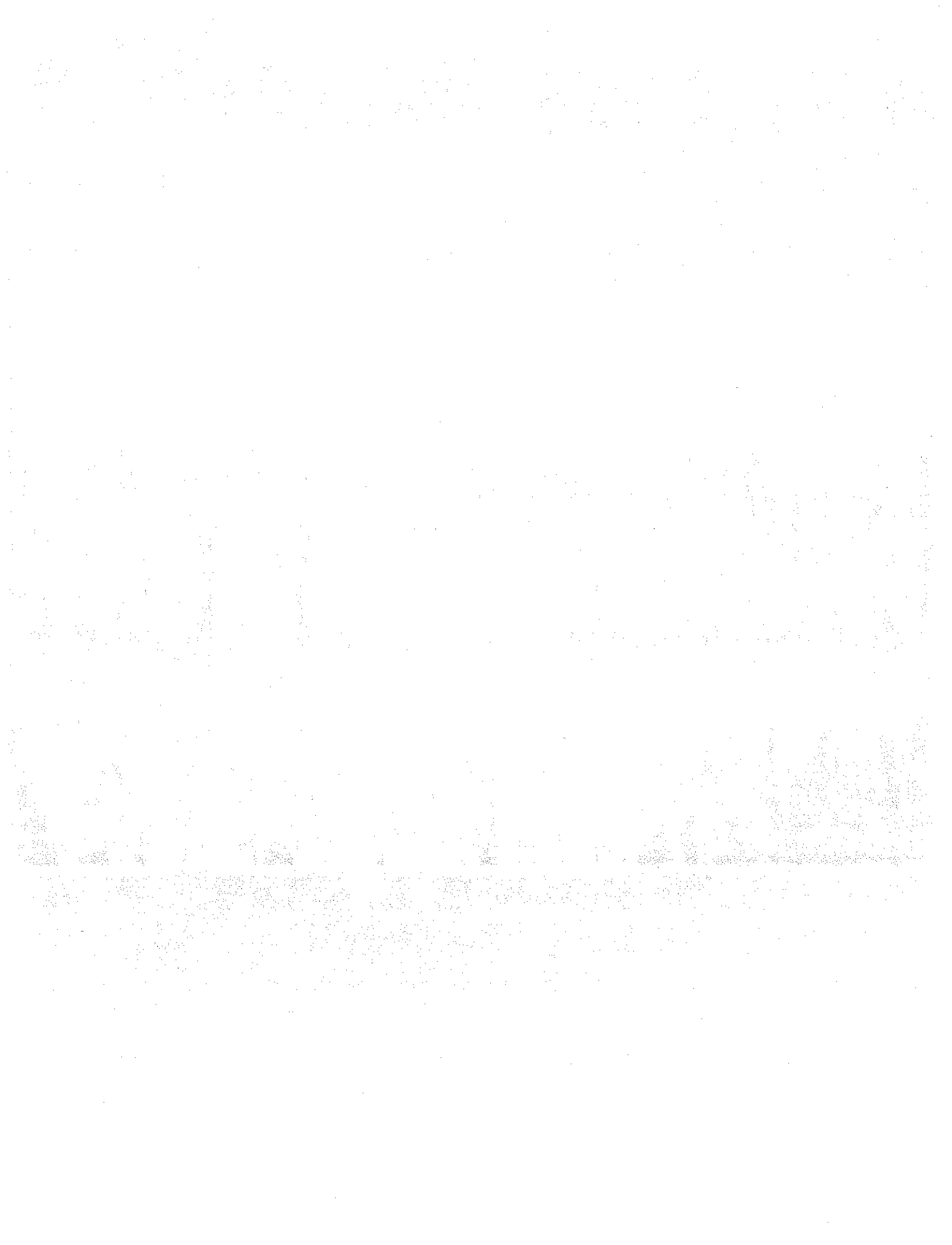
Bill Impact Analysis:
Current Distribution, GCR and DAC Rates vs. Proposed GCR and August 1st proposed DAC Rates

C & I LLF Extra-Large:

Annual Consumption	Nov 04 - Oct 05		Currently Effective	Difference	% Chg	Difference due to:		
	Nov 04 - Oct 05	Current Effective				Base Rates	GCR	DAC
213,468	\$216,948	\$203,420	\$13,527	6.6%	\$0	\$7,593	\$5,934	
227,699	\$231,171	\$216,742	\$14,429	6.7%	\$0	\$8,099	\$6,330	
241,930	\$245,394	\$230,063	\$15,331	6.7%	\$0	\$8,605	\$6,726	
256,162	\$259,617	\$243,384	\$16,233	6.7%	\$0	\$9,111	\$7,121	
270,393	\$273,840	\$256,706	\$17,135	6.7%	\$0	\$9,618	\$7,517	
284,624	\$288,064	\$270,027	\$18,036	6.7%	\$0	\$10,124	\$7,913	
298,855	\$302,287	\$283,349	\$18,938	6.7%	\$0	\$10,630	\$8,308	
313,086	\$316,510	\$296,670	\$19,840	6.7%	\$0	\$11,136	\$8,704	
327,318	\$330,733	\$309,991	\$20,742	6.7%	\$0	\$11,642	\$9,099	
341,549	\$344,956	\$323,313	\$21,644	6.7%	\$0	\$12,149	\$9,495	
355,780	\$359,179	\$336,634	\$22,545	6.7%	\$0	\$12,655	\$9,891	

C & I HLF Extra-Large:

Annual Consumption	Nov 04 - Oct 05		Currently Effective	Difference	% Chg	Difference due to:		
	Nov 04 - Oct 05	Current Effective				Base Rates	GCR	DAC
205,969	\$194,629	\$185,337	\$9,292	5.0%	\$0	\$3,566	\$5,726	
219,700	\$207,364	\$197,452	\$9,911	5.0%	\$0	\$3,804	\$6,108	
233,431	\$220,099	\$209,568	\$10,531	5.0%	\$0	\$4,042	\$6,489	
247,163	\$232,834	\$221,684	\$11,150	5.0%	\$0	\$4,279	\$6,871	
260,894	\$245,570	\$233,800	\$11,770	5.0%	\$0	\$4,517	\$7,253	
274,625	\$258,305	\$245,916	\$12,389	5.0%	\$0	\$4,755	\$7,635	
288,356	\$271,040	\$258,031	\$13,009	5.0%	\$0	\$4,992	\$8,016	
302,088	\$283,775	\$270,147	\$13,628	5.0%	\$0	\$5,230	\$8,398	
315,819	\$296,511	\$282,263	\$14,248	5.0%	\$0	\$5,468	\$8,780	
329,550	\$309,246	\$294,379	\$14,867	5.1%	\$0	\$5,706	\$9,161	
343,281	\$321,981	\$306,494	\$15,487	5.1%	\$0	\$5,943	\$9,543	



New England Gas Company
A Division of Southern Union Company
RIPUC NEGC No. 101

Section 7
Miscellaneous Services
Schedule A, Sheet 1
Second Revision

NATURAL GAS VEHICLE SERVICE
RATE 70

1.0 NATURAL GAS VEHICLE SERVICE

1.1 AVAILABILITY: This rate is available for compressed natural gas dispensed at Company-owned fueling stations for the purpose of fueling natural gas vehicles.

No other use of gas will be included in this rate for billing purposes.

1.2 RATES:

Customer Charge:	\$5.00 per month
Energy Charge:	
Distribution Charge:	\$0.1697 per Therm
Commodity Charge:	\$0.6652 per Therm

1.3 MINIMUM RATE: Customer Charge

1.4 GENERAL RULES AND REGULATIONS:

The Company's General Rules and Regulations in Section 1 of RIPUC NEGC No. 101, as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

1.5 RHODE ISLAND GROSS EARNINGS TAX:

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule D.

2.0 INTERRUPTIBLE NATURAL GAS VEHICLE SERVICE

2.1 AVAILABILITY: Gas service is available under this rate to any customer requiring natural gas as a motor fuel for motor vehicle operations.

Customer must have dual-fuel capability for the use of an alternate fuel which may be substituted for gas when gas is

New England Gas Company
A Division of Southern Union Company
RIPUC NEGC No. 101

Section 7
Miscellaneous Services
Schedule A, Sheet 2
Second Revision

NATURAL GAS VEHICLE SERVICE
RATE 70

not available under this tariff, or customer must have use of a vehicle powered by an alternate fuel which may be substituted for the NGV vehicle when gas is not available under this tariff.

2.2 RATES:

The interruptible rate shall be set for the upcoming month after 10:30 a.m. five (5) business days prior to the commencement of that month. Upon setting the non-firm service rate, if the Company obtains a new, lower gas supply, the rate may be reduced prior to the first calendar day of the month. The customer must notify the Company by 9:00 a.m. two (2) business days prior to the commencement of that month of the intention to take Interruptible Natural Gas Vehicle Service.

Customer Charge: \$5.00 per month

Energy Charge:

The rate for interruptible service will be equal to the Company's incremental gas cost, \$.085/Therm margin, plus \$.15/Therm for the cost of compression.

2.3 MINIMUM RATE: Customer Charge

2.4 GENERAL RULES AND REGULATIONS:

The Company's General Rules and Regulations in Section 1 of RIPUC NEGC No. 101, as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

2.5 RHODE ISLAND GROSS EARNINGS TAX:

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule D.

2.6 NOTIFICATION OF INTERRUPTION/

New England Gas Company
A Division of Southern Union Company
RIPUC NEGCC No. 101

Section 7
Miscellaneous Services
Schedule A, Sheet 3
Second Revision

NATURAL GAS VEHICLE SERVICE

RATE 70

CURTAILMENT:

Customer will curtail or discontinue service when, in the sole opinion of the Company, such curtailment or interruption is necessary in order for it to continue to supply the gas requirements of its firm customers at such time.

**2.7 FAILURE TO
CURTAIL:**

For any period that a customer fails to curtail the use of gas as requested by the Company, the rate for gas consumption will be equal to the highest cost gas required to meet demand during the curtailment period, plus \$1.55 per Therm.

Summary of Marketer Transportation Factors

Item	Reference	Proposed	Billing Units
FT-2 Firm Transportation Marketer Gas Charge	pg 2	\$0.0399	Therms throughput of Marketer Pool
Pool Balancing Charge	pg 3	\$0.0020	Per % of balancing elected per Therm throughput of Marketer Pool
Weighted Average Upstream Pipeline Transportation Cost	GLB - 5	\$0.1119	Per Therm of capacity

Calculation of FT-2 Marketer Gas Charge

I. Determination of FT-2 Storage Fixed Cost Factor

1	Allocated Storage Fixed Costs	reference	
2	C & I Medium	PCC 1, pg 3	\$1,492,320
3	C & I Large LLF	PCC 1, pg 3	\$402,412
4	C & I Large HLF	PCC 1, pg 3	\$149,031
5	C & I Extra Large LLF	PCC 1, pg 3	\$32,974
6	C & I Extra Large HLF	PCC 1, pg 3	<u>\$75,886</u>
7	sub-total	sum ([1]:[6])	\$2,152,622
8	Through-put (dth)	PCC 1, pg 12	7,005,281
9	Storage Fixed Factor	[7] / [8]	\$0.3073

II. Storage Variable Cost Factor PCC 1, pg 1 \$0.0834

TOTAL FT-2 Gas Marketer Charge (per Dth) \$0.3907

Uncollectible % Dkt 3401 2.10%

TOTAL FT-2 Gas Marketer Charge adj for uncollectible (\$/dth) \$0.3991

Calculation of Pool Balancing Charge

	reference	Medium C&I	Large LLE	Large HLE	Extra Large LLE	Extra Large HLE	Total	
1	Throughput (dth)	PCC - 1, pg 12	4,825,194	1,214,132	529,971	83,142	352,843	7,005,281
2	% allocation		68.88%	17.33%	7.57%	1.19%	5.04%	100.00%
3	Supply Fixed Cost Factor	PCC - 1, pg 1	\$0.7542	\$0.8224	\$0.6838	\$0.9650	\$0.5233	
4	Storage Fixed Cost Factor	PCC - 1, pg 1	\$0.3093	\$0.3314	\$0.2812	\$0.3966	\$0.2151	
5	Storage Variable Cost Factor	PCC - 1, pg 1	\$0.8755	\$0.8755	\$0.8755	\$0.8755	\$0.8755	
6	Class Specific Pool Balancing Charge	$([1]+[2]+[3]) \times 1\%$	\$0.0194	\$0.0203	\$0.0184	\$0.0224	\$0.0161	
7	Class Specific Weighted Average (\$/dth)	$[6] \times [2]$	\$0.0134	\$0.0035	\$0.0014	\$0.0003	\$0.0008	\$0.0193
8	Uncollectible %	Docket 3401	2.10%	2.10%	2.10%	2.10%	2.10%	
9	Pool Balancing Charge adjusted for Uncollectible	$([7] / (1-[8]))$	\$0.0136	\$0.0036	\$0.0014	\$0.0003	\$0.0008	\$0.0197

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

NEW ENGLAND GAS COMPANY
DOCKET NO. 3436

DIRECT TESTIMONY

OF

GARY L. BELAND

September 1, 2004

I. INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Gary L. Beland, and my business address is 100 Weybosset Street,
3 Providence, Rhode Island 02903.

4 **Q. WHAT ARE YOUR POSITION AND RESPONSIBILITIES?**

5 A. I am Director of Gas Supply for New England Gas Company (“NEG” or the
6 “Company”). My responsibilities include all aspects of gas-supply management
7 including purchasing, contracting, planning, system monitoring and control and federal
8 regulatory monitoring and intervention.

9 **Q. HAVE YOU TESTIFIED IN THE DOCKET PREVIOUSLY?**

10 A. Yes.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 A. My testimony provides support for the estimated gas costs, forecasting methodology,
13 assignments of pipeline capacity to marketers and other issues relating to the
14 Company’s proposed GCR factors. It also presents the first annual results of the Gas

1 and Asset Management Incentive Plan ("Plan") and requests that the Company be
2 authorized to receive the incentive earned under the Plan.

3 **Q. ARE THERE ANY SCHEDULES TO YOUR TESTIMONY?**

4 **A. Yes. I am sponsoring the following Schedules:**

5	GLB-1	Summary of Projected Gas Cost
6	GLB-2	Gas Cost Details
7	GLB-3	Comparison of Locked Prices and NYMEX Strip
8	GLB-4	Locked Price Gas Supplies
9	GLB-5	Assignment of Pipeline Capacity
10	GLB-6	FT-2 Operational Parameters
11	GLB-7	Default Transportation Service
12	GLB-8	Gas Purchase Incentive Plan Description
13	GLB-9	Gas Purchase Incentive Plan Results for November 1, 2003 to
14		June 30, 2004
15	GLB-10	Asset Management Incentive Results
16	GLB-11	Asset Management Discussion - CONFIDENTIAL

II. PROJECTED GAS COSTS

17 **Q. WHAT GAS PRICES ARE USED IN THE GCR FILING?**

18 **A.** The GCR factors are based on the prices locked under the Plan with any non-locked
19 purchases based on the NYMEX strip as of the close of trading on August 12, 2004.
20 The GCR factors also reflect storage and inventory costs as of July 31, 2004 and the
21 projected fill and pricing for the gas to be injected into storage. Schedule GLB-1 shows
22 a summary of gas costs by major cost categories and Schedule GLB-2 shows the details

1 of the calculations including the cost detail and pathing of hedge purchases under the
2 Plan.

3 **Q. OVERALL, WHAT ARE THE PRICES AND QUANTITIES OF GAS**
4 **PURCHASED UNDER THE PLAN?**

5 A. Schedule GLB-3 shows a comparison of the NYMEX prices used in the filing and the
6 average unit cost of gas purchased under the gas purchasing or hedging component of
7 the Plan. Schedule GLB-4 shows the quantities purchased under the hedging plan for
8 each future month, average unit price and the percentage of projected purchases at
9 locked in prices.

10 **Q. HOW IS GAS PURCHASING DONE UNDER THE PLAN?**

11 A. The central focus of the hedging component of the Plan is to lock-in future gas prices
12 over an 18-month horizon to stabilize prices and protect customers from the affects of
13 large price swings. The Purchasing Plan relies on a dollar cost-averaging approach to
14 scale in future positions, but also provides for discretionary purchases to be made when
15 pricing appears favorable. The Purchasing Plan was amended in 2003 to increase the
16 amount of dollar cost-averaging purchases from 40% to 50% of projected purchases and
17 to encourage the Company to make additional purchases at its discretion.

1 **Q. HOW ARE GAS COSTS CALCULATED?**

2 A. As described in prior filings, projected gas costs are calculated using the SENDOUT
3 model to perform dispatch optimization on the entire Rhode Island portfolio of gas
4 supply, pipeline transportation, underground storage and peaking supplies. The model
5 then projects gas costs by first utilizing the supplies locked in price under the hedging
6 program and then dispatching the lowest cost supply available remaining in the portfolio
7 to meet each day's requirements. Generally, the pricing of various pipeline services is
8 based directly on the pipeline tariffs. When the Company purchases supply at locations
9 other than Henry Hub, the pricing point for NYMEX contracts, it uses the historical
10 differential to the Henry Hub price to determine the expected difference, or "basis."
11 Applying the basis to the NYMEX pricing creates a reasonable estimate of the expected
12 invoice cost of the supply.

13 **Q. HOW DID THE COMPANY CATEGORIZE THE PROJECTED GAS COST**
14 **COMPONENTS?**

15 A. Gas costs are broken down into four components: (1) Supply Fixed Costs; (2) Storage
16 Fixed Costs; (3) Supply Variable Costs; and (4) Storage Variable Costs. The Supply
17 Fixed Costs include all fixed costs related to the purchase of firm gas, including pipeline
18 and supplier fixed reservation costs and demand charges.

19 The Storage Fixed Cost includes all fixed costs related to the operation and maintenance
20 of storage including fixed storage demand charges, fixed costs associated with delivery

1 of storage gas to the Company's distribution system, and local production and storage
2 costs.

3 The Supply Variable Cost component includes all variable costs of firm gas, including
4 the commodity costs and expenses incurred to transport gas. Commodity costs included
5 in the Supply Variable Cost component reflect the sum of purchases made under the
6 Gas Purchasing Program and projections of gas costs based on the NYMEX prices of
7 well-head futures contracts as of the close of regular trading on August 12, 2004.

8 The Storage Variable Cost component includes all variable costs related to the
9 operation, maintenance and delivery of storage gas, including storage injection and
10 withdrawal costs, delivery of storage gas to the Company's distribution system, and the
11 cost of LNG and LPG supplies. A summary of gas costs included in the GCR and
12 disaggregated into these cost components by month for the period November 2004
13 through October 2005 is shown on Schedule GLB-1.

14 **Q. PLEASE DESCRIBE SCHEDULE GLB-2 PAGES 1 THROUGH 14.**

15 A. Schedule GLB-2 Pages 1 through 14 shows the supporting detail for gas costs included
16 in the filing for the period November 2004 through October 2005. The various pages
17 show the optimized, forecasted sendout by supply source and the pricing detail by
18 supply source and cost component.

III. MARKETER CAPACITY ASSIGNMENT

1 **Q. HOW IS PIPELINE CAPACITY ASSIGNED TO MARKETERS?**

2 A. At the time a sales service customer switches to transportation service, the portion of the
3 Company's interstate pipeline resources under contract that are used to meet the
4 customer's requirements are assigned to the marketer. Pursuant to Item 1.08.0 of the
5 Company's Transportation Terms and Conditions, entitled "Capacity Release," a pro
6 rata share of upstream pipeline capacity is assigned to marketers serving customers who
7 convert to firm transportation service after October 1, 1997. The pro rata share equals
8 the ratio of the customer's average normalized winter day usage to the average
9 normalized winter day usage for the system as a whole. This share is multiplied by the
10 amount of pipeline capacity in the Company's portfolio to determine the amount of
11 capacity to be assigned.

12 The Company's tariff utilizes a path-specific assignment approach that allows marketers
13 to select the path or paths upon which they prefer to acquire capacity. In order to reflect
14 the differing values of various paths, Item 1.08.0 provides:

15 The Company shall assess a surcharge/credit to marketers based on the
16 difference between the charges of the upstream pipeline transportation
17 capacity and the weighted average of the Company's upstream pipeline
18 transportation capacity charges as calculated by the Company. To the
19 extent that the charges of such released pipeline capacity are greater than
20 the weighted average charges, the marketer shall receive credit for such
21 difference in charges based on the total quantity of capacity released by the
22 Company to the Marketer.

1 The weighted average charge and the surcharge/credit charges applicable to individual
2 pipeline paths selected by the marketer are updated at Schedule GLB-5 of this filing.

3 **Q. WHAT AMOUNT OF PIPELINE CAPACITY WILL BE ASSIGNED TO**
4 **MARKETERS?**

5 A. The amount of capacity assigned to marketers is a direct function of the amount of
6 capacity in the Company's resource portfolio. The supply portfolio allows for a pipeline
7 assignment equal to 106% of each customer's normal average winter day's usage of the
8 updated pipeline assignment factor and will commence on November 1, 2004.

9 **Q. WHICH PATHS WILL BE AVAILABLE FOR ASSIGNMENT TO**
10 **MARKETERS?**

11 A. Schedule GLB-5, page 1 shows the paths and corresponding quantities available for
12 assignment to marketers. In total, the Company has made available 23,200 Dth per day
13 of capacity on six different pipeline paths, unchanged from last year. The capacity
14 provides marketers with the flexibility to select paths that best fit their individual
15 resource portfolios and requirements. In the event an individual path is over-subscribed,
16 the Company will assign capacity on a pro rata basis.

17 **Q. PLEASE EXPLAIN THE SURCHARGE/CREDIT CALCULATION FOR EACH**
18 **ASSIGNED PIPELINE PATH?**

1 A. The first step in calculating the adjustment charge for each path is calculating the
2 system-average cost. The derivation of the weighted-average pipeline path cost of
3 \$1.119 per Dth is shown on Page 10 of Schedule GLB-5. This cost is equal to the sum
4 of the 100% load factor fixed cost unit value and the system average unit variable cost.
5 The fixed costs can be thought of as reservation charges that reserve space on the
6 pipeline and insure that there is a path available to transport gas to the Rhode Island
7 area. The 100% load factor unit value is \$0.534 per Dth. The system average pipeline
8 unit variable cost is \$0.585 per Dth. Thus, the sum of the \$0.534 100% load factor unit
9 fixed cost and \$0.585 system average pipeline unit variable cost results in the \$1.119
10 per Dth weighted average pipeline cost.

11 **Q. HOW ARE THE DELIVERED COSTS FOR EACH PATH DEVELOPED?**

12 A. The calculations to develop the delivered cost for each path are similar to those
13 described for the system average. For illustration, the calculation for the first path
14 (Tennessee Zone 1, shown on Schedule GLB-5, at page 6) would be comprised of a
15 single contract originating in Zone 1 and terminating in Zone 6. Total fixed costs of
16 \$1,090,800 and total variable costs of \$14,984,731 are shown near the bottom, right of
17 this page 6 of GLB-5. Commodity gas costs of \$13,772,982 priced at the August 12,
18 2004 NYMEX (New York Mercantile Exchange published price for natural gas) used in
19 this filing are subtracted from the variable costs to arrive at non-gas variable costs,
20 which includes pipeline charges and any basis differential associated with the path. The

1 cost of the path equals the sum of the fixed unit cost of \$0.498 per Dth at 100% load
2 factor plus the non-gas variable unit cost of \$0.553 per Dth, or \$1.051 per Dth. The unit
3 cost of \$1.051 per Dth represents the direct costs incurred by the marketer, which are
4 paid to the transporter or other provider. Since these costs are \$0.068 per Dth less than
5 the system-average, marketers electing this path would be charged \$0.068 per Dth per
6 day each month on their bill from the Company. A summary of the individual path
7 costs and associated credits or surcharges, for which approval is sought, is shown on
8 Page 1 of Schedule GLB-5.

IV. MISCELLANEOUS ISSUES

9 **Q. IS THE COMPANY PROPOSING ANY CHANGES TO THE OPERATIONAL**
10 **PARAMETERS ASSOCIATED WITH STORAGE AND PEAKING**
11 **RESOURCES ASSIGNED TO MARKETERS?**

12 A. No. There have been only minor changes to the underlying underground storage and
13 peaking contracts that provide the Company's storage and peaking resources.
14 Accordingly, the operational parameters that govern marketers use of resources assigned
15 to them under the FT-2 service are the same as were in effect last year. Schedule GLB-6
16 details those parameters.

17 **Q. ARE THERE ANY CHANGES TO THE DEFAULT TRANSPORTATION**
18 **SERVICE?**

1 A. No. The Company will continue to provide default service for grandfathered
2 transportation customers based on the pricing sheet shown in Schedule GLB-7.

3 **Q. HAVE THERE BEEN ANY CHANGES TO THE COMPANY'S PIPELINE**
4 **CAPACITY OR LONG-TERM SUPPLY CONTRACTS?**

5 A. As presented in the Long Range Gas Supply Plan, the Company has added two resource
6 contracts to serve the Westerly area, which are a contract with Yankee Gas Company for
7 service from Montville, Connecticut to Westerly and a contract with Algonquin Gas
8 Transmission Company for service to Montville, Connecticut from Beverly,
9 Massachusetts on their Hubline project. The contract with Yankee Gas provides
10 transportation service to a new interconnect located at the border between Westerly,
11 Rhode Island and Stonington, Connecticut.

12 Also, as described in the Long Range Gas Plan, the Company terminated two small
13 transportation contracts on National Fuel and Dominion. The Company does not
14 anticipate that any additional portfolio changes will be effective during the GCR year.

15 **Q. PLEASE DESCRIBE THE INCENTIVE PORTION OF THE GAS**
16 **PROCUREMENT AND ASSET MANAGEMENT INCENTIVE PLAN?**

17 A. The Plan has two components; the gas procurement incentive that encourages the
18 Company to purchase supply in a way designed to both stabilize prices and reduce
19 commodity costs, and the asset management incentive that rewards the Company for

1 achieving savings in fixed costs. A full description of the Plan is provided in Schedule
2 GLB-8.

3 The gas procurement portion of the Plan is based on the Company's previously
4 described hedging program under which the Company locks in the pricing of
5 commodity purchases over an eighteen month horizon. Half of all projected purchases
6 are required to be made ratably over the period beginning eighteen months prior to the
7 start of each month and ending two months before the month begins. These mandatory
8 purchases form the benchmark for the incentive calculation. For each month, the
9 average unit cost of the mandatory purchases is compared to the average unit cost of
10 discretionary purchases to determine the savings or loss per dekatherm resulting from
11 the discretionary purchases. This difference, multiplied by the discretionary volumes,
12 determines the total savings or cost. To determine the incentive or penalty for the
13 month, this total is multiplied by 10%, unless the unit cost savings is greater than 50
14 cents per dekatherm, in which case the incentive is 20%.

15 The asset management incentive is based on the total fixed portfolio costs during the
16 year reduced by any revenue received for capacity release, asset management fees, or
17 off-system sales margins.

18 The incentive is based on the positive difference between the net fixed costs (costs less
19 any revenue credits) included and approved in the Company's September 1 Gas Cost
20 Recovery (GCR) filing and actual net fixed costs. The incentive to the Company is 20%

1 of the savings if actual gas procurement costs for the supply year are below the cost
2 projected in the September 1 GCR filing and 10% if they are above.

3 **Q. WHAT IS THE RESULT OF THE GAS PROCUREMENT INCENTIVE?**

4 A. Schedule GLB-9 shows the results for the period November 1, 2003 to June 30, 2004
5 by month. As shown, the Company purchased discretionary supply of 1,988,846 Dth
6 during the period with total savings of \$978,227 and that resulted in a total incentive of
7 \$160,816.

8 The calculation of the savings and incentive is shown for each month. For example, in
9 November the average purchase cost per Dth for mandatory purchases was \$5.696 and
10 discretionary purchases averaged \$4.937, which equates to a savings of \$0.76 per Dth on
11 discretionary purchases of 308,820 Dth, resulting in savings for the month of \$234,610.
12 Because the savings exceeded \$0.50 per Dth for the month, the incentive is 20% of the
13 savings, or \$46,922.

14 **Q. WHAT IS THE RESULT OF THE ASSET MANAGEMENT INCENTIVE?**

15 A. The final result of the asset management incentive will not be known until fixed costs for
16 October 2004 become available, which occurs in November. Schedule GLB-10 provides
17 an estimate including actual results through July 31, 2004 and projected results for
18 August, September and October. Further discussion of the Plan results is provided in
19 Schedule GLB-11.

1 Q. **DOES THIS CONCLUDE YOUR TESTIMONY?**

2 A. Yes, it does.

SUMMARY OF ESTIMATED GAS COSTS FOR 2005 GCR FILING

Variable Costs	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	TOTAL
Total Pipeline Supply Costs	\$18,346,526	\$25,727,331	\$26,929,247	\$25,219,222	\$24,477,636	\$14,019,693	\$7,492,407	\$4,965,102	\$4,525,738	\$4,557,121	\$4,893,041	\$10,855,852	\$172,024,516
Total Storage Product Costs	\$88,400	\$3,754,757	\$6,599,714	\$6,005,249	\$1,580,955	\$88,526	\$0	\$0	\$0	\$0	\$0	\$0	\$18,097,600
Total Storage Delivery Costs	\$6,111	\$233,185	\$408,005	\$372,949	\$68,184	\$5,491	\$0	\$0	\$0	\$0	\$0	\$0	\$1,123,925
Total LNG and Propane Costs	\$172,089	\$190,256	\$197,996	\$4,238,374	\$157,016	\$186,440	\$159,969	\$163,147	\$155,889	\$159,104	\$157,445	\$160,993	\$6,068,718
Total All Variable Gas Costs	\$18,623,125	\$29,965,529	\$34,104,961	\$35,835,795	\$26,313,791	\$14,280,140	\$7,652,376	\$5,148,249	\$4,681,627	\$4,716,825	\$5,045,485	\$11,006,856	\$197,314,760
Fixed Costs													
TOTAL PIPELINE DEMANDS	\$7,434,000	\$7,434,227	\$7,436,059	\$7,435,605	\$7,436,059	\$7,431,768	\$7,431,995	\$7,431,766	\$7,431,995	\$7,431,995	\$7,431,768	\$7,431,995	\$29,199,232
TOTAL SUPPLIER DEMANDS	\$212,663	\$213,788	\$213,788	\$211,013	\$213,788	\$212,663	\$213,788	\$212,663	\$213,788	\$213,788	\$212,663	\$213,788	\$2,558,185
TOTAL STORAGE FACILITIES	\$386,321	\$386,321	\$386,321	\$386,321	\$386,321	\$386,321	\$386,321	\$386,321	\$386,322	\$386,323	\$386,324	\$386,325	\$4,835,864
TOTAL STORAGE DELIVERY	\$536,384	\$516,259	\$516,259	\$516,259	\$516,259	\$507,818	\$500,131	\$500,131	\$500,131	\$500,131	\$500,131	\$500,131	\$6,110,027
Total All Fixed Costs	\$3,569,368	\$3,550,596	\$3,552,428	\$3,549,199	\$3,552,428	\$3,538,570	\$3,532,235	\$3,530,883	\$3,532,236	\$3,532,237	\$3,530,886	\$3,532,239	\$42,503,308
Capacity Release Credits	\$675,624	\$425,624	\$425,624	\$425,624	\$425,624	\$425,624	\$425,624	\$425,624	\$425,624	\$425,624	\$425,624	\$425,624	\$5,307,492
Net Fixed Costs	\$2,893,745	\$3,124,972	\$3,126,803	\$3,123,575	\$3,126,803	\$3,112,945	\$3,106,611	\$3,105,259	\$3,106,612	\$3,106,613	\$3,105,262	\$3,106,615	\$37,195,816
Total All Gas Costs	\$21,566,870	\$33,030,501	\$37,231,765	\$38,959,370	\$29,440,594	\$17,393,085	\$10,758,987	\$8,253,508	\$7,788,239	\$7,823,438	\$8,156,749	\$14,113,471	\$234,510,575

NEW ENGLAND GAS COMPANY - RI REQUIREMENTS
 2005 SUPPLY YEAR GCR ESTIMATE
 NORMAL WEATHER SCENARIO
 Report 13
 New Energy Associates, LLC
 SENDOUT# Version 9.0.2 REF#013
 12-AUG-2004
 Page 1
 16:28:36

Forecast Demand or FIRM NORM	Natural Gas Supply vs Requirements												Total
	NOV 2004	DEC 2004	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEP 2005	OCT 2005	
2,828,432	4,453,000	5,516,285	4,529,775	3,821,326	2,270,599	1,226,190	821,267	739,481	739,481	786,021	1,690,071	29,521,928	
0	0	0	0	0	0	19,388	56,000	0	0	0	10,500	85,888	
0	0	0	0	0	70,178	124,000	106,682	35,710	23,003	23,003	41,163	423,739	
0	0	0	0	0	135,660	140,213	135,543	140,066	140,066	81,259	121,962	854,800	
0	0	0	0	0	5,890	4,046	4,046	357	2,040	744	1,330	14,405	
0	0	0	0	0	15,483	32,519	27,316	15,180	21,658	7,175	12,839	132,170	
0	0	0	0	0	6,541	5,124	5,124	1,527	1,306	1,306	1,968	17,774	
0	0	0	0	0	3,989	31,000	28,611	13,611	16,295	5,854	10,476	107,836	
0	0	0	0	0	139,500	169,593	3,245	3,245	38,925	18,633	33,344	343,238	
0	0	0	0	0	12,400	12,553	9,353	9,353	12,853	4,899	6,772	58,739	
0	0	0	0	0	21,700	21,700	6,822	6,822	5,780	5,780	6,330	72,250	
0	0	0	0	0	157,073	189,317	189,317	133,365	88,505	45,145	80,786	831,625	
0	0	0	0	0	9,021	1,484	1,484	6,611	7,775	2,152	3,852	39,648	
0	0	0	0	0	2,753	15,600	15,600	384	4,857	1,976	5,536	36,399	
0	0	0	0	0	19,800	43,513	30,485	30,485	7,750	7,750	13,889	152,987	
0	0	0	0	0	0	18,000	13,400	18,000	24,000	25,100	25,100	94,500	
0	0	0	0	0	55,800	54,000	55,800	55,800	55,800	54,000	55,800	526,500	
0	0	0	0	0	27,900	13,900	13,900	9,900	1,090	14,000	14,790	113,207	
0	0	0	0	0	860,269	865,130	479,107	452,845	287,476	287,476	457,617	3,356,855	
2,828,432	4,453,000	5,516,285	4,529,775	3,821,326	2,270,599	1,226,190	821,267	739,481	739,481	786,021	1,690,071	29,521,928	
81,270	83,979	129,549	75,852	52,979	62,380	85,126	82,380	85,126	85,126	82,380	85,126	866,703	
125,370	129,549	117,012	117,012	129,549	129,549	131,161	131,161	131,161	131,161	129,549	131,161	1,536,463	
0	0	0	0	0	0	0	0	0	0	0	0	1,229,321	
395,940	409,138	395,454	355,329	409,138	409,138	241,803	241,803	241,803	241,803	241,803	265,000	2,543,577	
116,437	306,944	306,466	276,808	306,466	306,466	22,076	22,076	112,677	117,547	142,129	178,891	2,544,092	
296,580	306,466	306,466	276,808	306,466	306,466	218,028	218,028	96,560	58,028	95,303	173,490	1,446,415	
0	0	0	0	0	0	100,794	100,794	33,873	94,762	22,400	44,869	7,364,584	
890,087	919,530	919,530	830,448	919,530	919,530	59,113	59,113	47,970	12,121	12,113	21,067	825,752	
39,881	306,994	306,994	277,014	306,994	306,994	0	0	0	0	0	0	43,417	
0	0	0	0	0	0	0	0	0	0	0	0	625,752	
0	0	0	0	0	0	0	0	0	0	0	0	5,216,972	
0	0	0	0	0	0	0	0	0	0	0	0	1,165,268	
0	0	0	0	0	0	0	0	0	0	0	0	16,214	
0	0	0	0	0	0	0	0	0	0	0	0	16,456	
0	0	0	0	0	0	0	0	0	0	0	0	94,138	
0	0	0	0	0	0	0	0	0	0	0	0	365,000	
30,000	31,000	28,000	28,000	31,000	30,000	31,000	30,000	31,000	31,000	30,000	31,000	361,416	
29,373	30,352	30,352	27,415	30,352	29,940	30,338	29,940	30,338	29,940	30,938	30,938	1,743,165	
193,950	189,242	189,242	181,020	189,242	189,950	112,415	93,950	55,679	86,445	66,445	200,415	2,561,412	
386,100	396,970	396,970	360,360	396,970	396,100	148,156	148,156	5,732	0	0	0	692,043	
25,283	149,857	149,857	147,914	149,857	79,500	0	0	0	0	0	0	938	
0	232	486	220	486	1,204,800	0	0	0	0	0	0	25,542,935	
2,887,272	3,767,203	3,829,558	3,544,230	3,519,413	2,234,646	1,204,800	800,567	718,091	718,091	785,321	1,698,681	29,521,928	
17,460	16,482	17,992	13,468	15,421	5,055	0	0	0	0	0	0	85,888	
0	0	0	0	0	0	0	0	0	0	0	0	623,739	
0	0	0	0	0	0	0	0	0	0	0	0	964,800	
0	0	0	0	0	0	0	0	0	0	0	0	13,691	
0	0	0	0	0	0	0	0	0	0	0	0	132,170	
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	NOV 2004	DEC 2004	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEP 2005	OCT 2005	
GSS 300140	0	20,974	42,030	19,228	5,604	0	0	0	0	0	0	0	107,636
GSS 300141	0	25,225	163,440	152,544	2,029	0	0	0	0	0	0	0	343,238
GSS 300142	0	16,368	15,840	14,784	11,747	0	0	0	0	0	0	0	58,739
GSS 300143	0	20,400	25,500	23,800	2,550	0	0	0	0	0	0	0	72,250
TEICO 400021	0	170,445	309,889	297,009	85,282	0	0	0	0	0	0	0	831,625
TEICO 400185	0	10,762	14,726	14,160	0	0	0	0	0	0	0	0	39,648
TEICO 400186	0	5,755	13,517	12,988	4,128	0	0	0	0	0	0	0	36,399
COL FS 30010	0	2,545	76,350	63,874	0	10,198	0	0	0	0	0	0	152,967
LNG EXETER	3,000	3,100	59,900	2,800	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	93,300
LNG FROY	18,000	17,100	378,904	14,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	550,504
LNG VALLEY	2,700	4,357	80,000	3,180	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	112,287
WCC PROPANE	0	0	11,200	0	0	0	0	0	0	0	0	0	11,200
fuel with	41,460	690,797	1,695,545	1,085,545	301,913	0	21,390	20,700	21,390	21,390	20,700	21,390	3,978,055
	17,160	886,240	1,685,723	1,085,565	280,523	0	35,953	19,253	35,953	35,953	35,953	35,953	3,210,754
Total Supply	2,928,432	4,453,000	5,516,285	4,828,775	3,821,326	2,270,599	1,226,190	821,267	739,481	739,481	788,921	1,699,071	28,821,928

	NOV 2004	DEC 2004	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEP 2005	OCT 2005	
HYMEK ethr (412/04)	\$6,162	\$6,992	\$6,857	\$6,827	\$8,702	\$8,107	\$8,982	\$9,010	\$9,044	\$9,057	\$9,057	\$9,087	\$9,087

	NOV 2004	DEC 2004	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEP 2005	OCT 2005	
TENNESSEE ZN 0													
Basis	(\$0.171)	(\$0.171)	(\$0.171)	(\$0.171)	(\$0.171)	(\$0.171)	(\$0.171)	(\$0.171)	(\$0.171)	(\$0.171)	(\$0.171)	(\$0.171)	(\$0.171)
Usage to M3	\$0.1629	\$0.1629	\$0.1629	\$0.1629	\$0.1629	\$0.1629	\$0.1629	\$0.1629	\$0.1629	\$0.1629	\$0.1629	\$0.1629	\$0.1629
Usage to M2	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%
Total Delivered	\$6,7409	\$7,2119	\$7,5022	\$7,4693	\$8,3324	\$8,5675	\$8,4633	\$8,4827	\$8,5195	\$8,5335	\$8,5335	\$8,5659	\$8,5659

	NOV 2004	DEC 2004	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEP 2005	OCT 2005	
TENNESSEE ZN 1													
Basis	(\$0.090)	(\$0.090)	(\$0.090)	(\$0.090)	(\$0.090)	(\$0.090)	(\$0.090)	(\$0.090)	(\$0.090)	(\$0.090)	(\$0.090)	(\$0.090)	(\$0.090)
Usage to Zn 6	\$0.1524	\$0.1524	\$0.1524	\$0.1524	\$0.1524	\$0.1524	\$0.1524	\$0.1524	\$0.1524	\$0.1524	\$0.1524	\$0.1524	\$0.1524
Usage to Zn 4	\$0.1090	\$0.1090	\$0.1090	\$0.1090	\$0.1090	\$0.1090	\$0.1090	\$0.1090	\$0.1090	\$0.1090	\$0.1090	\$0.1090	\$0.1090
Usage to Zn 5	7.82%	7.82%	7.82%	7.82%	7.82%	7.82%	7.82%	7.82%	7.82%	7.82%	7.82%	7.82%	7.82%
Usage to Zn 4	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%
Total Delivered	\$6,7519	\$7,2104	\$7,5059	\$7,4734	\$8,3378	\$8,6098	\$8,4866	\$8,5059	\$8,5423	\$8,5562	\$8,5562	\$8,5884	\$8,5884
Injection Charge	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102
Injection Fuel	1.49%	1.49%	1.49%	1.49%	1.49%	1.49%	1.49%	1.49%	1.49%	1.49%	1.49%	1.49%	1.49%
Total Injection Cost	\$6,7824	\$7,2467	\$7,5329	\$7,5005	\$8,3655	\$8,6025	\$8,5385	\$8,5598	\$8,5962	\$8,6091	\$8,6091	\$8,6412	\$8,6412

	NOV 2004	DEC 2004	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEP 2005	OCT 2005	
TENNESSEE DRACUT													
Basis	\$1.082	\$1.082	\$1.082	\$1.082	\$1.082	\$1.082	\$1.082	\$1.082	\$1.082	\$1.082	\$1.082	\$1.082	\$1.082
Usage to M3	\$0.0663	\$0.0663	\$0.0663	\$0.0663	\$0.0663	\$0.0663	\$0.0663	\$0.0663	\$0.0663	\$0.0663	\$0.0663	\$0.0663	\$0.0663
Usage to M2	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%
Total Delivered	\$7,3761	\$7,8099	\$8,0773	\$8,0471	\$8,9209	\$9,5635	\$9,4476	\$9,4657	\$9,5000	\$9,5131	\$9,5131	\$9,5439	\$9,5439

	NOV 2004	DEC 2004	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEP 2005	OCT 2005	
TEICO STX													
Basis	(\$0.181)	(\$0.181)	(\$0.181)	(\$0.181)	(\$0.181)	(\$0.181)	(\$0.181)	(\$0.181)	(\$0.181)	(\$0.181)	(\$0.181)	(\$0.181)	(\$0.181)
Usage to M3	\$0.0983	\$0.0983	\$0.0983	\$0.0983	\$0.0983	\$0.0983	\$0.0983	\$0.0983	\$0.0983	\$0.0983	\$0.0983	\$0.0983	\$0.0983
Usage to M2	\$0.0783	\$0.0783	\$0.0783	\$0.0783	\$0.0783	\$0.0783	\$0.0783	\$0.0783	\$0.0783	\$0.0783	\$0.0783	\$0.0783	\$0.0783
Usage on AGT	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133
Fuel to M3	8.87%	8.87%	8.87%	8.87%	8.87%	8.87%	8.87%	8.87%	8.87%	8.87%	8.87%	8.87%	8.87%
Fuel to M2	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%
Fuel on AGT	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	\$6,7325	\$7,4505	\$7,7531	\$7,7189	\$8,5446	\$8,6621	\$8,5645	\$8,6021	\$8,6021	\$8,6164	\$8,6164	\$8,6496	\$8,6496
Injection Cost Dom	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215
Injection Fuel Dom	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%
Total Injection cost	\$6,9401	\$7,9383	\$8,0043	\$7,9803	\$8,7676	\$8,8059	\$8,6863	\$8,7059	\$8,7207	\$8,7207	\$8,7207	\$8,7548	\$8,7548
Usage to M2/M3	\$0.0663	\$0.0663	\$0.0663	\$0.0663	\$0.0663	\$0.0663	\$0.0663	\$0.0663	\$0.0663	\$0.0663	\$0.0663	\$0.0663	\$0.0663
Fuel to M2/M3	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%
Injection cost Ratio	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369
Injection Fuel Ratio	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%
Total Injection cost	\$6,7683	\$7,4341	\$7,7350	\$7,7010	\$8,5801	\$8,7074	\$8,5901	\$8,6377	\$8,6521	\$8,6521	\$8,6521	\$8,6853	\$8,6853

	NOV 2004	DEC 2004	JAN 2005	FEB 2005	MAR 2005	APR 2005	MAY 2005	JUN 2005	JUL 2005	AUG 2005	SEP 2005	OCT 2005	
TEICO WLA													
Basis	(\$0.072)	(\$0.072)	(\$0.072)	(\$0.072)	(\$0.072)	(\$0.072)	(\$0.072)	(\$0.072)	(\$0.072)	(\$0.072)	(\$0.072)	(\$0.072)	(\$0.072)
Usage to M3	\$0.0926	\$0.0926	\$0.0926	\$0.0926	\$0.0926	\$0.0926	\$0.0926	\$0.0926	\$0.0926	\$0.0926	\$0.0926	\$0.0926	\$0.0926
Usage to M2	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133
Fuel to M3	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%
Fuel on AGT	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	\$6,7856	\$7,4855	\$7,7860	\$7,7511	\$8,6299	\$9,2732	\$9,1591	\$9,1851	\$9,2104	\$9,2104	\$9,2104	\$9,2433	\$9,2433

	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
Fuel on AGT	1.27%	1.27%	1.27%	1.27%	1.27%	1.27%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	\$7,3446	\$8,0063	\$8,3050	\$8,2712	\$8,1303	\$7,2841	\$7,1575	\$7,1773	\$7,2147	\$7,2280	\$7,2280	\$7,2620
TRANSCO TO DOMINION												
Basic	(\$0.015)	(\$0.015)	(\$0.015)	(\$0.015)	(\$0.015)	(\$0.015)	(\$0.015)	(\$0.015)	(\$0.015)	(\$0.015)	(\$0.015)	(\$0.015)
Usage on Dominion	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250
Usage to M6	\$0.0412	\$0.0412	\$0.0412	\$0.0412	\$0.0412	\$0.0412	\$0.0412	\$0.0412	\$0.0412	\$0.0412	\$0.0412	\$0.0412
Usage on Telco	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021
Usage on AGT	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133
Fuel to M6	4.23%	4.23%	4.23%	4.23%	4.23%	4.23%	4.23%	4.23%	4.23%	4.23%	4.23%	4.23%
Fuel on Dominion	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%
Fuel on Telco	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%
Fuel on AGT	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	\$5,8600	\$7,4244	\$7,1198	\$7,6864	\$7,5470	\$6,9985	\$6,6728	\$6,6926	\$6,7301	\$6,7444	\$6,7444	\$6,7774
TRANSCO AT WARTON												
Basic	\$0.5392	\$0.5392	\$0.5392	\$0.5392	\$0.5392	\$0.5392	\$0.5392	\$0.5392	\$0.5392	\$0.5392	\$0.5392	\$0.5392
usage to zns	\$0.0202	\$0.0202	\$0.0202	\$0.0202	\$0.0202	\$0.0202	\$0.0202	\$0.0202	\$0.0202	\$0.0202	\$0.0202	\$0.0202
fuel to zns	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%
Total Delivered	\$8,7708	\$7,2040	\$7,4709	\$7,4407	\$7,3148	\$6,4463	\$6,3304	\$6,3485	\$6,3828	\$6,3959	\$6,3959	\$6,4261
TEXAS GAS TO DOMINION												
Basic	(\$0.031)	(\$0.031)	(\$0.031)	(\$0.031)	(\$0.031)	(\$0.031)	(\$0.031)	(\$0.031)	(\$0.031)	(\$0.031)	(\$0.031)	(\$0.031)
Usage on Texas Gas	\$0.0538	\$0.0538	\$0.0538	\$0.0538	\$0.0538	\$0.0538	\$0.0538	\$0.0538	\$0.0538	\$0.0538	\$0.0538	\$0.0538
Usage on Dominion	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250	\$0.0250
Usage on Telco	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021
Usage on AGT	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133
Fuel to Dominion	3.09%	3.09%	3.09%	3.09%	3.09%	2.41%	2.41%	2.41%	2.41%	2.41%	2.41%	2.41%
Fuel on Dominion	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%
Fuel on Telco	1.76%	1.76%	1.76%	1.76%	1.76%	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%
Fuel on AGT	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	\$6,7648	\$7,3203	\$7,6117	\$7,5788	\$7,4413	\$6,6623	\$6,5381	\$6,5575	\$6,5993	\$6,6083	\$6,6083	\$6,6407
ANE TO TENNESSEE												
Basic	(\$0.866)	(\$0.866)	(\$0.866)	(\$0.866)	(\$0.866)	(\$0.866)	(\$0.866)	(\$0.866)	(\$0.866)	(\$0.866)	(\$0.866)	(\$0.866)
usage to zns	\$0.0057	\$0.0057	\$0.0057	\$0.0057	\$0.0057	\$0.0057	\$0.0057	\$0.0057	\$0.0057	\$0.0057	\$0.0057	\$0.0057
usage on Dominion	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021	\$0.0021
usage on Telco	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
usage on NETNE	2.09%	2.09%	2.09%	2.09%	2.09%	1.86%	1.86%	1.86%	1.86%	1.86%	1.86%	1.86%
Fuel on AGT	\$5.4731	\$5.9168	\$6.1902	\$6.1593	\$6.0303	\$5.6648	\$5.5464	\$5.5999	\$5.6133	\$5.6133	\$5.6133	\$5.6442
Total Delivered	\$0.539	\$0.539	\$0.539	\$0.539	\$0.539	\$0.539	\$0.539	\$0.539	\$0.539	\$0.539	\$0.539	\$0.539
Basic	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855
usage to zns	2.09%	2.09%	2.09%	2.09%	2.09%	1.86%	1.86%	1.86%	1.86%	1.86%	1.86%	1.86%
usage on Dominion	\$7.3707	\$7.6414	\$7.6108	\$7.6108	\$7.4831	\$6.6870	\$6.4698	\$6.4892	\$6.5228	\$6.5361	\$6.5361	\$6.5696
Total Delivered	\$0.171	\$0.171	\$0.171	\$0.171	\$0.171	\$0.171	\$0.171	\$0.171	\$0.171	\$0.171	\$0.171	\$0.171
usage to zns	\$0.1629	\$0.1629	\$0.1629	\$0.1629	\$0.1629	\$0.1629	\$0.1629	\$0.1629	\$0.1629	\$0.1629	\$0.1629	\$0.1629
usage on Dominion	8.71%	8.71%	8.71%	8.71%	8.71%	7.42%	7.42%	7.42%	7.42%	7.42%	7.42%	7.42%
usage on Telco	\$6.7409	\$7.2119	\$7.5022	\$7.4693	\$7.3324	\$6.6875	\$6.4633	\$6.4827	\$6.5195	\$6.5335	\$6.5335	\$6.5659
Total Delivered	(\$0.080)	(\$0.080)	(\$0.080)	(\$0.080)	(\$0.080)	(\$0.080)	(\$0.080)	(\$0.080)	(\$0.080)	(\$0.080)	(\$0.080)	(\$0.080)
usage to zns	\$0.1524	\$0.1524	\$0.1524	\$0.1524	\$0.1524	\$0.1524	\$0.1524	\$0.1524	\$0.1524	\$0.1524	\$0.1524	\$0.1524
usage on Dominion	7.82%	7.82%	7.82%	7.82%	7.82%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%
usage on Telco	\$8.7519	\$7.2184	\$7.5059	\$7.4734	\$7.3378	\$6.6098	\$6.4866	\$6.5059	\$6.5423	\$6.5562	\$6.5562	\$6.5894
Total Delivered	\$5.380	\$5.380	\$5.380	\$5.380	\$5.380	\$5.380	\$5.380	\$5.380	\$5.380	\$5.380	\$5.380	\$5.380
DISTRIGAS FCS												
Basic	\$1.0821	\$1.0821	\$1.0821	\$1.0821	\$1.0821	\$1.0821	\$1.0821	\$1.0821	\$1.0821	\$1.0821	\$1.0821	\$1.0821
usage to zns	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133
usage on Dominion	0.89%	0.89%	0.89%	0.89%	0.89%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%
usage on Telco	\$7.3761	\$7.8099	\$8.0471	\$8.0471	\$7.9209	\$6.3635	\$6.4475	\$6.4657	\$6.5000	\$6.5131	\$6.5131	\$6.5433
Total Delivered	\$1.0821	\$1.0821	\$1.0821	\$1.0821	\$1.0821	\$1.0821	\$1.0821	\$1.0821	\$1.0821	\$1.0821	\$1.0821	\$1.0821
Total Delivered to the City Gas Supply Coets												

Tennessee Zn 0	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
Delivered Mmbtu	81,270	83,979	83,979	75,852	83,979	82,380	85,126	82,380	85,126	85,126	82,380	85,126
Locked Volumes	0	0	0	0	0	0	0	0	0	0	0	0
NYMEX Volumes	0	0	0	0	0	0	0	0	0	0	0	0
Locked \$/Mmbtu	\$6,020	\$6,276	\$6,435	\$6,435	\$6,330	\$5,674	\$5,612	\$5,698	\$5,918	\$5,126	\$0,000	\$6,162
NYMEX \$/Mmbtu Del	\$6,744	\$7,212	\$7,592	\$7,688	\$7,332	\$6,483	\$6,463	\$6,483	\$6,534	\$6,534	\$6,534	\$6,566
Delivered Cost Locked	\$469,245	\$527,952	\$539,473	\$488,108	\$531,587	\$467,424	\$477,727	\$467,424	\$554,977	\$554,977	\$538,231	\$558,930
Delivered Cost NYMEX	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Delivered Cost	\$469,245	\$527,952	\$539,473	\$488,108	\$531,587	\$467,424	\$477,727	\$467,424	\$554,977	\$554,977	\$538,231	\$558,930

TENN ZONE 1	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
Delivered Mmbtu	126,370	129,549	129,549	117,012	129,549	126,930	131,161	126,930	131,161	131,161	126,930	131,161
Locked Volumes	0	0	0	0	0	0	0	0	0	0	0	0
NYMEX Volumes	0	0	0	0	0	0	0	0	0	0	0	0
Locked \$/Mmbtu	\$6,020	\$6,276	\$6,435	\$6,435	\$6,330	\$5,674	\$5,612	\$5,698	\$5,918	\$5,126	\$0,000	\$6,162
NYMEX \$/Mmbtu Del	\$6,744	\$7,212	\$7,592	\$7,688	\$7,332	\$6,483	\$6,463	\$6,483	\$6,534	\$6,534	\$6,534	\$6,566
Delivered Cost Locked	\$754,727	\$813,050	\$813,050	\$752,972	\$820,045	\$720,201	\$736,076	\$720,201	\$853,101	\$853,101	\$832,184	\$854,468
Delivered Cost NYMEX	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Delivered Cost	\$754,727	\$813,050	\$813,050	\$752,972	\$820,045	\$720,201	\$736,076	\$720,201	\$853,101	\$853,101	\$832,184	\$854,468

TENN DRACUT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
Delivered Mmbtu	0	50,301	409,138	85,178	0	130,663	241,803	135,627	79,649	88,457	152,743	285,000
Locked Volumes	0	0	0	0	0	0	0	0	0	0	0	0
NYMEX Volumes	0	0	0	0	0	0	0	0	0	0	0	0
Locked \$/Mmbtu	\$7,3761	\$7,8099	\$8,0773	\$8,0471	\$7,9209	\$6,5635	\$6,4475	\$6,4657	\$6,5000	\$6,5131	\$6,5131	\$6,5433
NYMEX \$/Mmbtu Del	\$0,0000	\$0,0000	\$0,0000	\$0,0000	\$0,0000	\$0,0000	\$0,0000	\$0,0000	\$0,0000	\$0,0000	\$0,0000	\$0,0000
Delivered Cost Locked	\$0	\$392,848	\$3,346,266	\$685,432	\$0	\$856,952	\$1,559,031	\$876,921	\$517,716	\$576,128	\$994,828	\$1,733,965
Delivered Cost NYMEX	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Delivered Cost Daily	\$0	\$392,848	\$3,346,266	\$685,432	\$0	\$856,952	\$1,559,031	\$876,921	\$517,716	\$576,128	\$994,828	\$1,733,965
Total Delivered Cost	\$0	\$392,848	\$3,346,266	\$685,432	\$0	\$856,952	\$1,559,031	\$876,921	\$517,716	\$576,128	\$994,828	\$1,733,965

TETCO SIX	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
Delivered Mmbtu	395,940	409,138	409,138	369,544	409,138	409,138	24,598	4,868	2,506	2,506	4,938	211,274
Locked Volumes	0	0	0	0	0	0	0	0	0	0	0	0
NYMEX Volumes	0	0	0	0	0	0	0	0	0	0	0	0
Locked \$/Mmbtu	\$6,029	\$6,466	\$6,610	\$6,632	\$6,522	\$5,783	\$5,717	\$6,790	\$6,109	\$6,165	\$6,165	\$6,286
NYMEX \$/Mmbtu Del	\$6,732	\$7,450	\$7,753	\$7,719	\$7,576	\$6,672	\$6,545	\$6,565	\$6,602	\$6,616	\$6,616	\$6,660
Delivered Cost Locked	\$2,665,651	\$3,046,266	\$3,172,106	\$2,852,465	\$3,069,671	\$2,665,651	\$1,680,919	\$31,956	\$16,581	\$16,581	\$32,672	\$1,404,885
Delivered Cost NYMEX	\$2,665,651	\$3,046,266	\$3,172,106	\$2,852,465	\$3,069,671	\$2,665,651	\$1,680,919	\$31,956	\$16,581	\$16,581	\$32,672	\$1,404,885
Total Delivered Cost	\$2,665,651	\$3,046,266	\$3,172,106	\$2,852,465	\$3,069,671	\$2,665,651	\$1,680,919	\$31,956	\$16,581	\$16,581	\$32,672	\$1,404,885

TETCO ELA	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
Delivered Mmbtu	281,001	358,454	358,454	335,329	314,672	205,543	22,678	112,817	116,677	117,547	142,129	179,891
Locked Volumes	0	0	0	0	0	0	0	0	0	0	0	0
NYMEX Volumes	0	0	0	0	0	0	0	0	0	0	0	0
Locked \$/Mmbtu	\$6,029	\$6,466	\$6,610	\$6,632	\$6,522	\$5,783	\$5,717	\$6,790	\$6,109	\$6,165	\$6,165	\$6,286
NYMEX \$/Mmbtu Del	\$6,732	\$7,450	\$7,753	\$7,719	\$7,576	\$6,672	\$6,545	\$6,565	\$6,602	\$6,616	\$6,616	\$6,660
Delivered Cost Locked	\$1,239,912	\$1,336,856	\$1,347,416	\$1,237,511	\$1,347,416	\$6,7232	\$129,650	\$37,855	\$294,170	\$716,095	\$876,225	\$1,026,058
Delivered Cost NYMEX	\$1,239,912	\$1,336,856	\$1,347,416	\$1,237,511	\$1,347,416	\$6,7232	\$129,650	\$37,855	\$294,170	\$716,095	\$876,225	\$1,026,058
Total Delivered Cost	\$1,239,912	\$1,336,856	\$1,347,416	\$1,237,511	\$1,347,416	\$6,7232	\$129,650	\$37,855	\$294,170	\$716,095	\$876,225	\$1,026,058

TETCO WLA	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
Delivered Mmbtu	115,437	308,944	358,733	281,542	189,893	120,596	0	0	0	0	0	73,490
Locked Volumes	0	0	0	0	0	0	0	0	0	0	0	0
NYMEX Volumes	0	0	0	0	0	0	0	0	0	0	0	0
Locked \$/Mmbtu	\$6,029	\$6,466	\$6,610	\$6,632	\$6,522	\$5,783	\$5,717	\$6,790	\$6,109	\$6,165	\$6,165	\$6,286
NYMEX \$/Mmbtu Del	\$6,732	\$7,450	\$7,753	\$7,719	\$7,576	\$6,672	\$6,545	\$6,565	\$6,602	\$6,616	\$6,616	\$6,660
Delivered Cost Locked	\$206,909	\$1,879,059	\$1,935,174	\$1,603,729	\$1,485,006	\$538,901	\$0	\$0	\$0	\$0	\$0	\$493,360
Delivered Cost NYMEX	\$206,909	\$1,879,059	\$1,935,174	\$1,603,729	\$1,485,006	\$538,901	\$0	\$0	\$0	\$0	\$0	\$493,360
Total Delivered Cost	\$206,909	\$1,879,059	\$1,935,174	\$1,603,729	\$1,485,006	\$538,901	\$0	\$0	\$0	\$0	\$0	\$493,360

TETCO ETX	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
Delivered Mmbtu	296,580	306,466	306,466	276,808	306,466	113,450	218,028	96,580	47,231	98,028	96,303	243,178
Locked Volumes	146,332	146,750	146,750	119,422	146,994	0	0	0	0	0	0	0
NYMEX Volumes	151,248	157,716	157,716	157,386	160,472	113,450	219,028	96,580	47,231	98,028	96,303	243,178

WACOG INJECTIONS

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
	\$6,354	\$6,839	\$7,049	\$7,116	\$6,955	\$6,274	\$6,219	\$6,227	\$6,302	\$6,347	\$6,387	\$6,506

GCR GAS COSTS
 November 2004 - October 2005
 UNDERGROUND STORAGE COSTS

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Combined Storage												
Beginning Inv Vol	4,507,861	4,490,431	3,624,191	2,068,468	1,982,903	1,312,390	1,594,321	2,860,910	3,193,040	3,360,447	3,852,402	4,157,978
Vol Withdrawn	47,460	685,240	1,163,723	1,095,955	286,523	397,794	798,589	724,130	395,407	0	0	0
Vol Injected	0	0	0	0	0	367,934	0	0	0	0	2,065,476	350,727
Ending Inv \$	\$25,001,950	\$25,305,909	\$21,952,153	\$14,982,439	\$9,977,190	\$7,306,235	\$9,659,448	\$14,700,559	\$19,296,448	\$21,794,608	\$24,196,590	\$25,529,968
\$/Mcf Withdrawn	\$94,941	\$3,754,757	\$6,569,714	\$6,005,249	\$1,596,955	\$6,959,955	\$5,041,110	\$4,585,889	\$2,506,161	\$2,403,982	\$1,331,338	\$0
\$ Injected	\$0	\$0	\$0	\$0	\$0	\$2,448,176	\$0	\$0	\$0	\$0	\$0	\$0
Ending Vol	4,460,431	3,824,191	2,660,468	1,592,903	1,312,390	1,664,321	2,480,910	3,185,040	3,800,447	3,952,402	4,157,978	4,506,605
Ending \$	\$25,306,909	\$21,952,153	\$14,982,439	\$6,977,190	\$7,396,235	\$9,659,448	\$14,700,559	\$19,296,448	\$21,794,608	\$24,196,590	\$25,529,968	\$27,830,962
Avg \$/Mcf	\$5,636	\$5,636	\$5,636	\$5,636	\$5,636	\$5,804	\$5,974	\$6,055	\$6,087	\$6,123	\$6,140	\$6,173

NEW ENGLAND GAS COMPANY - RHODE ISLAND COMPANIES
 NOVEMBER 2004 - OCTOBER 2005
 LNG AND PROPANE COSTS

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Distrib FCS	\$5,38	\$5,38	\$5,38	\$5,38	\$5,38	\$5,38	\$5,38	\$5,38	\$5,38	\$5,38	\$5,38	\$5,38
NYMEX strip (\$/1204)	\$6,162	\$6,592	\$6,857	\$6,827	\$6,702	\$6,107	\$5,992	\$6,010	\$6,044	\$6,057	\$5,057	\$6,087
Touching	\$6,235	\$6,659	\$6,668	\$6,743	\$6,633	\$6,148	\$6,033	\$6,051	\$6,085	\$6,093	\$6,090	\$6,115
	\$0,80	\$0,80	\$0,80	\$0,80	\$0,80	\$0,80	\$0,80	\$0,80	\$0,80	\$0,80	\$0,80	\$0,80
	\$7,055	\$7,459	\$7,698	\$7,668	\$7,543	\$6,948	\$6,833	\$6,851	\$6,885	\$6,893	\$6,890	\$6,913

LNG Est for 2005

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Combined LNG Inv												
Beginning Inv Vol	899,988	866,289	683,998	389,194	416,614	454,024	487,324	549,634	699,934	672,244	731,744	793,044
Vol Withdrawn	23,700	24,557	516,804	19,960	21,360	20,700	21,360	20,700	21,360	21,360	20,700	21,360
Vol Injected	0	42,197	24,160	59,400	55,950	54,080	83,760	81,080	83,700	80,880	82,000	95,690
Ending Inv \$	\$7,169,927	\$6,999,070	\$7,072,320	\$3,096,179	\$3,322,375	\$3,693,834	\$3,797,057	\$4,187,613	\$4,377,529	\$4,367,720	\$5,367,073	\$5,791,120
\$/Mcf Withdrawn	\$180,256	\$196,138	\$4,130,079	\$166,440	\$166,440	\$159,989	\$163,147	\$159,899	\$159,104	\$157,445	\$150,983	\$155,029
\$ Injected	\$0	\$305,388	\$140,938	\$386,467	\$420,699	\$375,192	\$553,703	\$545,805	\$560,205	\$556,798	\$535,040	\$650,826
Ending Vol	866,289	893,898	389,194	419,614	454,024	487,324	549,634	609,934	672,244	731,744	793,044	867,344
Ending \$	\$6,988,070	\$7,077,320	\$3,096,179	\$3,322,375	\$3,581,634	\$3,797,057	\$4,187,613	\$4,577,529	\$4,367,720	\$5,367,073	\$5,791,120	\$6,286,916
Avg \$/Cf	8,044	8,007	7,955	7,930	7,889	7,792	7,619	7,505	7,420	7,362	7,302	7,248

Newport

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Newport LNG Vol Vapor	0	232	486	220	0	0	0	0	0	0	0	0
Avg \$/Cf	\$8,0435	\$8,0069	\$7,9554	\$7,9298	\$7,8891	\$7,7916	\$7,6189	\$7,4950	\$7,4195	\$7,3620	\$7,3024	\$7,2485
Total Cost	0	\$1,858	\$3,866	\$1,745	0	0	0	0	0	0	0	0

Total All LNG Costs - 808018

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
	\$190,256	\$197,996	\$4,133,946	\$157,015	\$166,440	\$198,969	\$163,147	\$156,889	\$159,104	\$157,445	\$150,993	\$155,029

PROpane	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Combi-land												
Receiving Inv Vol	50,349	50,349	50,349	39,149	39,149	39,149	39,149	39,149	39,149	39,149	39,149	39,149
Vol Imported	0	0	11,200	0	0	0	0	0	0	0	0	0
Vol Imported -	0	0	0	0	0	0	0	0	0	0	0	11,200
Receiving Inv \$	\$566,698	\$566,698	\$566,698	\$566,698	\$566,698	\$566,698	\$566,698	\$566,698	\$566,698	\$566,698	\$566,698	\$566,698
\$ Withdrawn	\$0	\$0	\$104,428	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$ Imported	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$123,200
Ending Inv	50,349	50,349	39,149	39,149	39,149	39,149	39,149	39,149	39,149	39,149	39,149	50,349
Ending Inv \$	\$469,452	\$469,452	\$365,024	\$365,024	\$365,024	\$365,024	\$365,024	\$365,024	\$365,024	\$365,024	\$365,024	\$489,224
Avg \$/Dth	\$9.32	\$9.32	\$9.32	\$9.32	\$9.32	\$9.32	\$9.32	\$9.32	\$9.32	\$9.32	\$9.32	\$9.70
Total All LNG and Propane	180,266	197,996	4,238,374	157,016	166,440	159,969	183,147	165,869	159,104	157,445	150,993	155,029

Storage Withdrawal variable costs
2005 GCR Storage surcharge estimate

Storage Withdrawals Dth	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
TENN_8995	0	22,833	38,928	46,396	30,343	0	0	0	0	0	0	0
TENN_501	0	143,451	136,769	130,256	179,852	30,267	0	0	0	0	0	0
GSS TE_600003	0	267,654	259,020	241,752	127,108	0	0	0	0	0	0	0
GSS TE_600042	0	4,823	5,700	5,320	0	978	0	0	0	0	0	0
GSS_600018	0	1,842	78,510	72,588	0	4,410	0	0	0	0	0	0
GSS_300123	0	3,468	7,440	6,944	0	1,102	0	0	0	0	0	0
GSS_300140	0	43,232	42,030	39,228	291	7,703	0	0	0	0	0	0
GSS 300141	0	81,191	163,440	152,544	0	24,517	0	0	0	0	0	0
GSS 300142	0	15,847	15,840	14,784	9,504	3,455	0	0	0	0	0	0
GSS 300143	0	19,550	25,500	23,800	0	4,250	0	0	0	0	0	0
TEICO_400221	0	237,607	308,889	297,009	118,804	0	0	0	0	0	0	0
TEICO_400515	0	11,328	14,726	14,160	5,664	0	0	0	0	0	0	0
TEICO 400185	0	10,398	13,517	12,998	5,199	2,600	0	0	0	0	0	0
COL FS 38010	0	17,595	76,350	71,260	0	10,198	0	0	0	0	0	0
TOTAL	0	880,819	1,186,659	1,129,539	376,765	89,480	0	0	0	0	0	0

STORAGE VARIABLE PRICES

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Total
Tennessee Withdrawal	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102
Tennessee Transportation	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855
Dominion Withdrawal	\$0.0177	\$0.0177	\$0.0177	\$0.0177	\$0.0177	\$0.0177	\$0.0177	\$0.0177	\$0.0177	\$0.0177	\$0.0177	\$0.0177	\$0.0177
Dominion Trans on Telco/AGT	\$0.0154	\$0.0154	\$0.0154	\$0.0154	\$0.0154	\$0.0154	\$0.0154	\$0.0154	\$0.0154	\$0.0154	\$0.0154	\$0.0154	\$0.0154
Dominion Trans on Tennessee	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855	\$0.0855
Telco SS-1 Withdrawal	\$0.0633	\$0.0633	\$0.0633	\$0.0633	\$0.0633	\$0.0633	\$0.0633	\$0.0633	\$0.0633	\$0.0633	\$0.0633	\$0.0633	\$0.0633
Telco SS-1 Trans	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133
Telco FSS-1 Withdrawal	\$0.0390	\$0.0390	\$0.0390	\$0.0390	\$0.0390	\$0.0390	\$0.0390	\$0.0390	\$0.0390	\$0.0390	\$0.0390	\$0.0390	\$0.0390
Telco FSS-1 Trans	\$0.0617	\$0.0617	\$0.0617	\$0.0617	\$0.0617	\$0.0617	\$0.0617	\$0.0617	\$0.0617	\$0.0617	\$0.0617	\$0.0617	\$0.0617
Columbia Withdrawal	\$0.0153	\$0.0153	\$0.0153	\$0.0153	\$0.0153	\$0.0153	\$0.0153	\$0.0153	\$0.0153	\$0.0153	\$0.0153	\$0.0153	\$0.0153
Columbia Trans	\$0.0332	\$0.0332	\$0.0332	\$0.0332	\$0.0332	\$0.0332	\$0.0332	\$0.0332	\$0.0332	\$0.0332	\$0.0332	\$0.0332	\$0.0332

GAS YEAR 2004 - 2005
Withdrawal Costs

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Total
Tennessee Withdrawal	\$0	\$233	\$397	\$478	\$309	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,418
Tennessee Transportation	\$0	\$12,265	\$11,694	\$11,137	\$6,827	\$2,588	\$0	\$0	\$0	\$0	\$0	\$0	\$44,511
Dominion Withdrawal	\$0	\$4,737	\$4,585	\$4,279	\$2,250	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,851
Dominion Trans on Telco/AGT	\$0	\$74	\$68	\$62	\$0	\$15	\$0	\$0	\$0	\$0	\$0	\$0	\$259
Dominion Trans on Tennessee	\$0	\$157	\$6,713	\$6,206	\$0	\$377	\$0	\$0	\$0	\$0	\$0	\$0	\$13,453
Telco SS-1 Withdrawal	\$0	\$220	\$471	\$440	\$0	\$70	\$0	\$0	\$0	\$0	\$0	\$0	\$1,200
Telco SS-1 Trans	\$0	\$575	\$559	\$522	\$4	\$102	\$0	\$0	\$0	\$0	\$0	\$0	\$1,762
Telco FSS-1 Withdrawal	\$0	\$3,166	\$6,374	\$5,949	\$0	\$956	\$0	\$0	\$0	\$0	\$0	\$0	\$16,446
Telco FSS-1 Trans	\$0	\$978	\$977	\$912	\$586	\$213	\$0	\$0	\$0	\$0	\$0	\$0	\$3,667
Columbia Withdrawal	\$0	\$299	\$10,255	\$8,861	\$3,944	\$65	\$0	\$0	\$0	\$0	\$0	\$0	\$1,116
Columbia Trans	\$0	\$7,889	\$42,503	\$40,230	\$13,921	\$4,387	\$0	\$0	\$0	\$0	\$0	\$0	\$31,949
Totals	\$0	\$30,594	\$118,603	\$118,603	\$63,944	\$13,921	\$4,387	\$0	\$0	\$0	\$0	\$0	\$313,634

STORAGE INJECTION COST ESTIMATES

2005 GCR

Storage Injections Dth

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
TENN_8995	0	0	0	0	0	0	44,411	3,967	33,689	0	90,000	11,000
TENN_501	0	0	0	0	0	0	124,000	120,000	124,000	61,794	36,321	54,481
GSSSTE_600003	0	0	0	0	0	135,650	140,213	135,690	140,213	140,213	81,406	122,109
GSSSTE_600042	0	0	0	0	0	0	5,890	5,454	1,369	1,174	1,174	1,760
GSS_600018	0	0	0	0	0	0	32,519	31,470	32,519	32,519	11,329	16,993
GSS_300123	0	0	0	0	0	0	6,541	6,242	1,543	1,322	1,322	1,984
GSS_300140	0	0	0	0	0	0	31,000	30,000	31,000	17,376	9,243	13,865
GSS_300141	0	0	0	0	0	0	139,500	135,000	44,221	29,420	29,420	44,131
GSS_300142	0	0	0	0	0	0	12,400	12,000	12,400	12,266	4,146	6,219
GSS_300143	0	0	0	0	0	0	21,700	21,000	12,550	5,100	5,100	7,650
TETCO_400221	0	0	0	0	0	32,943	189,317	183,210	189,317	189,317	71,282	106,923
TETCO_400515	0	0	0	0	0	1,589	9,021	8,730	9,021	9,021	3,398	5,098
TETCO_400185	0	0	0	0	0	0	15,500	14,654	3,639	3,119	3,119	4,679
COL FS 38010	0	0	0	0	0	0	49,600	48,000	34,972	12,237	12,237	18,356
Total	0	0	0	0	0	170,222	821,612	755,417	670,353	514,877	329,497	415,248

Unit Costs \$/Dth

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
TENN_8995	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102	\$0.0102
TENN_501	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215
GSSSTE_600003	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215
GSSSTE_600042	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215
GSS_600018	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215
GSS_300123	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215
GSS_300140	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215
GSS_300141	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215
GSS_300142	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215
GSS_300143	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215	\$0.0215
TETCO_400221	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369
TETCO_400515	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369
TETCO_400185	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369	\$0.0369
COL FS 38010	\$0.0151	\$0.0151	\$0.0151	\$0.0151	\$0.0151	\$0.0151	\$0.0151	\$0.0151	\$0.0151	\$0.0151	\$0.0151	\$0.0151

GAS YEAR 2004 - 2005

Injection Costs

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Total
TENN_8995	\$0	\$0	\$0	\$0	\$0	\$0	\$453	\$40	\$343	\$0	\$612	\$112	\$1,560
TENN_501	\$0	\$0	\$0	\$0	\$0	\$0	\$1,265	\$1,224	\$1,285	\$630	\$370	\$556	\$5,310
GSSSTE_600003	\$0	\$0	\$0	\$0	\$0	\$2,917	\$3,015	\$2,917	\$3,015	\$3,015	\$1,750	\$2,825	\$19,254
GSSSTE_600042	\$0	\$0	\$0	\$0	\$0	\$0	\$127	\$117	\$28	\$25	\$25	\$38	\$362
GSS_600018	\$0	\$0	\$0	\$0	\$0	\$0	\$699	\$677	\$699	\$699	\$244	\$365	\$3,383
GSS_300123	\$0	\$0	\$0	\$0	\$0	\$0	\$141	\$134	\$33	\$28	\$28	\$43	\$408
GSS_300140	\$0	\$0	\$0	\$0	\$0	\$0	\$687	\$645	\$667	\$374	\$199	\$298	\$2,848
GSS_300141	\$0	\$0	\$0	\$0	\$0	\$0	\$2,999	\$2,903	\$951	\$633	\$633	\$949	\$9,066
GSS_300142	\$0	\$0	\$0	\$0	\$0	\$0	\$257	\$258	\$267	\$284	\$89	\$134	\$1,278
GSS_300143	\$0	\$0	\$0	\$0	\$0	\$0	\$467	\$452	\$270	\$110	\$110	\$164	\$1,572
TETCO_400221	\$0	\$0	\$0	\$0	\$0	\$0	\$6,986	\$6,760	\$6,986	\$6,986	\$2,630	\$3,945	\$35,509
TETCO_400515	\$0	\$0	\$0	\$0	\$0	\$59	\$333	\$322	\$333	\$333	\$125	\$188	\$1,693
TETCO_400185	\$0	\$0	\$0	\$0	\$0	\$0	\$572	\$541	\$134	\$115	\$115	\$173	\$1,650
COL FS 38010	\$0	\$0	\$0	\$0	\$0	\$0	\$749	\$725	\$628	\$185	\$185	\$277	\$2,649
Total	0	0	0	0	0	4,192	18,737	17,715	15,518	13,396	7,116	9,868	86,541

**Withdrawal fuel est
GAS YEAR 2004 - 2005**

FUEL COSTS ASSIGNED STORAGE

Volumes withdrawn Dth	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
TENN_8995	0	22,833	38,928	46,896	30,343	0	0	0	0	0	0	0
TENN_501	0	143,451	136,769	130,256	79,852	30,267	0	0	0	0	0	0
GSS TE_600003	0	267,654	259,020	241,752	127,108	0	0	0	0	0	0	0
GSS TE_600042	0	4,823	5,700	5,320	0	978	0	0	0	0	0	0
GSS_600018	0	1,842	78,510	72,588	0	4,410	0	0	0	0	0	0
GSS_300123	0	3,468	7,440	6,944	0	1,102	0	0	0	0	0	0
GSS_300140	0	43,232	42,030	39,228	291	7,703	0	0	0	0	0	0
GSS_300141	0	81,191	163,440	152,544	0	24,517	0	0	0	0	0	0
GSS_300142	0	15,847	15,840	14,784	9,504	3,455	0	0	0	0	0	0
GSS_300143	0	19,550	25,500	23,800	0	4,250	0	0	0	0	0	0
TETCO_400221	0	237,607	308,889	297,009	118,804	0	0	0	0	0	0	0
TETCO_400515	0	11,328	14,726	14,160	5,664	0	0	0	0	0	0	0
TETCO_400185	0	10,398	13,517	12,998	5,199	2,600	0	0	0	0	0	0
COL FS 38010	0	17,595	76,350	71,260	0	10,198	0	0	0	0	0	0
Total	0	880,819	1,186,659	1,129,539	376,765	89,480	0	0	0	0	0	0
Fuel % Delivered	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Tennessee Storage	2.17%	2.17%	2.17%	2.17%	2.17%	1.92%	1.92%	1.92%	1.92%	1.92%	1.92%	1.92%
Dominion GSS-TE Storage	5.35%	5.99%	5.99%	5.99%	5.99%	5.35%	5.35%	5.35%	5.35%	5.35%	5.35%	5.35%
Dominion GSS Storage	5.85%	6.49%	6.49%	6.49%	6.49%	5.85%	5.85%	5.85%	5.85%	5.85%	5.85%	5.85%
Tetco Storage	4.24%	5.32%	5.32%	5.32%	5.32%	4.24%	4.24%	4.24%	4.24%	4.24%	4.24%	4.24%
Columbia Storage	3.05%	3.69%	3.69%	3.69%	3.69%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%
Storage Fuel Volumes Dth	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Tennessee Storage	0	3,608	3,813	3,844	2,391	581	0	0	0	0	0	0
Dominion GSS-TE Storage	0	24,625	23,708	22,283	12,397	1,619	0	0	0	0	0	0
Dominion GSS Storage	0	17,684	17,180	16,035	8,249	57	0	0	0	0	0	0
Tetco Storage	0	355	4,480	4,145	0	228	0	0	0	0	0	0
Columbia Storage	0	196	3,172	2,935	0	168	0	0	0	0	0	0
Total	0	46,468	52,352	49,242	23,037	2,654	0	0	0	0	0	0
Average Cost of inventory	5.635	5.635	5.635	5.635	5.635	5.743	5.957	6.036	6.091	6.126	6.148	6.181
Withdrawal Fuel Costs	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Tennessee Storage	\$0	\$20,333	\$21,484	\$21,962	\$13,475	\$3,337	\$0	\$0	\$0	\$0	\$0	\$0
Dominion GSS-TE Storage	\$0	\$138,762	\$133,593	\$125,566	\$69,856	\$9,299	\$0	\$0	\$0	\$0	\$0	\$0
Dominion GSS Storage	\$0	\$99,648	\$96,811	\$90,357	\$46,485	\$329	\$0	\$0	\$0	\$0	\$0	\$0
Tetco Storage	\$0	\$1,998	\$25,245	\$23,355	\$0	\$1,312	\$0	\$0	\$0	\$0	\$0	\$0
Columbia Storage	\$0	\$1,104	\$17,872	\$16,537	\$0	\$965	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$261,845	\$295,004	\$277,477	\$129,815	\$15,242	\$0	\$0	\$0	\$0	\$0	\$0

\$979,383

2005 GCR
 Injection Fuel Volumes

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
TENN_8995	0	0	0	0	0	0	662	59	500	0	894	164
TENN_501	0	0	0	0	0	0	1,848	1,788	1,848	921	541	812
GSSTE_600003	0	0	0	0	0	4,369	4,515	4,369	4,515	4,515	2,621	3,932
GSSTE_600042	0	0	0	0	0	0	190	176	44	38	57	57
GSS_600018	0	0	0	0	0	0	1,047	1,013	1,047	1,047	365	547
GSS_300123	0	0	0	0	0	0	211	201	50	43	43	64
GSS_300140	0	0	0	0	0	0	998	966	998	560	298	446
GSS_300141	0	0	0	0	0	0	4,492	4,347	1,424	947	947	1,421
GSS_300142	0	0	0	0	0	0	399	386	399	395	134	200
GSS_300143	0	0	0	0	0	0	699	676	404	164	164	246
TETCO_400221	0	0	0	0	0	280	1,609	1,557	1,609	1,609	606	909
TETCO_400515	0	0	0	0	0	14	77	74	77	77	29	43
TETCO_400185	0	0	0	0	0	0	132	125	31	27	27	40
COL FS 38010	0	0	0	0	0	0	89	86	63	22	22	33
TOTAL FUEL VOLUMES	0	0	0	0	0	4,663	16,967	15,824	13,009	10,363	6,728	8,914

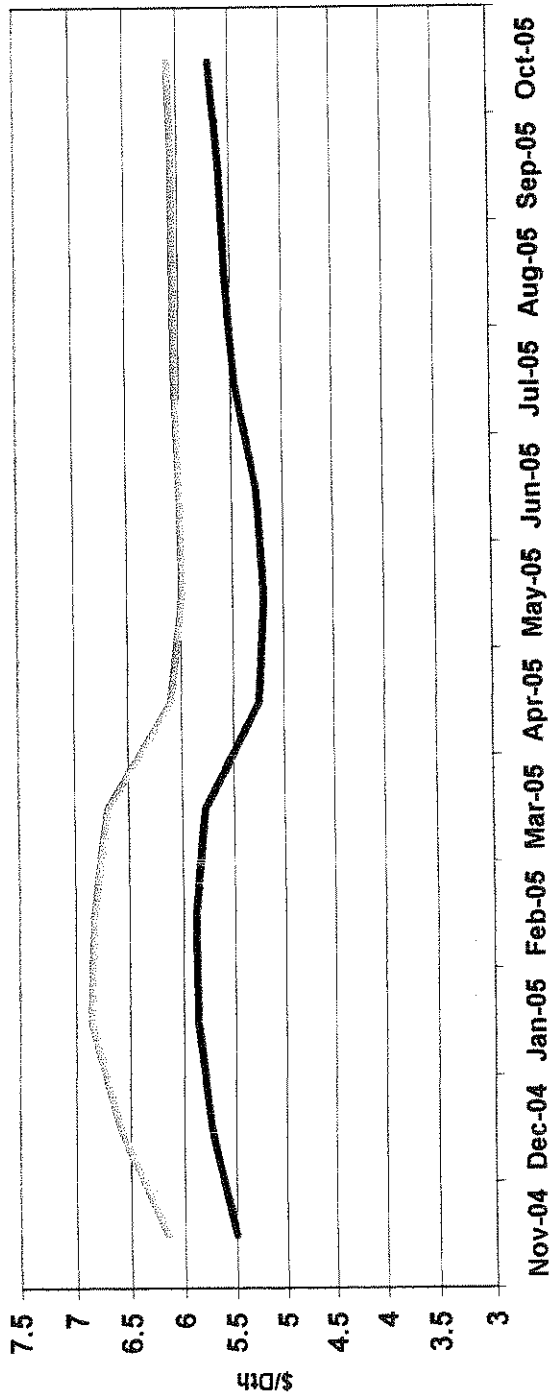
Wacoog Injection cost

Nov	\$5,108	\$5,323	\$5,443	\$5,395	\$5,280	\$4,730	\$4,605	\$4,605	\$4,605	\$4,605	\$4,595	\$4,625
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2005 GCR
 Injection Fuel Costs

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Total
TENN_8995	\$0	\$0	\$0	\$0	\$0	\$0	\$3,047	\$272	\$2,305	\$0	\$4,108	\$758	\$10,490
TENN_501	\$0	\$0	\$0	\$0	\$0	\$0	\$8,508	\$8,234	\$8,508	\$4,240	\$2,487	\$3,754	\$35,731
GSSTE_600003	\$0	\$0	\$0	\$0	\$0	\$20,666	\$20,791	\$20,120	\$20,791	\$20,791	\$12,045	\$18,185	\$133,389
GSSTE_600042	\$0	\$0	\$0	\$0	\$0	\$0	\$873	\$809	\$203	\$174	\$174	\$262	\$2,495
GSS_600018	\$0	\$0	\$0	\$0	\$0	\$0	\$4,822	\$4,666	\$4,822	\$4,822	\$1,676	\$2,531	\$23,339
GSS_300123	\$0	\$0	\$0	\$0	\$0	\$0	\$970	\$926	\$229	\$196	\$196	\$295	\$2,811
GSS_300140	\$0	\$0	\$0	\$0	\$0	\$0	\$4,448	\$4,448	\$4,597	\$2,577	\$1,368	\$2,065	\$19,651
GSS_300141	\$0	\$0	\$0	\$0	\$0	\$0	\$20,685	\$20,018	\$6,557	\$4,362	\$4,353	\$6,572	\$62,548
GSS_300142	\$0	\$0	\$0	\$0	\$0	\$0	\$1,839	\$1,779	\$1,839	\$1,819	\$613	\$926	\$8,815
GSS_300143	\$0	\$0	\$0	\$0	\$0	\$0	\$3,218	\$3,114	\$1,861	\$756	\$755	\$1,139	\$10,843
TETCO_400221	\$0	\$0	\$0	\$0	\$0	\$1,324	\$7,410	\$7,171	\$7,410	\$7,410	\$2,784	\$4,203	\$37,714
TETCO_400515	\$0	\$0	\$0	\$0	\$0	\$64	\$353	\$342	\$353	\$353	\$133	\$200	\$1,798
TETCO_400185	\$0	\$0	\$0	\$0	\$0	\$0	\$607	\$574	\$142	\$122	\$122	\$184	\$1,751
COL FS 38010	\$0	\$0	\$0	\$0	\$0	\$0	\$411	\$398	\$290	\$101	\$101	\$153	\$1,454
Total Injection fuel costs	\$0	\$0	\$0	\$0	\$0	\$22,055	\$78,131	\$72,871	\$59,907	\$47,724	\$30,913	\$41,229	\$352,830

COMPARISON OF LOCKED PRICES WITH 8/12/04 NYMEX STRIP



— Locked Price
- - - 8/12/04 NYMEX

**Summary of Gas Purchasing Program as of July 31, 2004
New England Gas Company - Rhode Island**

<u>Month</u>	<u>Monthly Forecasted Volumes-Dth</u>	<u>Monthly "Locked" Volumes-Dth</u>	<u>Percent "Locked"</u>	<u>Average Wellhead/ NYMEX Price</u>	<u>Total Cost of Purchases</u>
Nov-04	3,027,849	1,404,000	46%	\$5.4953	\$7,715,385
Dec-04	3,862,705	1,571,700	41%	\$5.7309	\$9,007,329
Jan-05	4,119,620	1,618,200	39%	\$5.8552	\$9,474,933
Feb-05	3,550,746	1,313,200	37%	\$5.8764	\$7,716,828
Mar-05	3,641,060	1,292,700	36%	\$5.7803	\$7,472,209
Apr-05	2,512,464	810,000	32%	\$5.2469	\$4,249,950
May-05	2,138,334	514,600	24%	\$5.1895	\$2,670,526
Jun-05	1,679,712	432,000	26%	\$5.2563	\$2,270,700
Jul-05	1,408,794	362,700	26%	\$5.4619	\$1,981,027
Aug-05	1,268,474	272,800	22%	\$5.5485	\$1,513,637
Sep-05	1,278,032	210,000	16%	\$5.5990	\$1,175,790
Oct-05	2,189,489	266,600	12%	\$5.6921	\$1,517,512
		10,068,500		\$5.6380	\$56,765,826

Forecasted monthly volumes based on July 2004 estimate

New England Gas Company - RI Companies
Preliminary Summary of Transportation Capacity Release
Pipeline Path Availability and Pricing
Nov 2004 - October 2005

Path to City Gate	As of 6/1/04 Existing Releases	Total Available	Remaining Available	Cost /Dth	New Credit/ Surcharge	Old Credit Surcharge
Company Weighted Average				\$1.119		
Tennessee Zone 1 to ProvGas	1,781	5,000	3,219	\$1.051	\$0.067	\$0.107
Algonquin @ Lambertville, NJ	1,648	2,714	1,066	\$1.043	\$0.075	\$0.021
Texas Eastern - South Texas Algonquin @ Lambertville, NJ	4,044	4,044	0	\$1.609	(\$0.490)	(\$0.437)
Texas Eastern - West La Algonquin @ Lambertville, NJ	1,244	3,000	1,756	\$1.467	(\$0.348)	(\$0.251)
Texas Eastern - East La Algonquin @ Lambertville, NJ	3,949	5,442	1,493	\$1.354	(\$0.236)	(\$0.137)
Columbia (Maumee/Downington) at 5:1 ratio**	0	3,000	3,000	\$0.817	\$0.302	\$0.232
Totals	12,666	23,200	10,534			

Total

	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
NYMEX strip (8/12/04)	\$6,182	\$6,592	\$6,867	\$8,827	\$6,702	\$6,107	\$5,992	\$6,010	\$6,044	\$6,057	\$6,057	\$6,087
TENNESSEE ZN 0												
Basis	(\$0,171)	(\$0,171)	(\$0,171)	(\$0,171)	(\$0,171)	(\$0,171)	(\$0,171)	(\$0,171)	(\$0,171)	(\$0,171)	(\$0,171)	(\$0,171)
usage	\$0,1629	\$0,1629	\$0,1629	\$0,1629	\$0,1629	\$0,1629	\$0,1629	\$0,1629	\$0,1629	\$0,1629	\$0,1629	\$0,1629
fuel	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%
Total Delivered	\$6,7409	\$7,2119	\$7,5022	\$7,4693	\$7,3324	\$6,5875	\$6,4633	\$6,4827	\$6,5195	\$6,5335	\$6,5335	\$6,5659
TENNESSEE ZN 1												
Basis	(\$0,090)	(\$0,090)	(\$0,090)	(\$0,090)	(\$0,090)	(\$0,090)	(\$0,090)	(\$0,090)	(\$0,090)	(\$0,090)	(\$0,090)	(\$0,090)
usage to Zn 6	\$0,1524	\$0,1524	\$0,1524	\$0,1524	\$0,1524	\$0,1524	\$0,1524	\$0,1524	\$0,1524	\$0,1524	\$0,1524	\$0,1524
fuel to Zn 6	7.82%	7.82%	7.82%	7.82%	7.82%	7.82%	7.82%	7.82%	7.82%	7.82%	7.82%	7.82%
Total Delivered	\$6,7519	\$7,2184	\$7,5039	\$7,4734	\$7,3378	\$6,6098	\$6,4866	\$6,5059	\$6,5423	\$6,5562	\$6,5562	\$6,5884
TENNESSEE DRACUT												
Basis	\$1,082	\$1,082	\$1,082	\$1,082	\$1,082	\$0,334	\$0,334	\$0,334	\$0,334	\$0,334	\$0,334	\$0,334
usage	\$0,0663	\$0,0663	\$0,0663	\$0,0663	\$0,0663	\$0,0663	\$0,0663	\$0,0663	\$0,0663	\$0,0663	\$0,0663	\$0,0663
fuel	0.89%	0.89%	0.89%	0.89%	0.89%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%
Total Delivered	\$7,3761	\$7,8099	\$8,0773	\$8,0471	\$7,9209	\$6,5635	\$6,4475	\$6,4657	\$6,5000	\$6,5131	\$6,5131	\$6,5433

M3 DELIVERED										
Basis	\$1,079	\$1,079	\$1,079	\$0,433	\$0,433	\$0,433	\$0,433	\$0,433	\$0,433	\$0,433
Usage on AGT	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133
Fuel on AGT	0.63%	1.27%	1.27%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	\$7,3001	\$8,0514	\$8,0210	\$6,4795	\$6,4977	\$6,5319	\$6,5450	\$6,5450	\$6,5450	\$6,5752

MAUMEE SUPPLY										
Basis	\$0,239	\$0,239	\$0,239	\$0,216	\$0,216	\$0,216	\$0,216	\$0,216	\$0,216	\$0,216
Usage on Columbia	\$0,0201	\$0,0201	\$0,0201	\$0,0201	\$0,0201	\$0,0201	\$0,0201	\$0,0201	\$0,0201	\$0,0201
Usage on AGT	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133
Fuel on Columbia	2.42%	2.42%	2.42%	2.42%	2.42%	2.42%	2.42%	2.42%	2.42%	2.42%
Fuel on AGT	0.63%	1.27%	1.27%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	\$6,6370	\$7,4027	\$7,3716	\$6,4374	\$6,4559	\$6,4910	\$6,5044	\$6,5044	\$6,5044	\$6,5353

BROADRUN COLUMBIA										
Basis	\$0,24	\$0,24	\$0,24	\$0,22	\$0,22	\$0,22	\$0,22	\$0,22	\$0,22	\$0,22
Usage on Columbia	\$0,0201	\$0,0201	\$0,0201	\$0,0201	\$0,0201	\$0,0201	\$0,0201	\$0,0201	\$0,0201	\$0,0201
Usage on AGT	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133
Fuel on Columbia	2.42%	2.42%	2.42%	2.42%	2.42%	2.42%	2.42%	2.42%	2.42%	2.42%
Fuel on AGT	0.63%	1.27%	1.27%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	\$6,6370	\$7,4027	\$7,2418	\$6,4374	\$6,4559	\$6,4910	\$6,5044	\$6,5044	\$6,5044	\$6,5353

COLUMBIA TO AGT										
Basis	\$1,079	\$1,079	\$1,079	\$0,433	\$0,433	\$0,433	\$0,433	\$0,433	\$0,433	\$0,433
Usage on Columbia	\$0,0201	\$0,0201	\$0,0201	\$0,0201	\$0,0201	\$0,0201	\$0,0201	\$0,0201	\$0,0201	\$0,0201
Usage on AGT	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133	\$0,0133
Fuel on Columbia	2.42%	2.42%	2.42%	2.42%	2.42%	2.42%	2.42%	2.42%	2.42%	2.42%
Fuel on AGT	0.63%	1.27%	1.27%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	\$7,5030	\$8,2745	\$8,2434	\$6,6620	\$6,6806	\$6,7157	\$6,7291	\$6,7291	\$6,7291	\$6,7600

DOMINION TO B & W										
Basis	(\$0,061)	(\$0,061)	(\$0,061)	(\$0,061)	(\$0,061)	(\$0,061)	(\$0,061)	(\$0,061)	(\$0,061)	(\$0,061)
Usage on Dominion	\$0,0250	\$0,0250	\$0,0250	\$0,0250	\$0,0250	\$0,0250	\$0,0250	\$0,0250	\$0,0250	\$0,0250
Usage on M2	\$0,3167	\$0,3167	\$0,3167	\$0,3167	\$0,3167	\$0,3167	\$0,3167	\$0,3167	\$0,3167	\$0,3167
Usage on Telco	\$0,0021	\$0,0021	\$0,0021	\$0,0021	\$0,0021	\$0,0021	\$0,0021	\$0,0021	\$0,0021	\$0,0021
Usage on AGT	\$0,2408	\$0,2408	\$0,2408	\$0,2408	\$0,2408	\$0,2408	\$0,2408	\$0,2408	\$0,2408	\$0,2408
Fuel on M2	4.16%	5.19%	5.19%	4.16%	4.16%	4.16%	4.16%	4.16%	4.16%	4.16%
Fuel on Dominion	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%	3.05%
Fuel on Telco	1.29%	1.76%	1.76%	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%
Fuel on AGT	0.63%	1.27%	1.27%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	\$7,3570	\$8,3177	\$8,2839	\$7,1699	\$7,1897	\$7,2272	\$7,2415	\$7,2415	\$7,2415	\$7,2745

Tennessee Zone 0 to VGC

	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
Tennessee Zone 0 to VGC												
Basis	(\$0.171)	(\$0.171)	(\$0.171)	(\$0.090)	(\$0.171)	(\$0.171)	(\$0.171)	(\$0.171)	(\$0.171)	(\$0.171)	(\$0.171)	(\$0.171)
usage to z06	\$0.163	\$0.163	\$0.163	\$0.163	\$0.163	\$0.163	\$0.163	\$0.163	\$0.163	\$0.163	\$0.163	\$0.163
fuel to z06	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%	8.71%
Total Delivered	\$6,740.9	\$7,211.9	\$7,502.2	\$7,469.3	\$7,332.4	\$6,567.5	\$6,463.3	\$6,519.5	\$6,533.5	\$6,533.5	\$6,533.5	\$6,565.9
Tennessee Zone 1 to VGC												
Basis	(\$0.090)	(\$0.090)	(\$0.090)	(\$0.090)	(\$0.090)	(\$0.090)	(\$0.090)	(\$0.090)	(\$0.090)	(\$0.090)	(\$0.090)	(\$0.090)
usage	\$0.152	\$0.152	\$0.152	\$0.152	\$0.152	\$0.152	\$0.152	\$0.152	\$0.152	\$0.152	\$0.152	\$0.152
fuel	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%
Total Delivered	\$6,752	\$7,218	\$7,506	\$7,473	\$7,338	\$6,610	\$6,487	\$6,556	\$6,556	\$6,556	\$6,556	\$6,588
DISTRIGAS FCS												
Total Delivered	\$5,380	\$5,380	\$5,380	\$5,380	\$5,380	\$5,380	\$5,380	\$5,380	\$5,380	\$5,380	\$5,380	\$5,380
Hubline												
Basis	\$1.0821	\$1.0821	\$1.0821	\$1.0821	\$1.0821	\$0.3344	\$0.3344	\$0.3344	\$0.3344	\$0.3344	\$0.3344	\$0.3344
usage	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133	\$0.0133
fuel	0.63%	1.27%	1.27%	1.27%	1.27%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	\$7,303	\$7,766	\$8,065	\$8,024	\$7,898	\$6,496	\$6,380	\$6,445	\$6,445	\$6,445	\$6,445	\$6,476
Total delivered to the City Gas Supply Costs												

Tennessee Zn 0

Delivered Mmbtu	75,014	91,077	89,010	83,076	91,977	89,010	91,397	68,703	33,689	68,703	60,837	91,977
NYMEX \$/Mmbtu Del	\$6,740.9	\$7,211.9	\$7,502.2	\$7,469.3	\$7,332.4	\$6,567.5	\$6,463.3	\$6,519.5	\$6,533.5	\$6,533.5	\$6,533.5	\$6,565.9
Total Delivered Cost	\$505,659	\$663,327	\$667,768	\$620,520	\$674,410	\$586,355	\$590,727	\$445,384	\$218,983	\$445,384	\$397,479	\$603,914

TENN DRACUT

Delivered Mmbtu	0	0	326,143	243,834	0	450,900	465,000	386,918	322,081	322,061	385,445	465,000
NYMEX \$/Mmbtu Del	\$7,376.1	\$7,809.9	\$8,077.3	\$8,047.1	\$7,920.9	\$6,563.5	\$6,447.5	\$6,465.7	\$6,513.1	\$6,513.1	\$6,513.1	\$6,543.3
Delivered Cost	\$0	\$0	\$2,634,362	\$1,962,145	\$0	\$2,953,580	\$2,998,089	\$2,501,888	\$2,093,387	\$2,097,610	\$2,510,435	\$3,042,553

TETCO SIX

Delivered Mmbtu	395,940	408,138	395,940	369,544	406,710	0	96,703	92,904	0	0	0	73,676
NYMEX \$/Mmbtu Del	\$6,735.5	\$7,450.5	\$7,753.1	\$7,718.9	\$7,576.1	\$6,671.7	\$6,544.6	\$6,564.5	\$6,602.1	\$6,618.4	\$6,618.4	\$6,649.6
Delivered Cost	\$2,665,051	\$3,048,266	\$3,069,780	\$2,852,465	\$3,081,277	\$0	\$632,884	\$609,869	\$0	\$0	\$0	\$488,915

TETCO ELA

Delivered Mmbtu	143,337	215,884	212,681	194,992	196,663	112,817	116,577	112,817	116,577	116,577	112,817	116,577
NYMEX \$/Mmbtu Del	\$6,783.3	\$7,459.0	\$7,756.9	\$7,723.2	\$7,587.4	\$6,723.2	\$6,617.1	\$6,617.1	\$6,654.3	\$6,654.3	\$6,654.3	\$6,701.3
Delivered Cost	\$972,300	\$1,610,276	\$1,649,754	\$1,505,964	\$1,491,230	\$758,489	\$768,110	\$746,524	\$775,738	\$777,395	\$752,322	\$781,219

TETCO WLA

Delivered Mmbtu	261,490	477,524	462,120	431,312	401,456	0	0	0	0	0	0	0
NYMEX \$/Mmbtu Del	\$6,795.6	\$7,485.6	\$7,785.0	\$7,751.1	\$7,609.9	\$6,735.2	\$6,609.1	\$6,628.8	\$6,666.1	\$6,680.4	\$6,680.4	\$6,713.3
Delivered Cost	\$1,776,971	\$3,574,557	\$3,597,608	\$3,343,149	\$3,055,035	\$0	\$0	\$0	\$0	\$0	\$0	\$0

	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
TETCO ETX												
Delivered Mmbtu	296,580	306,466	296,580	276,808	306,466	306,466	306,466	296,580	277,360	178,207	0	306,466
NYMEX \$/Mmbtu Del	\$6,7048	\$7,3783	\$7,6762	\$7,6425	\$7,5019	\$6,6447	\$6,5189	\$6,5386	\$6,5758	\$6,5900	\$6,5900	\$6,6228
Delivered Cost	\$1,988,512	\$2,261,183	\$2,276,609	\$2,115,498	\$2,299,087	\$0	\$1,997,832	\$1,939,222	\$1,823,861	\$1,174,385	\$0	\$2,029,664
TETCO - NF												
Delivered Mmbtu	0	27,342	26,460	24,686	27,342	2,918	0	0	0	0	0	0
Delivered \$/Mmbtu	\$6,9852	\$7,5972	\$7,8790	\$7,8460	\$7,7083	\$6,9257	\$6,6014	\$6,8208	\$6,8576	\$6,8717	\$6,8717	\$6,9041
Delivered Cost	\$0	\$207,449	\$208,478	\$193,754	\$210,761	\$20,209	\$0	\$0	\$0	\$0	\$0	\$0
M3 DELIVERED												
Delivered Mmbtu	0	3,874	41,717	3,509	1,098	0	0	0	0	0	0	0
Delivered \$/Mmbtu	\$7,3001	\$7,7829	\$8,0514	\$8,0210	\$7,8944	\$7,8944	\$6,5953	\$0	\$0	\$0	\$0	\$0
Delivered Cost	\$0	\$30,151	\$335,878	\$28,146	\$8,668	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transco at Wharton												
Delivered Mmbtu	0	10,354	10,354	9,352	10,354	0	0	0	0	0	0	0
Delivered \$/Mmbtu	\$6,701	\$7,125	\$7,390	\$7,360	\$7,235	\$6,379	\$6,264	\$6,282	\$6,316	\$6,329	\$6,329	\$6,359
Delivered Cost	\$0	\$73,767	\$76,511	\$68,628	\$74,906	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MAUMEE_SUPP												
Delivered Mmbtu	890,550	920,235	920,235	831,180	920,235	519,792	81,045	48,000	34,972	12,237	12,237	71,470
Delivered \$/Mmbtu Del	\$6,637	\$7,128	\$7,403	\$7,372	\$7,242	\$6,566	\$6,437	\$6,456	\$6,491	\$6,504	\$6,504	\$6,535
Delivered Cost	\$5,910,576	\$6,559,043	\$6,812,249	\$6,127,108	\$6,864,147	\$3,407,740	\$521,715	\$309,864	\$227,003	\$79,594	\$79,594	\$467,081
BROADRUN_COL												
Delivered Mmbtu	296,850	306,745	306,745	277,060	306,745	267,066	27,342	0	0	0	0	0
Delivered \$/Mmbtu	\$6,637	\$7,128	\$7,403	\$7,372	\$7,242	\$6,566	\$6,437	\$6,456	\$6,491	\$6,504	\$6,504	\$6,535
Delivered Cost	\$1,970,192	\$2,186,348	\$2,270,750	\$2,042,369	\$2,221,382	\$1,750,876	\$176,010	\$0	\$0	\$0	\$0	\$0
COLUMBIA_AGT												
Delivered Mmbtu	0	2,444	7,377	0	0	0	0	0	0	0	0	0
Delivered \$/Mmbtu	\$7,503	\$7,999	\$8,275	\$8,243	\$8,114	\$6,781	\$6,662	\$6,681	\$6,716	\$6,729	\$6,729	\$6,760
Delivered Cost	\$0	\$19,550	\$61,041	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TRANSCO TO DOMINION												
Delivered Mmbtu	0	4,154	4,020	3,752	4,154	0	0	0	0	0	0	0
Delivered \$/Mmbtu	\$6,860	\$7,424	\$7,720	\$7,686	\$7,547	\$6,799	\$6,673	\$6,693	\$6,730	\$6,744	\$6,744	\$6,777
Delivered Cost	\$0	\$30,841	\$31,034	\$28,839	\$31,350	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TEXAS GAS TO DOMINION												
Delivered Mmbtu	22,878	22,878	22,878	20,664	20,664	0	0	0	0	0	0	0
Delivered \$/Mmbtu	\$6,765	\$7,320	\$7,612	\$7,579	\$7,441	\$6,662	\$6,538	\$6,558	\$6,594	\$6,608	\$6,608	\$6,641
Delivered Cost	\$154,764	\$167,473	\$174,142	\$156,607	\$153,766	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AME TO TENNESSEE												
Delivered Mmbtu	30,000	31,000	31,000	28,000	31,000	30,000	31,000	30,000	31,000	31,000	30,000	31,000
Delivered \$/Mmbtu	\$5,954	\$5,229	\$5,357	\$5,307	\$5,112	\$4,492	\$4,363	\$4,378	\$4,404	\$4,409	\$4,379	\$4,406
Delivered Cost	\$151,614	\$162,093	\$166,061	\$148,590	\$158,486	\$134,754	\$135,247	\$131,334	\$136,518	\$136,673	\$131,364	\$136,580

Operational Parameters
Non-Daily Metered FT-2 Storage and Peaking Resources

The following Operational Parameters are pursuant to RIPUC NEGC No. 101, Section 5, Schedule E:

Effective Period: November 1, 2004 through October 31, 2005

Underground Storage:

Maximum Inventory Level at any time is 100% of Aggregation Pool's MSQ-U

Minimum Inventory Levels:

November 1st	98%
December 1st	90%
January 1st	73%
February 1st	48%
March 1st	27%
April 1st	10%

Maximum Monthly Withdrawals expressed as percentage of MSQ-U:

November	10%
December	23%
January	25%
February	23%
March	22%

Maximum Daily Withdrawals:

Level of Storage Inventory Expressed as % of MSQ-U	Allowable Daily Withdrawal Expressed as % of MDQ-U
>35% to 100%	100%
>25% to 35%	85%
>10% to 25%	68%
>0% to 10%	50%

Maximum Daily Injections expressed as percentage of MDQ-U:

April - September	55%
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Peaking Inventory:

Injections are not allowed.

Inventory Level allocated on November 1, 2004 = MSQ-P

Minimum Inventory Levels:

	<u>Minimum</u>
November 1st	100%
January 1st	81%
February 1st	42%
March 1st	14%
April 1st	8%

Maximum Daily Withdrawals = MDQ-P

MSQ-U Maximum Storage Quantity - Underground
MDQ-U Maximum Daily Quantity - Underground
MSQ-P Maximum Storage Quantity - Peaking
MDQ-P Maximum Daily Quantity - Peaking

NEW ENGLAND GAS COMPANY
TRANSPORTATION DEFAULT SERVICE

Price Sheet

As indicated in Item 2.04.0 of Section 5, Schedule E of the Company's Transportation Terms and Conditions, two Default Transportation Services are available in the event that a marketer stops delivering gas on behalf of Large and Extra Large FT-1 customers who have elected to forgo the Company's assignment of pipeline capacity:

Short-Notice Service:

The commodity charge for Short-Notice service shall be the higher of:

OR

- a. The Company's applicable firm sales rate
- b. Winter (November – March) – 135% of the Daily Algonquin Citygates average price or 135% of the Daily Tennessee Zone 6 (delivered) average price published in Gas Daily. The citygate (Algonquin or Tennessee) used for pricing shall be based on the customer's location, load characteristics and distribution system requirements in accordance with Item 1.08.1 of the Company's Transportation Terms and Conditions. The published price will be adjusted for Company Fuel Allowance and GET as appropriate.

Summer (April – October) – 115% of the Daily Algonquin Citygates average price or 115% of the Daily Tennessee Zone 6 (delivered) average price published in Gas Daily. The citygate (Algonquin or Tennessee) used for pricing shall be based on the customer's location, load characteristics and distribution system requirements in accordance with Item 1.08.1 of the Company's Transportation Terms and Conditions. The published price will be adjusted for Company Fuel Allowance and GET as appropriate.

Advance-Notice Service:

The commodity charge for Advance-Notice service shall be the higher of:

NEW ENGLAND GAS COMPANY
TRANSPORTATION DEFAULT SERVICE

OR

- a. The Company's applicable firm sales rate
- b. Winter (November – March) – 135% of the Algonquin Citygates Monthly Contract Index price or 135% of the Tennessee Zone 6 (delivered) Monthly Contract Index price published in the Gas Daily Price Guide. The citygate (Algonquin or Tennessee) used for pricing shall be based on the customer's location, load characteristics and distribution system requirements in accordance with Item 1.08.1 of the Company's Transportation Terms and Conditions. The published price will be adjusted for Company Fuel Allowance and GET as appropriate.

Summer (April – October) – 115% of the Algonquin Citygates Monthly Contract Index price or 115% of the Tennessee Zone 6 (delivered) Monthly Contract Index price published in the Gas Daily Price Guide. The citygate (Algonquin or Tennessee) used for pricing shall be based on the customer's location, load characteristics and distribution system requirements in accordance with Item 1.08.1 of the Company's Transportation Terms and Conditions. The published price will be adjusted for Company Fuel Allowance and GET as appropriate.

The Company and Default Transportation Service supplier shall review the pricing of these services annually and file any necessary revisions with the Commission concurrent with the Company's annual Gas Charge Clause filing.

Gas Procurement and Asset Management Incentive Plan for NEG

I. Objectives

- A. To encourage the Company to achieve lower overall gas commodity costs for its customers; and
- B. To encourage the Company to minimize fixed costs and obtain the maximum value from its pipeline, storage and supply resources.

II. Structure of the Incentive Plan

- A. The Incentive Plan has two components
 - 1. A Gas Procurement Incentive Program
 - 2. An Asset Management Incentive Program
- B. Both Components of this Plan are intended to become effective June 1, 2003 and will be reviewed along with any gas cost recovery (GCR) filing. The Company will file Plan results semi-annually with the first report due on January 31, 2004 for the period ended December 31, 2003.
 - 1. Gas Procurement Incentives apply only to discretionary purchases made on or after June 1, 2003. The first month for which the incentive will be calculated under the Incentive Plan will be November 2003.
 - 2. The Asset Management Incentive applies to fixed gas supply expenditures for the 12-months ended October 31 of each year and will begin November 1, 2003.
- C. Limits on Incentives – Both the Gas Procurement Incentive Plan and the Asset Management Incentive Plan will be subject to limits on the magnitude of incentives applicable to the Company in each fiscal year.
 - 1. For the Gas Procurement Incentive Program limitations are placed on the maximum amount of incentives that can be earned or penalties paid by NEG for each fiscal year. For at least the first two years of the program (i.e., through June 30, 2005):
 - a. NEG may not earn more than \$1,000,000 in Gas Procurement Incentives in any fiscal year.

- b. NEG may not be exposed to penalties of more than \$500,000 in any fiscal year.
2. For the Asset Management Incentive Program the maximum amount of incentive for the Company for a year will be \$400,000. Since the Commission annually reviews and can exercise control over the amount of fixed gas supply costs projected for the coming GCR period, no specific penalty structure is proposed to address unanticipated increases in Asset Management costs.
- D. The Company will file its forecasted normal weather natural gas purchase requirements with its annual GCR filing.

III The Gas Procurement Incentive Program

- A. The Company will make purchases of natural gas incorporating the lock of the NYMEX Henry Hub portion of the variable cost. For any future gas supply month the Company will make two types of gas purchases under the incentive program:
1. **Mandatory Purchases**
 - a. Are defined as mandatory monthly purchases of gas volumes made in uniform monthly increments. (Mandatory purchases will vary as the forecast of purchases is updated periodically.)
 - b. Will equal 50% of forecasted normal weather gas purchase requirements for each gas supply month and will be based on the forecast in place when the purchases are made.
 - c. Will be purchased in uniform monthly increments on a mandatory basis starting 18 months prior to the month of delivery and ending 2 months prior to the start of deliveries.
 - d. The first purchases made each month will be deemed the Company's mandatory purchases up to the amount of the Company's uniform monthly purchase requirement unless such purchases are made under the recommended purchase guidelines (RPG) as defined below.
 2. **Discretionary Purchases**

- a. Are defined as the physical volume purchased at least 6 business days prior to the start of the delivery month for delivery to the system or storage in excess of the Mandatory purchase requirements in a month and which, in aggregate, do not exceed 45% of forecasted normal weather gas purchase requirements for a given gas supply month.
- b. The cost and benefit of any financial hedges will be included in the calculation of the average unit price.

B. Recommended Purchase Guidelines (RPG) are the express permission for the Company to purchase a certain percentage of its discretionary purchases at or below the following prices. The Company may:

1. purchase up to 15% of its forecasted purchase gas requirements for a winter month (November through March) when the NYMEX price for that month is at or below \$3.50;
2. purchase up to 20% of its forecasted purchases for a winter month when the NYMEX price for that month is at or below \$3.00; except for the months of December, January and February when it may purchase up to 25%.
3. purchase up to 15% of its forecasted purchases for a non-winter month (April through October) when the NYMEX price for that month is at or below \$3.00;
4. purchase up to 20% of its forecasted purchases for a non-winter month when the NYMEX price for that month is at or below \$2.80.
5. The Company shall report on a monthly basis any gas purchases made pursuant to the RPG.
6. RPG purchases will be reduced to reflect prior discretionary purchases for the month.

C. Computation of Gas Procurement Incentives

Gas Procurement Incentives will be determined on the basis of comparisons of the volume-weighted average cost per dekatherm of Discretionary Purchases made after June 1, 2003, and the volume weighted average cost per dekatherm of mandatory gas purchases made after June 1, 2003 for the same gas supply month. All comparisons will be based on the NYMEX portion of the variable cost per dekatherm of the purchased gas supply.

- D. Any purchases made for a future gas supply month, excluding LPG, LNG, DOMAC FCS contract purchases, purchases made less than 6 business days prior to the first day of the delivery month, and RPG purchases which would result in the Company incurring a penalty, that are in excess of the mandatory purchase requirement for the month, will be deemed discretionary purchases.
- E. The timing of discretionary purchases is left solely to the discretion of the Company. However, the Company will make sufficient Discretionary Purchases by October 20th of each year such that a minimum of 70% of all supply for a, normal winter (November 1 to March 31) including all forward purchases, financially based hedges, DOMAC FCS contract purchases, hedged LNG purchases and storage supplies, will be at a fixed or capped price.
- F. After all purchases for forecasted gas requirements for a given gas supply month are completed, the volume-weighted average cost of Discretionary Purchases is computed. In the event RPG purchases are made for the given gas supply month, the Company will calculate Discretionary Purchases including and excluding the RPG purchases and will use the lower of the two volume weighted average costs per dekatherm of gas calculation for determining if the Company earned a reward.
1. If the weighted average cost of Discretionary Purchases is less than that for Mandatory Purchases, NEG earns a positive incentive equal to 10% of the difference between the weighted average cost of Discretionary Purchases and the weighted average cost of Mandatory Purchases in dollars per dekatherm multiplied by the actual volume of Discretionary Purchases.
 2. If the weighted average cost of discretionary purchases is greater than that for mandatory purchases the Company will be assessed a penalty (i.e., negative incentive) equal to 10% of the difference in dollars per dekatherm between the weighted average cost of Discretionary Purchases and the weighted average cost of Mandatory Purchases for the same gas supply month multiplied by the actual volume of Discretionary Purchases. The Company will not incur a penalty if the Company has made purchases pursuant to the RPG.
 3. If the weighted average cost of Discretionary Purchases is more than \$0.50 below the weighted average cost of Mandatory purchases then NEG will receive Meritorious Performance Bonus equal to 10% of the difference between the weighted average cost of Discretionary Purchases and the weighted average cost of

Mandatory purchases multiplied by the actual volumes of
Discretionary Purchases.

IV. The Asset Management Incentive

- A. For each gas supply year during the effective period of this incentive program, NEG will earn a dollar incentive based on reductions achieved in fixed gas supply and fixed storage costs from the amounts projected as accepted by the Commission for each gas supply year. The net effect of fixed costs recovered from marketers under the capacity assignment feature of the Company's transportation program will not be counted in the calculation of the incentive. The calculation will include all fixed costs associated with gas supply, asset management fees or credits, capacity release credits and off-system sales margins.
- B. To discourage achievement of fixed costs savings through the manipulation of gas commodity purchases, the amount of the Asset Management Incentive shall be dependent upon the Company's success in its Gas Procurement activities.
 1. If the Company's actual gas procurement costs for the gas supply year are below its projected gas procurement costs on a dollars per dekatherm basis, then NEG shall be provided an Asset Management incentive equal to 20% of the amount by which the sum of the Company's actual fixed gas supply costs and fixed storage costs are below the projected fixed gas supply and fixed storage costs accepted by the Commission for the gas supply year.
 2. If the Company's actual gas procurement costs for the gas supply year are above its projected gas procurement costs on a dollars per dekatherm basis, then NEG shall be provided an Asset Management incentive equal 10% of the amount by which the sum of the Company's actual fixed gas supply costs and fixed storage costs are below the projected fixed gas supply and fixed storage costs accepted by the Commission for the gas supply year.

Gas Purchasing Incentive Plan-Fiscal Year End June 2004

Calculation of Incentive Results

New England Gas Company - Rhode Island

Column	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Month	Mandatory NYMEX	Discretionary NYMEX	Difference	Discretionary Volumes (Dt)	Savings	Incentive* Level	Company Incentive*
November-03	\$5.696	\$4.937	\$0.760	308,820	\$234,609.70	20%	\$46,921.94
December-03	\$5.710	\$4.992	\$0.718	550,746	\$395,318.87	20%	\$79,063.77
January-04	\$5.661	\$5.202	\$0.459	491,164	\$225,250.40	10%	\$22,525.04
February-04	\$5.505	\$5.239	\$0.266	177,509	\$47,251.75	10%	\$4,725.18
March-04	\$5.493	\$5.391	\$0.103	276,985	\$28,436.16	10%	\$2,843.62
April-04	\$5.028	\$4.668	\$0.361	72,330	\$26,076.33	10%	\$2,607.63
May-04	\$4.951	\$4.758	\$0.193	53,692	\$10,374.35	10%	\$1,037.44
June-04	\$4.963	\$4.774	\$0.189	57,600	\$10,909.32	10%	\$1,090.93
Total			\$0.492	1,988,846	\$978,226.87		\$160,815.54

* = Months where savings exceed 50 cents per Dt are subject to a 20% incentive.

Gas Purchasing Incentive Plan-Fiscal Year End June 2004
Discretionary Purchases
New England Gas Company - Rhode Island

LOCK #	Month	Daily Purchased Volume	Days	Monthly Volumes	NYMEX Price	Weighted Average NYMEX Price	Cumulative
35	November, 2003	98	30	2,940	\$5.690		\$16,728.60
36	November, 2003	1,000	30	30,000	\$5.670		\$170,100.00
38	November, 2003	98	30	2,940	\$5.580		\$16,405.20
39	November, 2003	2,000	30	60,000	\$5.000		\$300,000.00
40	November, 2003	2,000	30	60,000	\$5.020		\$301,200.00
43	November, 2003	98	30	2,940	\$5.340		\$15,699.60
44	November, 2003	1,000	30	30,000	\$4.710		\$141,300.00
45	November, 2003	1,000	30	30,000	\$4.710		\$141,300.00
46	November, 2003	1,000	30	30,000	\$4.700		\$141,000.00
47	November, 2003	1,000	30	30,000	\$4.670		\$140,100.00
48	November, 2003	1,000	30	30,000	\$4.690		\$140,700.00
		10,294		308,820		\$4.937	\$1,524,533.40
41	December, 2003	80	31	2,480	\$6.020		\$14,929.60
42	December, 2003	1,000	31	31,000	\$5.890		\$182,590.00
45	December, 2003	80	31	2,480	\$5.760		\$14,284.80
46	December, 2003	2,000	31	62,000	\$5.200		\$322,400.00
47	December, 2003	1,000	31	31,000	\$5.270		\$163,370.00
51	December, 2003	80	31	2,480	\$5.575		\$13,826.00
52	December, 2003	1,000	31	31,000	\$5.280		\$163,680.00
56	December, 2003	26	31	806	\$5.110		\$4,118.66
57	December, 2003	1,000	31	31,000	\$5.010		\$155,310.00
58	December, 2003	1,000	31	31,000	\$4.940		\$153,140.00
59	December, 2003	1,000	31	31,000	\$4.930		\$152,830.00
60	December, 2003	1,000	31	31,000	\$4.930		\$152,830.00
61	December, 2003	1,000	31	31,000	\$4.860		\$150,660.00
62	December, 2003	1,000	31	31,000	\$4.690		\$145,390.00
63	December, 2003	2,000	31	62,000	\$4.795		\$297,290.00
64	December, 2003	1,500	31	46,500	\$4.750		\$220,875.00
65	December, 2003	2,000	31	62,000	\$4.750		\$294,500.00
66	December, 2003	1,000	31	31,000	\$4.750		\$147,250.00
		17,766		550,746		\$4.992	\$2,749,274.06
42	January, 2004	96	31	2,976	\$6.395		\$19,031.52
43	January, 2004	1,500	31	46,500	\$6.010		\$279,465.00
46	January, 2004	96	31	2,976	\$5.860		\$17,439.36
47	January, 2004	2,000	31	62,000	\$5.310		\$329,220.00

Gas Purchasing Incentive Plan-Fiscal Year End June 2004
Discretionary Purchases
New England Gas Company - Rhode Island

LOCK #	Month	Daily Purchased Volume	Days	Monthly Volumes	NYMEX Price	Weighted Average NYMEX Price	Cumulative
51	January, 2004	96	31	2,976	\$5.680		\$16,903.68
55	January, 2004	28	31	868	\$5.150		\$4,470.20
58	January, 2004	28	31	868	\$5.220		\$4,530.96
59	January, 2004	2,000	31	62,000	\$5.450		\$337,900.00
60	January, 2004	2,000	31	62,000	\$5.105		\$316,510.00
61	January, 2004	2,000	31	62,000	\$4.995		\$309,690.00
62	January, 2004	1,000	31	31,000	\$4.990		\$154,690.00
63	January, 2004	1,000	31	31,000	\$4.980		\$154,380.00
64	January, 2004	2,000	31	62,000	\$4.950		\$306,900.00
65	January, 2004	1,000	31	31,000	\$4.920		\$152,520.00
66	January, 2004	1,000	31	31,000	\$4.890		\$151,590.00
		15,844		491,164		\$5.202	\$2,555,240.72
38	February, 2004	5	29	145	\$5.920		\$858.40
41	February, 2004	5	29	145	\$5.345		\$775.03
42	February, 2004	5,000	29	145,000	\$5.250		\$761,250.00
46	February, 2004	5	29	145	\$5.560		\$806.20
50	February, 2004	2	29	58	\$5.105		\$296.09
54	February, 2004	102	29	2,958	\$5.950		\$17,600.10
55	February, 2004	1,000	29	29,000	\$5.105		\$148,045.00
58	February, 2004	2	29	58	\$4.925		\$285.65
		6,121		177,509		\$5.239	\$929,916.47
35	March, 2004	93	31	2,883	\$5.990		\$17,269.17
37	March, 2004	93	31	2,883	\$5.220		\$15,049.26
41	March, 2004	93	31	2,883	\$5.480		\$15,798.84
44	March, 2004	1,389	31	43,059	\$5.030		\$216,586.77
47	March, 2004	89	31	2,759	\$5.700		\$15,726.30
48	March, 2004	2,000	31	62,000	\$5.610		\$347,820.00
49	March, 2004	1,000	31	31,000	\$5.600		\$173,600.00
50	March, 2004	1,000	31	31,000	\$5.490		\$170,190.00
53	March, 2004	89	31	2,759	\$4.835		\$13,339.77
57	March, 2004	89	31	2,759	\$6.170		\$17,023.03
58	March, 2004	1,000	31	31,000	\$5.350		\$165,850.00
59	March, 2004	1,000	31	31,000	\$5.290		\$163,990.00
60	March, 2004	1,000	31	31,000	\$5.190		\$160,890.00
		8,935		276,985		\$5.391	\$1,493,133.14

Gas Purchasing Incentive Plan-Fiscal Year End June 2004
Discretionary Purchases
New England Gas Company - Rhode Island

LOCK #	Month	Daily Purchased Volume	Days	Monthly Volumes	NYMEX Price	Weighted Average NYMEX Price	Cumulative
21	April, 2004	42	30	1,260	\$5.280		\$6,652.80
23	April, 2004	42	30	1,260	\$4.860		\$6,123.60
25	April, 2004	42	30	1,260	\$4.930		\$6,211.80
27	April, 2004	57	30	1,710	\$4.760		\$8,139.60
28	April, 2004	57	30	1,710	\$4.800		\$8,208.00
30	April, 2004	57	30	1,710	\$4.650		\$7,951.50
31	April, 2004	2,000	30	60,000	\$4.600		\$276,000.00
34	April, 2004	57	30	1,710	\$5.370		\$9,182.70
37	April, 2004	57	30	1,710	\$5.350		\$9,148.50
		2,411		72,330		\$4.668	\$337,618.50
14	May, 2004	72	31	2,232	\$5.100		\$11,383.20
16	May, 2004	72	31	2,232	\$4.660		\$10,401.12
18	May, 2004	72	31	2,232	\$4.800		\$10,713.60
20	May, 2004	86	31	2,666	\$4.650		\$12,396.90
21	May, 2004	86	31	2,666	\$4.820		\$12,850.12
22	May, 2004	86	31	2,666	\$4.620		\$12,316.92
23	May, 2004	1,000	31	31,000	\$4.610		\$142,910.00
25	May, 2004	86	31	2,666	\$5.150		\$13,729.90
27	May, 2004	86	31	2,666	\$5.310		\$14,156.46
29	May, 2004	86	31	2,666	\$5.480		\$14,609.68
		1,732		53,692		\$4.758	\$255,467.90
8	June, 2004	99	30	2,970	\$5.100		\$15,147.00
9	June, 2004	99	30	2,970	\$4.640		\$13,780.80
11	June, 2004	99	30	2,970	\$4.950		\$14,701.50
13	June, 2004	89	30	2,670	\$4.720		\$12,602.40
15	June, 2004	89	30	2,670	\$4.630		\$12,362.10
16	June, 2004	89	30	2,670	\$4.600		\$12,282.00
17	June, 2004	1,000	30	30,000	\$4.620		\$138,600.00
19	June, 2004	89	30	2,670	\$4.990		\$13,323.30
21	June, 2004	89	30	2,670	\$5.175		\$13,817.25
22	June, 2004	89	30	2,670	\$5.180		\$13,830.60
23	June, 2004	89	30	2,670	\$5.435		\$14,511.45
		1,920		57,600		\$4.774	\$274,958.40

Gas Purchasing Incentive Plan-Fiscal Year End June 2004
Mandatory Purchases
New England Gas Company - Rhode Island

Month	Daily Purchased Volume	Monthly Volumes	Weighted Average NYMEX Price	Cumulative	Source Date
November, 2003	3,002	90,060	\$6.056	\$545,441.40	Jun-03
November, 2003	3,002	90,060	\$5.556	\$500,374.80	Jul-03
November, 2003	3,002	90,060	\$5.477	\$493,220.40	Aug-03
	9,006	270,180	\$5.696	\$1,539,036.60	
December, 2003	3,620	112,220	\$6.285	\$705,324.40	Jun-03
December, 2003	3,620	112,220	\$5.743	\$644,527.20	Jul-03
December, 2003	3,620	112,220	\$5.585	\$626,711.50	Aug-03
December, 2003	3,674	113,894	\$5.233	\$595,963.84	Sep-03
	14,534	450,554	\$5.710	\$2,572,526.94	
January, 2004	3,904	121,024	\$6.435	\$778,753.48	Jun-03
January, 2004	3,904	121,024	\$5.856	\$708,735.64	Jul-03
January, 2004	3,904	121,024	\$5.608	\$678,736.32	Aug-03
January, 2004	3,872	120,032	\$5.233	\$628,084.80	Sep-03
January, 2004	3,872	120,032	\$5.166	\$620,057.04	Oct-03
	19,456	603,136	\$5.661	\$3,414,367.28	
February, 2004	3,895	112,955	\$6.188	\$698,998.60	Jun-03
February, 2004	3,895	112,955	\$5.525	\$624,044.48	Jul-03
February, 2004	3,895	112,955	\$5.581	\$630,349.80	Aug-03
February, 2004	3,898	113,042	\$5.222	\$590,274.41	Sep-03
February, 2004	3,898	113,042	\$5.527	\$624,749.90	Oct-03
February, 2004	3,898	113,042	\$4.988	\$563,851.35	Nov-03
	23,379	677,991	\$5.505	\$3,732,268.54	

Gas Purchasing Incentive Plan-Fiscal Year End June 2004
Mandatory Purchases
New England Gas Company - Rhode Island

Month	Daily Purchased Volume	Monthly Volumes	Weighted Average NYMEX Price	Cumulative	Source Date
March, 2004	3,707	114,917	\$6.030	\$693,002.83	Jun-03
March, 2004	3,707	114,917	\$5.371	\$617,226.74	Jul-03
March, 2004	3,707	114,917	\$5.529	\$635,325.16	Aug-03
March, 2004	3,611	111,941	\$5.113	\$572,363.23	Sep-03
March, 2004	3,611	111,941	\$5.506	\$616,363.70	Oct-03
March, 2004	3,611	111,941	\$4.900	\$548,519.74	Nov-03
March, 2004	3,611	111,941	\$5.992	\$670,742.97	Dec-03
	25,565	792,515	\$5.493	\$4,353,544.37	
April, 2004	2,558	76,740	\$5.382	\$412,987.20	Jun-03
April, 2004	2,558	76,740	\$4.911	\$376,856.40	Jul-03
April, 2004	2,558	76,740	\$4.930	\$378,328.20	Aug-03
April, 2004	2,643	79,290	\$4.798	\$380,420.40	Sep-03
April, 2004	2,643	79,290	\$4.800	\$380,592.00	Oct-03
April, 2004	2,643	79,290	\$4.666	\$369,973.50	Nov-03
April, 2004	2,643	79,290	\$5.266	\$417,567.30	Dec-03
April, 2004	2,643	79,290	\$5.478	\$434,341.50	Jan-04
	20,889	626,670	\$5.028	\$3,151,066.50	
May, 2004	1,728	53,568	\$5.161	\$276,451.80	Jun-03
May, 2004	1,728	53,568	\$4.813	\$257,810.88	Jul-03
May, 2004	1,728	53,568	\$4.763	\$255,142.40	Aug-03
May, 2004	2,014	62,434	\$4.707	\$293,883.10	Sep-03
May, 2004	2,014	62,434	\$4.820	\$300,931.88	Oct-03
May, 2004	2,014	62,434	\$4.620	\$288,445.08	Nov-03
May, 2004	2,014	62,434	\$4.991	\$311,615.10	Dec-03
May, 2004	2,014	62,434	\$5.365	\$334,934.54	Jan-04
May, 2004	2,014	62,434	\$5.305	\$331,226.32	Feb-04
	17,268	535,308	\$4.951	\$2,650,441.10	

Gas Purchasing Incentive Plan-Fiscal Year End June 2004
Mandatory Purchases
New England Gas Company - Rhode Island

Month	Daily Purchased Volume	Monthly Volumes	Weighted Average NYMEX Price	Cumulative	Source Date
June, 2004	1,701	51,030	\$5.149	\$262,773.00	Jun-03
June, 2004	1,701	51,030	\$4.640	\$236,779.20	Jul-03
June, 2004	1,701	51,030	\$4.938	\$251,998.50	Aug-03
June, 2004	1,711	51,330	\$4.761	\$244,377.60	Sep-03
June, 2004	1,711	51,330	\$4.683	\$240,387.90	Oct-03
June, 2004	1,711	51,330	\$4.600	\$236,118.00	Nov-03
June, 2004	1,711	51,330	\$4.967	\$254,936.70	Dec-03
June, 2004	1,711	51,330	\$5.276	\$270,792.75	Jan-04
June, 2004	1,711	51,330	\$5.180	\$265,889.40	Feb-04
June, 2004	1,711	51,330	\$5.435	\$278,978.55	Mar-04
	17,080	512,400	\$4.963	\$2,543,031.60	

SUMMARY OF 12 MONTHS ACTUAL AND ESTIMATED FIXED COSTS

	GCR Filing	Actual (b)	GPIP Incentive Difference
	Nov - Oct	Nov - Oct	Nov - Oct
Transportation Fixed (c) (d)	\$33,421,892	\$31,525,454	-\$1,896,438
Storage Fixed	\$4,643,758	\$4,636,529	-\$7,229
Supplier Fixed	\$2,493,229	\$2,577,273	\$84,044
Total Fixed	\$40,558,879	\$38,739,257	-\$1,819,622
Net Eligible Costs	\$40,558,879	\$38,739,257	(\$1,819,622)
Marketer Releases	(\$2,280,156)	(\$2,978,049)	(a)
Net Fixed Costs	\$38,278,723	\$35,761,208	

(a) Marketer releases are not included in the calculation of the asset management incentive under the "Gas Purchasing Incentive Program". They may vary based on the changes in the assignment percentage, path selections and migration to or from transportation.

(b) July through October actuals are estimates based on the July 2004 updated GCR Filing

(c) The fixed costs approved in the GCR filing have been adjusted down to reflect the allocation of Distrigas Demand charges to Fall River Gas Company of \$86,480. (37,600 DTh delivered to FR x \$2.30 per Dth)

(d) Transportation Fixed costs are net of Capacity release credits

ACTUAL AND ESTIMATED FIXED CHARGES

	GCR Filing		Actual		GCR Filing		Actual		GCR Filing		Actual		GCR Filing		Actual		GCR Filing		Actual		
	NOV.	NOV.	NOV.	NOV.	DEC.	DEC.	JAN.	JAN.	JAN.	JAN.	FEB.	FEB.	FEB.	FEB.	FEB.	FEB.	JAN.	JAN.	JAN.	FEB.	
Transportation Fixed (a)	\$2,825,571	\$2,654,303	-\$171,268	\$2,754,938	\$2,644,124	-\$110,814	\$2,857,071	\$2,625,972	-\$231,099	\$2,791,090	\$2,620,879	-\$170,211	\$2,791,090	\$2,620,879	-\$170,211	\$2,791,090	\$2,620,879	-\$170,211	\$2,791,090	\$2,620,879	-\$170,211
Storage Fixed	\$388,374	\$388,000	-\$374	\$388,374	\$379,617	-\$8,757	\$388,374	\$388,355	-\$19	\$388,374	\$388,474	\$100	\$388,374	\$388,474	\$100	\$388,374	\$388,474	\$100	\$388,374	\$388,474	\$100
Supplier Fixed	\$208,790	\$215,253	\$6,463	\$207,915	\$215,490	\$7,575	\$207,915	\$217,091	\$9,176	\$208,665	\$213,911	\$5,246	\$208,665	\$213,911	\$5,246	\$208,665	\$213,911	\$5,246	\$208,665	\$213,911	\$5,246
Total Fixed	\$3,422,735	\$3,257,556	-\$165,179	\$3,351,227	\$3,239,231	-\$111,996	\$3,453,360	\$3,231,418	-\$221,942	\$3,388,129	\$3,223,264	-\$164,865	\$3,388,129	\$3,223,264	-\$164,865	\$3,388,129	\$3,223,264	-\$164,865	\$3,388,129	\$3,223,264	-\$164,865
Marketer Releases	\$190,013	\$241,461	(b)	\$190,013	\$256,420	(b)	\$190,013	\$280,372	(b)	\$190,013	\$292,507	(b)	\$190,013	\$292,507	(b)	\$190,013	\$292,507	(b)	\$190,013	\$292,507	(b)
Net Fixed Costs	\$3,232,722	\$3,016,095		\$3,161,214	\$2,982,811		\$3,263,347	\$2,951,046		\$3,198,116	\$2,930,757		\$3,198,116	\$2,930,757		\$3,198,116	\$2,930,757		\$3,198,116	\$2,930,757	

(a) Transportation Fixed costs are net of Capacity release credits

(b) Marketer releases are not included in the calculation of the asset management incentive under the "Gas Purchasing Incentive Program". They may vary based on the changes in the assignment percentage, path selections and migration to or from transportation.

Note: July through October actuals are estimates based on the July 2004 updated GCR Filing

ACTUAL AND ESTIMATED FIXED CHARGES

	GCR Filing			Actual			GPIP Incentive Difference		
	MAR	APR	MAY	MAR	APR	MAY	MAR	APR	MAY
Transportation Fixed (a)	\$2,832,738	\$2,886,588	\$2,745,955	\$2,623,112	\$2,741,588	\$2,621,780	-\$174,834	-\$163,879	-\$122,843
Storage Fixed	\$388,374	\$385,984	\$385,984	\$386,084	\$385,984	\$387,103	\$100	\$100	\$100
Supplier Fixed	\$207,914	\$206,790	\$207,915	\$215,095	\$206,790	\$214,397	\$8,374	\$5,968	\$7,180
Total Fixed	\$3,429,026	\$3,379,362	\$3,339,854	\$3,224,291	\$3,334,362	\$3,223,280	-\$166,360	-\$157,810	-\$115,563
Marketer Releases	\$190,013	\$190,013	\$190,013	\$277,908	\$190,013	\$253,343	(b)	(b)	(b)
Net Fixed Costs	\$3,239,013	\$3,189,349	\$3,149,841	\$2,947,283	\$3,144,349	\$2,969,937			

(a) Transportation Fixed costs are net of Capacity release credits

(b) Marketer releases are not included in the calculation of the asset management incentive under the "Gas Purchasing Incentive Program". They may vary based on the changes in the assignment percentage, path selections and migration to or from transportation.

Note: July through October actuals are estimates based on the July 2004 updated GCR Filing

ACTUAL AND ESTIMATED FIXED CHARGES

	GCR Filing		Estimated Actual		GPIP Incentive Difference		GCR Filing		Estimated Actual		GPIP Incentive Difference	
	JULY	JULY	JULY	JULY	JULY	JULY	AUG	SEP	AUG	SEP	SEP	OCT
Transportation Fixed (a)	\$2,752,355	\$2,613,725	\$2,613,725	\$2,613,725	-\$138,630	\$2,745,955	\$2,789,088	\$2,789,088	\$2,613,498	\$2,798,955	-\$175,590	\$2,613,725
Storage Fixed	\$385,984	\$386,084	\$386,084	\$386,084	\$100	\$385,984	\$385,984	\$385,984	\$386,084	\$385,984	\$100	\$386,084
Supplier Fixed	\$207,915	\$214,529	\$214,529	\$214,529	\$6,614	\$207,915	\$206,790	\$206,790	\$213,404	\$207,915	\$6,614	\$214,529
Total Fixed	\$3,346,254	\$3,214,338	\$3,214,338	\$3,214,338	-\$131,916	\$3,339,854	\$3,381,862	\$3,381,862	\$3,212,986	\$3,392,854	-\$168,876	\$3,214,338
Marketer Releases	\$190,013	\$198,970	\$198,970	\$198,970	(b)	\$190,013	\$190,013	\$190,013	\$198,970	\$190,013	(b)	\$198,970
Net Fixed Costs	\$3,156,241	\$3,015,368	\$3,015,368	\$3,015,368		\$3,149,841	\$3,191,849	\$3,191,849	\$3,014,016	\$3,202,841		\$3,015,368

(a) Transportation Fixed costs are net of Capacity release credits

(b) Marketer releases are not included in the calculation of the asset management incentive under the "Gas Purchasing Incentive Program". They may vary based on the changes in the assignment percentage, path selections and migration to or from transportation.

Note: July through October actuals are estimates based on the July 2004 updated GCR Filing

REDACTED

Discussion of Asset Management Incentive

The estimate of fixed cost savings in GLB-10 shows savings of [REDACTED] resulting from asset-management fees and fixed costs of \$19,578 above the level approved in the September 2003 GCR filing, for a net savings of [REDACTED]. Because actual gas procurement costs are higher than projected in the 2003 GCR filing, the incentive would be at the 10% level, or [REDACTED].

The reduction in fixed costs is the result of the Company's asset management arrangement with ConocoPhillips (COP). This asset management contract was the result of a bid solicitation and negotiation conducted in the fall of 2003. The Company sought bids from suppliers for a winter asset-management arrangement to cover supply requirements from November 2003 to March 2004. COP responded with a longer term proposal, *i.e.*, to provide service for one full year, plus an option on a second year at the same bid price for which they were willing to pay [REDACTED]. Their bid, at [REDACTED] per month, far exceeded the next highest bid of approximately [REDACTED] per month. However, before acceptance, the Company conducted negotiations to ascertain that COP could meet all required conditions. The arrangement commenced November 1, 2003 under an interim agreement and the contract was executed at a later date.

This GCR filing includes the asset management fee at the COP contract level of [REDACTED] per month plus it includes the [REDACTED] option payment credited as of November 1, 2004, the date it will receive the payment from COP, as provided for in the asset-management

REDACTED

agreement. Under the contract, COP is not required to notify the Company of its intent to exercise the option to continue until September 30, 2004.

With respect to the fixed costs of gas supply other than the asset management contract, the portfolio is consistent in all respects with the Long Range Gas Supply Plan previously filed with the Commission.