

# New England Gas Company

January 20, 2004

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

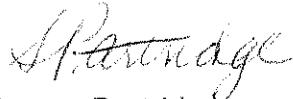
Re: Docket No. 3436; Amended Gas Cost Recovery Filing

Dear Ms. Massaro:

Enclosed please find an original and nine copies of the testimony of Michael Harn 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 to collect projected gas costs for the period February 19, 2004 through October 31, 2004. The Company is making this filing in response to significantly increased gas prices throughout the GCR period.

Please note, for the most part, this filing updates the previous GCR filing underlying the currently effective GCR factors. In this immediate filing, the Company has updated gas costs and gas cost collections with actual data through December 2003, and updated the January through October 2004 gas cost forecast based on the January 13, 2004 NYMEX. The resulting GCR factors, with a February 19, 2004 effective date, ensure the timely collection of these increased costs.

Sincerely,



Sharon Partridge  
Vice President, Finance

cc: Service List

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RECEIVED

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

NEW ENGLAND GAS COMPANY  
DOCKET NO. 3436

DIRECT TESTIMONY

OF

MICHAEL J. HARN

January 20, 2004

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

2 A. My name is Michael J. Harn. My business address is 100 Weybosset Street,  
3 Providence, RI 02903.

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

5 A. I am a Pricing Analyst for the New England Gas Company (“NEGC” or the  
6 “Company”). My responsibilities include the preparation of the Company’s Gas Cost  
7 Recovery (GCR) filings, rate and revenue analysis, and other rate-related issues.

8 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN THIS DOCKET?**

9 A. Yes, I have testified in support of the Gas Cost Recovery (“GCR”) rates that were  
10 approved for effect on November 1, 2003.

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

12 A. The purpose of my testimony is to explain the calculation of amended Gas Cost  
13 Recovery (“GCR”) charges to be effective with consumption on and after February 19,  
14 2004 for the following services: (1) firm sales service to the Residential Non-Heating  
15 and Heating rate classes, (2) Commercial and Industrial (“C&I”) customers in the  
16 Small, Medium, Large and Extra Large rate classes, and (3) Natural Gas Vehicle  
17 Service.

18 **Q. DO YOU HAVE ANY ATTACHMENTS TO YOUR TESTIMONY?**

1 A. Yes. I am sponsoring the following Attachments:

- 2 MJH-1 NYMEX Comparison  
3 MJH-2 GCR Deferred Balances with Currently Effective GCRs  
4 MJH-3 Gas Cost Recovery Schedules  
5 MJH-4 February 2004 Prorated GCR Collections  
6 MJH-5 Projected GCR Deferred Balances with Amended GCRs  
7 MJH-6 Bill Impacts  
8 MJH-7 NGV Tariff

9 **Q. WHY IS THE COMPANY PROPOSING AMENDED GCR FACTORS AT**  
10 **THIS TIME?**

11 A. Since the Company's currently effective GCR factors took effect with gas consumed  
12 on or after November 1, 2003, there have been significant increases in the wholesale  
13 cost of natural gas. The projected non-locked gas costs underlying the currently  
14 effective GCR factors were predicated on an October 27, 2003 NYMEX strip. As  
15 shown in Attachment MJH-1, comparing these prices with the January 13, 2004  
16 NYMEX, results in an average increase of approximately 16%.

17 Further, based on actual gas costs and gas cost collections for November and  
18 December 2003, and updated projected gas costs based on the January 13, 2004  
19 NYMEX, the projected under-collection through October 31, 2004 is approximately  
20 \$13.3 million. Attachment MJH-2, pages 1 and 2, present the forecasted monthly  
21 deferred balance reflecting actual activity through December 2003 and updated gas  
22 costs based on the January 13, 2004 NYMEX resulting in the projected end-of-period  
23 under-collection of \$13.3 million.

1 **Q. PLEASE PROVIDE AN OVERVIEW OF THE DEVELOPMENT OF THE**  
2 **PROPOSED GCR RATES.**

3 A. The proposed GCR rates reflect the class-specific factors necessary for the Company  
4 to collect projected gas costs for the period February 2004 through October 2004. As  
5 shown in the testimony of Mr. Beland on Attachment GLB-1, gas costs are projected  
6 to be \$126,990,790 for the period February through October 2004. In addition to these  
7 costs, the GCR factors are designed to recover Working Capital costs of \$532,422  
8 (Attachment MJH-3, pages 9-11), Inventory Financing costs of \$1,692,424  
9 (Attachment MJH-3, page 12), the GCR Deferred Balance as of January 31, 2004 of  
10 \$26,242,120 (Attachment MJH-3, pages 6-8), LNG Operation and Maintenance Costs  
11 of \$663,270 (consistent with the Commission's findings in Docket 3401), a credit of  
12 \$878,636 associated with LNG costs that will be collected through the Distribution  
13 Adjustment Clause ("DAC") factor, and a \$2,433,350 deferred adjustment resulting in  
14 a zero deferred balance at October 31, 2004. In total, the proposed GCR factors are  
15 designed to recover \$157,675,739 of gas costs during the period February 2004  
16 through October 2004.

17 **Q. ATTACHMENT MJH-3, PAGE 1 SHOWS A RESIDENTIAL AND SMALL**  
18 **C&I GCR FACTOR OF \$8.8631/DTH. PLEASE EXPLAIN HOW THE**  
19 **COMPANY DERIVED THIS FACTOR.**

20 A. The residential GCR factor of \$8.8631/dth consists of five cost components and an un-  
21 collectible component. The five cost components are Supply Fixed, Storage Fixed,

1 Supply Variable, Storage Variable Product and Storage Variable Non-Product. The  
2 associated rate components are \$0.8412/dth, \$0.3900/dth, \$6.5757/dth, \$0.7991/dth,  
3 and \$0.0710/dth, respectively.

4 The derivation of the Supply Fixed component is reflected on Attachment MJH-3, at  
5 page 2. As shown, Supply Fixed costs total \$19,303,788 (see also Attachment GLB-1:  
6 pipeline demand costs of \$21,162,532, plus supplier demand costs of \$1,876,371, less  
7 demand charge credits of \$3,735,116). Working capital costs of \$81,635 associated  
8 with Supply Fixed costs are added (MJH-3, page 9), as is the Supply Fixed gas cost  
9 deferred balance at January 31, 2004 of \$(4,083,512). Also added is a  
10 Proration/Reconciliation Adjustment of \$(421,305) resulting in Total Supply Fixed  
11 gas costs of \$14,880,605, to be collected over the period February 2004 through  
12 October 2004. Because the Company's supply planning is based upon having  
13 sufficient capacity to meet the needs of firm sales customers under design winter  
14 conditions, Supply Fixed costs (as well as Storage Fixed costs) are allocated to the  
15 various rate classes based on their proportion of design-winter use. As shown, the  
16 percentage of Residential and Small C&I design sales to total design sales is 78.83%.  
17 Therefore, 78.83% of the total Supply Fixed gas costs, or \$11,731,053, is allocated to  
18 the Residential and Small C&I customer class. Dividing this amount by the February  
19 through October 31, 2004 forecasted Residential and Small C&I consumption results  
20 in a Supply Fixed cost component of \$0.8412/dth.

21 **Q. WHAT IS THE PRORATION/RECONCILIATION ADJUSTMENT?**

1 A. The effective date of the proposed GCR factors is February 19, 2004. Such factors  
2 will be implemented on a prorated basis. Thus, the Proration/Reconciliation  
3 adjustment recognizes that some of the February 2004 consumption will be billed at  
4 the currently effective GCR factors, and, some will be billed at the amended GCR  
5 factors. Thus, February 2004 gas cost collections will reflect prorated GCR factors.  
6 For the purposes of this forecast, February consumption was split evenly on a daily  
7 basis, with consumption of the 1<sup>st</sup> through the 18<sup>th</sup> predicated on the currently effective  
8 GCR factors and consumption from the 19<sup>th</sup> predicated on the proposed GCR factors.  
9 Attachment MJH-4 presents the calculation of February 2004 Gas Cost Collections  
10 based on the currently effective GCR factors and the GCR factors proposed here-in.  
11 Attachment MJH-4 also calculates the effect of implementing amended GCR factors  
12 mid-month. As shown on Page 2 of MJH-4, the effect of implementing GCR factors  
13 mid-month results in a \$2,465,491 gas cost under-collection, of which, \$(348,318) is  
14 associated with the Supply Fixed Cost Component. Further, the Reconciliation  
15 adjustment results from an iterative process designed to produce a zero deferred  
16 balance at the end of the GCR period. For the most part, this iterative process captures  
17 the effect of interest on the monthly over-or under-collections.

18 **Q. HOW DID THE COMPANY DERIVE THE STORAGE FIXED COST**  
19 **FACTOR COMPONENT FOR THE RESIDENTIAL AND SMALL C&I**  
20 **CLASS?**

1 A. The derivation of the Storage Fixed cost factor is demonstrated on Attachment MJH-3,  
2 at page 3. As shown, Storage Fixed costs total \$8,070,816 (see Attachment GLB-1).  
3 Deducted from this amount are \$520,324 of LNG demand costs allocated to the DAC.  
4 Added to this amount are \$389,171 of supply-related LNG operations and  
5 maintenance costs, \$33,576 of working capital costs associated with Storage Fixed  
6 costs (Attachment MJH-3, page 9), the Storage Fixed Cost Deferred Balance at  
7 January 31, 2004 of \$(949,182), and a Proration/Reconciliation adjustment of \$21,119.  
8 Therefore, total Storage Fixed costs to be collected over the period February 2004  
9 through October 2004 amount to \$7,045,176. As with Supply Fixed costs, the Storage  
10 Fixed costs are allocated on the basis of design winter throughput. Therefore, 77.19%,  
11 or \$5,438,239 of total Storage Fixed gas costs are allocated to the Residential and  
12 Small C&I customer class. Dividing this amount by forecasted period sales of  
13 13,945,250 Dths results in the Storage Fixed component of \$0.3900/dth.

14 **Q. THE COMPANY ALLOCATED SUPPLY FIXED COSTS BASED ON 78.83%**  
15 **PERCENT OF RESIDENTIAL AND SMALL C & I DESIGN SALES. WHY IS**  
16 **THE COMPANY USING A PERCENTAGE OF 77.19% FOR ALLOCATING**  
17 **STORAGE FIXED COSTS?**

18 A. A portion of Storage Fixed costs are required to meet the needs of FT-2 customers.  
19 Therefore, the projected throughput has been adjusted to reflect consumption by FT-2  
20 customers.

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

3 A. Consistent with the methodology established and approved by the Commission in  
4 Docket No. 2552, the FT-2 rate is based on the development of the storage and  
5 peaking costs as described in the GCR tariff. The fixed and variable costs relate to the  
6 operations, maintenance, and delivery of the Company's storage resources, along with  
7 requirements for purchased gas working capital.

8 **Q. HOW DID THE COMPANY DERIVE THE SUPPLY VARIABLE COST**  
9 **COMPONENT FOR THE RESIDENTIAL AND SMALL C&I CUSTOMER**  
10 **CLASS?**

11 A. The Supply Variable cost component is \$6.5757/dth for all customer classes, including  
12 the Residential and Small C&I customer class. Attachment MJH-3, page 4 reflects the  
13 derivation of the \$6.5757/dth Supply Variable cost component. As shown, projected  
14 variable supply costs are \$89,782,831 (see Attachment GLB-1). Deducted from this  
15 amount are variable delivery storage costs of \$98,524, variable injection storage costs  
16 of \$41,236, and fuel costs allocated to storage of \$736,246, resulting in total  
17 deductions of \$876,006. These costs have been transferred to the Storage Variable  
18 Non-Product gas-cost category. Added to this amount are working capital costs  
19 associated with Supply Variable costs of \$375,982 (MJH-3, page 10), the Supply  
20 Variable Deferred balance at January 31, 2004 of \$27,446,273, and a \$3,130,359  
21 Proration/Reconciliation adjustment. Therefore, total Supply Variable costs for the

1 period February 2004 through October 2004 are \$119,859,440. Dividing this amount  
2 by projected period sales of 18,227,592 results in the Supply Variable cost factor of  
3 \$6.5757/Dth.

4 **Q. WHY DIDN'T THE COMPANY ALLOCATE THESE COSTS ON THE BASIS**  
5 **OF DESIGN THROUGHPUT, AS IT DID WITH THE SUPPLY FIXED AND**  
6 **STORAGE FIXED COMPONENTS?**

7 A. Supply Variable costs vary with the amount of gas actually consumed by customers,  
8 and therefore, are allocated to the various rate classes based on the projected  
9 consumption by customers in each rate class.

10 **Q. HOW DID THE COMPANY DERIVE THE STORAGE VARIABLE**  
11 **PRODUCT COST FACTOR ASSOCIATED WITH THE RESIDENTIAL AND**  
12 **C&I SMALL CUSTOMER CLASS?**

13 A. The derivation of the Storage Variable Product cost factor is shown in Attachment  
14 MJH-1, page 5. As shown, projected Storage Variable Product costs are \$9,323,453.  
15 Deducted from this amount are \$358,312 of balancing-related LNG costs that are  
16 collected through the DAC. Added to this amount are \$274,099 of supply-related  
17 LNG O&M costs (as per the Commission's findings in Docket 3401); \$39,072 of  
18 working capital costs (MJH-3, page 10); inventory financing costs of \$309,897,  
19 \$1,340,383, and \$42,143 for LNG, underground storage and liquid propane,  
20 respectively (MJH-3, page 12); the January 31, 2004 Storage Variable Deferred

1 Balance \$3,881,319; and a \$(285,600) Proration/Reconciliation adjustment.  
2 Therefore, the total Storage Variable costs to be collected over the period February  
3 2004 through October 2004 are \$14,566,455. Dividing this amount by the forecasted  
4 sales for the period of 18,227,592 Dths results in a Storage Variable Product cost  
5 factor of \$0.7991/dth.

6 **Q. HOW DID THE COMPANY DERIVE THE STORAGE VARIABLE NON-**  
7 **PRODUCT COST FACTOR ASSOCIATED WITH THE RESIDENTIAL AND**  
8 **C&I SMALL CUSTOMER CLASS?**

9 A. The derivation of the Storage Variable Non-Product cost factor is also shown in  
10 Attachment MJH-3, page 5. As shown, projected Storage Variable Non-Product costs  
11 are \$509,902. Added to this amount are variable delivery storage costs of \$98,524,  
12 variable injection costs of \$41,236, and fuel costs allocated to storage of \$736,246.  
13 Also, working capital costs of \$2,156, the January 31, 2004 Storage Variable Non-  
14 product deferred balance of \$(52,779) and a \$(11,223) Proration/Reconciliation  
15 Adjustment are added, resulting in total Storage Variable Non-Product costs of  
16 \$1,324,062 to be collected over the period February 2004 through October 2004.  
17 Dividing this amount by forecasted throughput for the period of 18,646,063 Dth  
18 results in a Storage Variable Non-Product cost factor of \$0.0710/Dth.

19 **Q. WHY WERE THE STORAGE VARIABLE NON-PRODUCT COSTS DIVIDED**  
20 **BY FORECASTED THROUGHPUT OF 18,646,063 DTH, WHILE STORAGE**

1           **VARIABLE PRODUCT COSTS AND SUPPLY VARIABLE COSTS WERE**  
2           **DIVIDED BY FORECASTED SALES OF 18,227,592 DTH?**

3    A.    Similar to the derivation of the Storage Fixed cost factor, a portion of Storage Variable  
4           Non-Product costs are associated with the delivery of underground storage for FT-2  
5           marketers.

6           In summary, the Residential and Small C&I GCR factor of \$8.8631/Dth consists of a  
7           Supply Fixed component of \$0.8412/Dth, a Storage Fixed component of \$0.3900, a  
8           Supply Variable component of \$6.5757, a Storage Variable Product component of  
9           \$0.7991 and a Storage Variable Non-Product cost component of \$0.0710. The total of  
10          these gas-cost components is \$8.6770/Dth. Adjusting this rate by the uncollectible  
11          percentage rate of 2.10 results in the proposed Residential and Small C&I GCR factor  
12          of \$8.8631/Dth.

13   **Q.    HOW DID THE COMPANY DERIVE THE GCR FACTORS FOR THE**  
14           **OTHER CUSTOMER CLASSES?**

15    A.    The GCR factors for the remaining customer classes are calculated in the same manner  
16           as the calculation for the Residential and Small C&I customer classes.

17   **Q.    DO THE PROPOSED GCR FACTORS RESULT IN A ZERO DEFERRED**  
18           **BALANCE AT OCTOBER 31, 2004?**

19    A.    Yes. Attachment MJH-5 presents the monthly GCR deferred balances for each gas  
20           cost component as well as the total GCR deferred. As shown, the proposed GCR

1 factors result in a total deferred balance at October 31, 2004 of \$(367) and a Supply  
2 Fixed Cost Deferred balance of \$90.

3 **Q. IN ITS LAST GCR FILING, THE COMPANY PRESENTED AN OPTION OF**  
4 **CARRYING A GCR DEFERRED BALANCE OF APPROXIMATED \$10**  
5 **MILLION. HAS THE COMPANY CONSIDERED PROPOSING GCR**  
6 **FACTORS THAT RESULT IN SOMETHING LESS THAN A ZERO**  
7 **DEFERRED BALANCE AT OCTOBER 31, 2004?**

8 A. The Company's preference is to eliminate the deferred gas cost balance sooner, rather  
9 than later when its possible to avoid rate shock. The proposed GCR factors are  
10 designed to recover gas costs for the period February through October 2004, the GCR  
11 deferred balance through January 31, 2004, and the effect of implementing the GCR  
12 mid-month, or the proration adjustment. If the GCR factors were to result in  
13 significant bill impacts, the Company would certainly consider options to mitigate  
14 such increases.

15 **Q. HAS THE COMPANY ANALYZED THE BILL IMPACTS OF THE**  
16 **PROPOSED CHANGES FOR CUSTOMERS?**

17 A. Yes. If the proposed GCR factors were to take effect, a residential heating customer  
18 using 1,035 therms per year would experience an increase of approximately 4.2  
19 percent, or \$53 per year versus the currently effective GCR factors. A summary of  
20 bill impacts for customers is provided on Attachment MJH-6.

1 **Q. IF GAS COSTS WERE TO CHANGE SIGNIFICANTLY FROM THOSE**  
2 **REFLECTED IN THE PRESENT FILING, WOULD THE COMPANY SEEK**  
3 **TO AMEND ITS GCR FACTORS AGAIN?**

4 A. Yes. If gas costs or the anticipated GCR deferred balance were to increase, or decline  
5 significantly from those currently reflected, the Company will file amended GCR  
6 factors.

7 **Q. WHAT WILL THE COMPANY'S ANNUAL GAS COST RECONCILIATION**  
8 **LOOK LIKE? TO WHICH GAS COST FORECAST WILL THE COMPANY**  
9 **RECONCILE?**

10 A. Similar to last year, the Company will submit its annual gas cost reconciliation on or  
11 prior to August 1, 2004. This filing will provide a reconciliation of actual gas costs  
12 and gas cost collections with those forecasted here-in, e.g. gas cost collections will  
13 reflect the actual factors in effect for the period November 1, 2003 through February  
14 18, 2004, and February 19, 2004 through October 31, 2004. Actual gas costs will be  
15 reconciled with those forecasted here-in, e.g. actual for November and December  
16 2004, and an updated forecast for the period January 2004 through October 2004.

17 **Q. IS THE COMPANY PROPOSING A CHANGE TO THE NATURAL GAS**  
18 **VEHICLE ("NGV") RATE?**

19 A. Yes. The commodity charge component of the NGV rates is based on the supply  
20 variable costs identified in the Company's GCR filing. Accordingly, the NGV

1 commodity charge is being updated to reflect the supply variable costs included in this  
2 filing. A revised NGV tariff is provided as Attachment MJH-7.

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

4 A. Yes.

New England Gas Company  
NYMEX Comparison: Oct 27, 2003 vs Jan 13, 2004

	27-Oct-03	13-Jan-04	Difference
	-----	-----	-----
Nov-03	\$4.512	\$4.459	(\$0.053)
Dec-03	\$4.806	\$4.860	\$0.054
Jan-04	\$5.051	\$6.150	\$1.099
Feb-04	\$5.031	\$6.329	\$1.298
Mar-04	\$4.931	\$6.397	\$1.466
Apr-04	\$4.676	\$5.607	\$0.931
May-04	\$4.621	\$5.377	\$0.756
Jun-04	\$4.626	\$5.367	\$0.741
Jul-04	\$4.636	\$5.387	\$0.751
Aug-04	\$4.654	\$5.407	\$0.753
Sep-04	\$4.641	\$5.387	\$0.746
Oct-04	\$4.659	\$5.407	\$0.748
Average	\$4.737	\$5.511	\$0.774
% chg			16.3%

New England Gas Company  
Rhode Island Division  
Deferred Gas Cost Balances

	Nov-03 30 act	Dec-03 31 prelim act	Jan-04 31 fcst	Feb-04 29 fcst	Mar-04 31 fcst	Apr-04 30 fcst	May-04 31 fcst	Jun-04 30 fcst	Jul-04 31 fcst	Aug-04 31 fcst	Sep-04 30 fcst	Oct-04 31 fcst	Total
<b>I. Supply Fixed Cost Deferred</b>													
Beginning Balance	(\$945,701)	(\$730,680)	(\$1,777,188)	(\$4,083,512)	(\$6,322,582)	(\$7,994,087)	(\$8,748,786)	(\$8,290,873)	(\$7,124,036)	(\$5,746,082)	(\$4,323,096)	(\$2,949,297)	
Supply Fixed Costs	\$2,128,136	\$2,124,446	\$2,145,150	\$2,142,446	\$2,145,150	\$2,144,398	\$2,145,750	\$2,144,398	\$2,145,750	\$2,145,750	\$2,144,398	\$2,145,750	\$25,701,520
Working Capital	\$9,000	\$8,984	\$9,072	\$9,060	\$9,072	\$9,069	\$9,074	\$9,069	\$9,074	\$9,074	\$9,069	\$9,074	\$108,690
Total Supply Fixed Costs	\$2,137,136	\$2,133,430	\$2,154,222	\$2,151,507	\$2,154,222	\$2,153,466	\$2,154,824	\$2,153,466	\$2,154,824	\$2,154,824	\$2,153,466	\$2,154,824	\$25,810,210
Supply Fixed - Collections	\$1,920,738	\$3,177,810	\$4,455,572	\$4,382,315	\$3,813,578	\$2,894,415	\$1,682,451	\$973,970	\$765,949	\$723,293	\$773,695	\$1,070,165	\$26,633,951
Prelim. Ending Balance	(\$729,304)	(\$1,775,060)	(\$4,078,539)	(\$6,314,320)	(\$7,981,938)	(\$8,735,036)	(\$8,276,413)	(\$7,111,376)	(\$5,735,161)	(\$4,314,552)	(\$2,943,325)	(\$1,864,639)	
Month's Average Balance	(\$837,502)	(\$1,252,870)	(\$2,927,863)	(\$5,198,916)	(\$7,152,260)	(\$8,364,561)	(\$8,512,599)	(\$7,701,124)	(\$6,429,598)	(\$5,030,317)	(\$3,633,211)	(\$2,406,968)	
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%	
Interest Applied	(\$1,377)	(\$2,128)	(\$4,973)	(\$8,261)	(\$12,149)	(\$13,750)	(\$14,460)	(\$12,659)	(\$10,922)	(\$8,545)	(\$5,972)	(\$4,089)	(\$99,285)
Supply Fixed Ending Balance	(\$730,680)	(\$1,777,188)	(\$4,083,512)	(\$6,322,582)	(\$7,994,087)	(\$8,748,786)	(\$8,290,873)	(\$7,124,036)	(\$5,746,082)	(\$4,323,096)	(\$2,949,297)	(\$1,868,727)	
<b>II. Storage Fixed Cost Deferred</b>													
Beginning Balance	\$282,248	\$413,435	(\$41,765)	(\$949,182)	(\$1,836,338)	(\$2,484,508)	(\$2,804,018)	(\$2,621,705)	(\$2,151,898)	(\$1,594,806)	(\$1,017,882)	(\$465,099)	
Storage Fixed Costs	\$871,206	\$848,166	\$931,729	\$923,449	\$931,729	\$885,583	\$889,723	\$885,583	\$889,723	\$889,723	\$885,583	\$889,723	\$10,721,917
LNG Demand to DAC	(\$57,790)	(\$49,471)	(\$58,283)	(\$56,594)	(\$58,283)	(\$57,439)	(\$58,283)	(\$57,439)	(\$58,283)	(\$58,283)	(\$57,439)	(\$58,283)	(\$685,869)
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	\$518,894
Working Capital	\$3,623	\$3,561	\$3,877	\$3,849	\$3,877	\$3,685	\$3,699	\$3,685	\$3,699	\$3,699	\$3,685	\$3,699	\$44,636
Total Storage Fixed Costs	\$860,280	\$845,496	\$920,564	\$913,944	\$920,564	\$875,070	\$878,380	\$875,070	\$878,380	\$878,380	\$875,070	\$878,380	\$10,599,579
Storage Fixed - Collections	\$729,664	\$1,301,012	\$1,827,140	\$1,798,889	\$1,565,068	\$1,190,237	\$691,462	\$401,343	\$318,109	\$299,239	\$321,069	\$442,540	\$10,885,772
Prelim. Ending Balance	\$412,864	(\$42,080)	(\$948,341)	(\$1,834,126)	(\$2,480,842)	(\$2,799,675)	(\$2,617,100)	(\$2,147,977)	(\$1,591,627)	(\$1,015,665)	(\$463,881)	(\$29,259)	
Month's Average Balance	\$347,556	\$185,677	(\$495,053)	(\$1,391,654)	(\$2,158,590)	(\$2,642,092)	(\$2,710,559)	(\$2,384,841)	(\$1,871,762)	(\$1,305,236)	(\$740,882)	(\$247,179)	
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%	
Interest Applied	\$571	\$315	(\$841)	(\$2,211)	(\$3,667)	(\$4,343)	(\$4,604)	(\$3,920)	(\$3,179)	(\$2,217)	(\$1,218)	(\$420)	(\$25,734)
Storage Fixed Ending Balance	\$413,435	(\$41,765)	(\$949,182)	(\$1,836,338)	(\$2,484,508)	(\$2,804,018)	(\$2,621,705)	(\$2,151,898)	(\$1,594,806)	(\$1,017,882)	(\$465,099)	(\$29,679)	
<b>III. Variable Supply Cost Deferred</b>													
Beginning Balance	\$20,853,786	\$23,089,286	\$30,871,171	\$27,446,273	\$24,048,222	\$23,231,907	\$18,628,684	\$15,447,142	\$14,101,291	\$13,722,096	\$13,648,900	\$13,833,424	
Variable Supply Costs	\$12,688,704	\$26,322,849	\$22,842,051	\$22,453,254	\$21,397,077	\$12,256,963	\$6,697,497	\$4,419,896	\$4,181,494	\$4,258,938	\$4,762,226	\$9,355,486	\$151,636,435
Variable Delivery Storage	(\$9,397)	(\$20,709)	(\$85,341)	(\$79,813)	(\$17,849)	(\$861)	\$0	\$0	\$0	\$0	\$0	\$0	(\$213,971)
Variable Injections Storage	(\$1,071)	(\$41)	\$0	\$0	\$0	(\$3,013)	(\$5,243)	(\$7,657)	(\$8,601)	(\$8,270)	(\$3,460)	(\$4,992)	(\$42,348)
Fuel Cost Allocated to Storage	(\$40,087)	(\$93,781)	(\$333,667)	(\$307,638)	(\$76,359)	(\$27,278)	(\$49,056)	(\$65,854)	(\$72,223)	(\$68,548)	(\$29,144)	(\$40,145)	(\$1,203,782)
Working Capital	\$53,446	\$110,834	\$94,826	\$93,315	\$90,089	\$51,702	\$28,094	\$18,381	\$17,342	\$17,686	\$20,001	\$39,373	\$635,088
Total Supply Variable Costs	\$12,691,595	\$26,319,151	\$22,517,869	\$22,159,118	\$21,392,958	\$12,277,512	\$6,671,293	\$4,364,766	\$4,118,011	\$4,199,806	\$4,749,623	\$9,349,722	\$150,811,423
Supply Variable - Collections	\$10,492,183	\$18,582,358	\$25,992,254	\$25,598,050	\$22,249,394	\$16,915,113	\$9,881,751	\$5,734,883	\$4,520,817	\$4,296,229	\$4,587,668	\$6,307,450	\$155,158,150
Deferred Responsibility		\$699											\$699
Prelim. Ending Balance	\$23,053,198	\$30,825,380	\$27,396,785	\$24,007,341	\$23,191,785	\$18,594,306	\$15,418,225	\$14,077,025	\$13,698,486	\$13,625,673	\$13,810,855	\$16,875,697	
Month's Average Balance	\$21,953,492	\$26,957,333	\$29,133,978	\$25,726,807	\$23,620,004	\$20,913,107	\$17,023,455	\$14,762,083	\$13,899,889	\$13,673,885	\$13,729,877	\$15,354,561	
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%	
Interest Applied	\$36,088	\$45,791	\$49,488	\$40,881	\$40,122	\$34,378	\$28,917	\$24,266	\$23,611	\$23,227	\$22,570	\$26,082	\$395,419
Supply Variable Ending Balance	\$23,089,286	\$30,871,171	\$27,446,273	\$24,048,222	\$23,231,907	\$18,628,684	\$15,447,142	\$14,101,291	\$13,722,096	\$13,648,900	\$13,833,424	\$16,901,778	

New England Gas Company  
Rhode Island Division  
Deferred Gas Cost Balances

	Nov-03 30 act	Dec-03 31 prelim act	Jan-04 31 fcst	Feb-04 29 fcst	Mar-04 31 fcst	Apr-04 30 fcst	May-04 31 fcst	Jun-04 30 fcst	Jul-04 31 fcst	Aug-04 31 fcst	Sep-04 30 fcst	Oct-04 31 fcst	Total
<b><u>I/a. Storage Variable Product Cost Deferred</u></b>													
Beginning Balance	\$2,102,278	\$1,485,608	\$336,688	\$3,881,319	\$5,733,213	\$4,414,608	\$1,993,883	\$654,131	\$32,080	(\$357,924)	(\$682,131)	(\$1,033,620)	
Storage Variable Prod. Costs - LNG	\$205,319	\$178,470	\$2,410,240	\$625,023	\$178,117	\$138,167	\$140,952	\$134,745	\$137,863	\$136,641	\$131,216	\$134,568	\$4,551,321
Storage Variable Prod. Costs - LP	(\$1,750)	(\$1,592)	\$62,175	\$25,099	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$83,933
Storage Variable Prod. Costs - UG	\$719,054	\$1,489,619	\$5,611,002	\$5,368,450	\$2,059,002	\$116,522	\$0	\$0	\$0	\$0	\$0	\$0	\$15,363,648
Supply Related LNG to DAC	(\$41,865)	(\$36,390)	(\$491,448)	(\$127,442)	(\$36,318)	(\$28,172)	(\$28,740)	(\$27,475)	(\$28,110)	(\$27,861)	(\$26,755)	(\$27,438)	(\$928,014)
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	\$365,465
Inventory Financing - LNG	\$43,865	\$45,551	\$29,889	\$27,815	\$29,111	\$31,038	\$32,874	\$34,200	\$35,582	\$36,976	\$40,128	\$42,173	\$429,203
Inventory Financing - UG	\$204,093	\$197,250	\$143,387	\$91,854	\$72,089	\$73,236	\$108,835	\$147,132	\$175,679	\$204,580	\$227,133	\$239,845	\$1,885,113
Inventory Financing - LP	\$5,552	\$5,511	\$4,923	\$4,683	\$4,683	\$4,683	\$4,683	\$4,683	\$4,683	\$4,683	\$4,683	\$4,683	\$58,130
Working Capital	\$3,761	\$7,022	\$32,235	\$25,042	\$9,436	\$1,087	\$603	\$582	\$593	\$589	\$571	\$582	\$82,103
Total Storage Variable Product Costs	\$1,168,485	\$1,915,896	\$7,832,859	\$6,070,979	\$2,346,576	\$3,067,015	\$289,663	\$324,322	\$356,744	\$386,064	\$407,431	\$424,868	\$21,890,901
Storage Variable Product Collections	\$1,788,102	\$3,066,362	\$4,291,808	\$4,226,718	\$3,673,792	\$2,793,002	\$1,631,662	\$946,937	\$746,472	\$709,388	\$757,510	\$1,041,478	\$2,673,231
Prelim. Ending Balance	\$1,482,661	\$335,142	\$3,877,740	\$5,725,580	\$4,405,996	\$1,988,620	\$651,884	\$31,516	(\$357,648)	(\$681,249)	(\$1,032,210)	(\$1,650,230)	
Month's Average Balance	\$1,792,470	\$910,375	\$2,107,214	\$4,803,449	\$5,069,605	\$3,201,614	\$1,322,884	\$342,824	\$162,784	(\$519,586)	(\$857,171)	(\$1,341,925)	
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%	
Interest Applied	\$2,947	\$1,546	\$3,579	\$7,633	\$8,611	\$5,263	\$2,247	\$564	(\$277)	(\$883)	(\$1,409)	(\$2,279)	\$27,543
Storage Variable Product Ending Bal.	\$1,485,608	\$336,688	\$3,881,319	\$5,733,213	\$4,414,608	\$1,993,883	\$654,131	\$32,080	(\$357,924)	(\$682,131)	(\$1,033,620)	(\$1,652,509)	
<b><u>I/b. Stor Var Non-Prod Cost Deferred</u></b>													
Beginning Balance	(\$610,199)	(\$620,519)	(\$508,770)	(\$52,779)	\$356,276	\$275,280	\$76,904	(\$5,155)	(\$11,034)	\$6,687	\$23,826	(\$7,529)	
Storage Variable Non-prod. Costs	\$28,638	\$252,432	\$393,807	\$372,738	\$130,415	\$3,837	\$0	\$0	\$0	\$0	\$0	\$0	\$1,181,867
Variable Delivery Storage Costs	\$9,397	\$20,709	\$85,341	\$79,813	\$17,849	\$861	\$0	\$0	\$0	\$0	\$0	\$0	\$213,971
Variable Injection Storage Costs	\$1,071	\$41	\$0	\$0	\$0	\$3,013	\$5,243	\$7,657	\$8,601	\$8,270	\$3,460	\$4,992	\$42,348
Fuel Costs Allocated to Storage	\$40,087	\$93,781	\$333,667	\$307,638	\$76,359	\$27,278	\$49,056	\$65,854	\$72,223	\$68,548	\$29,144	\$40,145	\$1,203,782
Working Capital	\$214	\$1,068	\$1,665	\$1,576	\$552	\$16	\$0	\$0	\$0	\$0	\$0	\$0	\$5,091
Total Storage Var Non-product Costs	\$79,407	\$368,031	\$814,480	\$761,766	\$225,175	\$35,006	\$54,298	\$73,511	\$80,825	\$76,818	\$32,604	\$45,136	\$2,647,059
Storage Var Non-Product Collections	\$88,717	\$255,324	\$358,013	\$352,952	\$306,706	\$233,672	\$136,418	\$79,377	\$63,100	\$59,705	\$63,972	\$87,636	\$2,085,592
Prelim. Ending Balance	(\$619,508)	(\$507,812)	(\$2,303)	\$356,035	\$274,744	\$76,615	(\$5,216)	(\$11,021)	\$6,690	\$23,800	(\$7,542)	(\$50,028)	
Month's Average Balance	(\$614,854)	(\$564,165)	(\$280,536)	\$151,628	\$315,510	\$175,947	\$35,844	(\$8,088)	(\$2,172)	\$15,243	\$8,142	(\$28,778)	
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%	
Interest Applied	(\$1,011)	(\$958)	(\$477)	\$241	\$536	\$289	\$61	(\$13)	(\$4)	\$26	\$13	(\$49)	(\$1,345)
Storage Var Non-Product Ending Bal.	(\$620,519)	(\$508,770)	(\$52,779)	\$356,276	\$275,280	\$76,904	(\$5,155)	(\$11,034)	\$6,687	\$23,826	(\$7,529)	(\$50,077)	
<b><u>GCR Deferred Summary</u></b>													
Beginning Balance	\$21,682,413	\$23,637,129	\$28,880,136	\$26,242,120	\$21,978,791	\$17,443,200	\$9,146,667	\$5,183,541	\$4,846,404	\$6,029,970	\$7,649,616	\$9,377,880	
Gas Costs	\$16,866,859	\$31,449,838	\$34,098,320	\$31,924,471	\$26,926,469	\$15,642,511	\$10,006,987	\$7,759,419	\$7,558,076	\$7,664,843	\$8,184,869	\$12,800,202	\$210,882,864
Working Capital	\$70,043	\$131,468	\$141,675	\$132,843	\$113,025	\$65,559	\$41,470	\$31,717	\$30,708	\$31,048	\$33,325	\$52,728	\$875,608
Total Costs	\$16,936,902	\$31,581,307	\$34,239,994	\$32,057,313	\$27,039,494	\$15,708,069	\$10,048,457	\$7,791,136	\$7,588,784	\$7,695,891	\$8,218,194	\$12,852,930	\$211,758,472
Collections	\$15,019,404	\$26,382,866	\$36,924,787	\$36,358,924	\$31,608,538	\$24,026,439	\$14,023,744	\$8,136,510	\$6,414,447	\$6,087,854	\$6,503,914	\$8,949,269	\$220,436,696
Prelim. Ending Balance	\$23,599,911	\$28,835,570	\$26,195,343	\$21,940,509	\$17,409,747	\$9,124,830	\$5,171,380	\$4,838,167	\$6,020,741	\$7,638,007	\$9,363,896	\$13,281,541	
Month's Average Balance	\$22,641,162	\$26,236,350	\$27,537,740	\$24,091,314	\$19,694,269	\$13,284,015	\$7,159,024	\$5,010,854	\$5,433,572	\$6,833,989	\$8,506,756	\$11,329,711	
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%	
Interest Applied	\$37,218	\$44,566	\$46,776	\$38,282	\$33,453	\$21,837	\$12,161	\$8,237	\$9,230	\$11,608	\$13,984	\$19,245	\$296,597
Ending Bal. W/ Interest	\$23,637,129	\$28,880,136	\$26,242,120	\$21,978,791	\$17,443,200	\$9,146,667	\$5,183,541	\$4,846,404	\$6,029,970	\$7,649,616	\$9,377,880	\$13,300,786	
Under/(Over)-collection	\$1,917,498	\$5,198,441	(\$2,684,793)	(\$4,301,611)	(\$4,569,044)	(\$8,318,370)	(\$3,975,287)	(\$345,374)	\$1,174,337	\$1,608,037	\$1,714,280	\$3,903,661	

**NEW ENGLAND GAS COMPANY**  
**Gas Cost Recovery Filing**  
**Factors Effective 02/19/04**  
**(per Dth)**

<u>Line No.</u>	<u>Description</u> (a)	<u>Reference</u> (b)	<u>Resid &amp; Small C&amp;I</u> (c)	<u>Medium C&amp;I</u> (d)	<u>Large LLF</u> (e)	<u>Large HLF</u> (f)	<u>Extra Large LLF</u> (g)	<u>Extra Large HLF</u> (h)
1	Supply Fixed Cost Factor	pg. 2	\$0.8412	\$0.7589	\$0.7610	\$0.5790	\$0.9346	\$0.5153
2	Storage Fixed Cost Factor	pg. 3	\$0.3900	\$0.3502	\$0.3588	\$0.2725	\$0.4333	\$0.2389
3	Supply Variable Cost Factor	pg. 4	\$6.5757	\$6.5757	\$6.5757	\$6.5757	\$6.5757	\$6.5757
4a	Storage Variable Product Cost Factor	pg. 5	\$0.7991	\$0.7991	\$0.7991	\$0.7991	\$0.7991	\$0.7991
4b	Storage Variable Non-product Cost Factor	pg. 6	\$0.0710	\$0.0710	\$0.0710	\$0.0710	\$0.0710	\$0.0710
5	Total Gas Cost Recovery Charge	(1)+(2)+(3)+(4)	\$8.6770	\$8.5549	\$8.5656	\$8.2973	\$8.8137	\$8.2000
6	Uncollectible %	Docket 3401	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%
7	Total GCR Charge adjusted for Uncollectibles	(5) / [(1 - (6))]	\$8.8631	\$8.7384	\$8.7493	\$8.4753	\$9.0028	\$8.3759

NEW ENGLAND GAS COMPANY  
Gas Cost Recovery Filing  
Determination of Supply Fixed Cost Factor (per Dth)  
February 19, 2004 through October 31, 2004

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 HLF (i)
1	Supply Fixed Costs	GLB 1	\$19,303,788						
2	Less:								
3	Capacity Release Revenues	GLB 1		Due to confidentiality concerns, capacity release revenues are included in the Supply					
4	Interruptible Costs		\$0	Fixed costs total (line 1).					
5	Non-Firm Sales Costs		\$0						
6	Off-System Sales Margin		\$0						
7	Refunds		<u>\$0</u>						
8	Total Credits	sum[(3):(7)]	\$0						
9	Plus:								
10	Working Capital Requirement	pg 9	\$81,635						
11	Reconciliation Amount	pg 6	(\$4,083,512)						
12	Proration/Reconciliation Adj.	calculation	(\$421,305)						
13	Total Additions	sum (10 - 12)	(\$4,423,182)						
14	Total Supply Fixed Costs	(1) - (8) + (13)	\$14,880,605						
15	Design Winter Sales Percentage	pg 14		78.83%	13.94%	4.37%	1.60%	0.61%	0.64%
16	Allocated Supply Fixed Costs	(14) x (15)		\$11,731,053	\$2,074,892	\$650,673	\$237,994	\$90,466	\$95,528
17	Feb 2004 thru Oct 2004 Sales (Dt)	pg 13		13,945,250	2,734,077	855,037	411,035	96,792	185,401
18	Supply Fixed Factor	(16) / (17)		\$0.8412	\$0.7589	\$0.7610	\$0.5790	\$0.9346	\$0.5153

NEW ENGLAND GAS COMPANY  
Gas Cost Recovery Filing  
Determination of Storage Fixed Cost Factor

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)
1	Storage Fixed Costs	GLB 1	\$8,070,816						
2	Less:								
3	LNG Demand to DAC	GLB 2/Dkt 3401	\$520,324						
4	Credits		\$0						
5	Refunds		\$0						
6	Total Credits	sum [(3):(5)]	\$520,324						
7	Plus:								
8	Supply Related LNG O&M Costs	Docket 3401	\$389,171						
9	Working Capital Requirement	pg 9	\$33,576						
10	Reconciliation Amount	pg 6	(\$949,182)						
11	Proration/Reconciliation Adj.	calculation	\$21,119						
12	Total Additions	sum [(8):(11)]	(\$505,316)						
13	Total Storage Fixed Costs	(1) - (6) + (12)	\$7,045,176						
14	Design Winter Throughput Percentage	pg 14		77.19%	15.07%	4.79%	1.73%	0.60%	0.63%
15	Allocated Storage Fixed Costs	(13) x (14)		\$5,438,239	\$1,061,749	\$337,199	\$121,766	\$41,938	\$44,285
16	Feb 2004 thru Oct 2004 Sales (Dt)	pg 13		13,945,250	3,032,063	939,789	446,768	96,792	185,401
17	Storage Fixed Factor	(15) / (16)		\$0.3900	\$0.3502	\$0.3588	\$0.2725	\$0.4333	\$0.2389

**NEW ENGLAND GAS COMPANY**  
**Gas Cost Recovery Filing**  
**Determination of Variable Cost Factors (per Dth)**

<u>Line No.</u>	<u>Description</u>	<u>Reference</u>	<u>Amount</u>
1	<b>Variable Supply Costs</b>	GLB 1	\$89,782,831
2	Less:		
3	Non-Firm Sales		\$0
4	Variable Delivery Storage Costs	GLB 2/ MJH 1 p5	\$98,524
5	Variable Injection Storage Costs	pg 5	\$41,236
6	Fuel Costs Allocated to Storage	pg 5	\$736,246
7	Refunds		<u>\$0</u>
8	Total Credits	sum [(3):(7)]	\$876,006
9	Plus:		
10	Working Capital	pg 10	\$375,982
11	Reconciliation Amount	pg 7	\$27,446,273
12	Proration/Reconciliation Adj.	calculation	<u>\$3,130,359</u>
13	Total Additions	(10)+(11)+(12)	\$30,952,615
14	Total Variable Supply Costs	(1)-(8)+(13)	\$119,859,440
15	Feb 2004 thru Oct 2004 Sales (Dt)	pg 13	18,227,592
16	<b>Supply Variable Cost Factor</b>	(14)/(15)	<u><u>\$6.5757</u></u>

**NEW ENGLAND GAS COMPANY**  
**Gas Cost Recovery Filing**  
**Determination of Variable Cost Factors (per Dth)**

<u>Line No.</u>	<u>Description</u>	<u>Reference</u>	<u>Amount</u>
1	<b>Storage Variable Product Costs</b>	GLB 1	\$9,323,453
2	Less:		
3	Balancing Related LNG Costs (to DAC)	GLB 1/Dkt 3401	\$358,312
4	Refunds		<u>\$0</u>
5	Total Credits	(3)+(4)	\$358,312
6	Plus:		
7	Supply Related LNG O&M	Docket 3401	\$274,099
8	Working Capital	pg 10	\$39,072
9	Inventory Financing - LNG (Supply)	pg 12	\$309,897
10	Inventory Financing - Storage	pg 12	\$1,340,383
11	Inventory Financing - LP	pg 12	\$42,143
12	Reconciliation Amount	pg 7	\$3,881,319
13	Proration/Reconciliation Adj.	calculation	<u>(\$285,600)</u>
14	Total Additions	sum[(7):(13)]	\$5,601,314
15	Total Storage Variable Costs	(1)-(5)+(14)	\$14,566,455
16	Feb 2004 thru Oct 2004 Sales (Dt)	pg 13	18,227,592
17	<b>Storage Variable Product Cost Factor</b>	(15) / (16)	<u>\$0.7991</u>
18	<b>Storage Variable Non-Product Costs</b>	GLB 1	\$509,902
19	Less:		
20	Refunds		<u>\$0</u>
21	Total Credits		<u>\$0</u>
22	Plus:		
23	Variable Delivery Storage Costs	pg 4	\$98,524
24	Variable Injection Storage Costs	pg 4	\$41,236
25	Fuel Costs Allocated to Storage	pg 4	\$736,246
26	Working Capital	pg 11	\$2,156
27	Inventory Financing - Storage	pg 12	\$0
28	Reconciliation Amount	pg 8	(\$52,779)
29	Proration/Reconciliation Adj.	calculation	<u>(\$11,223)</u>
30	Total Additions	sum[(23):(29)]	\$814,160
31	Total Storage Variable Costs	(18)-(21)+(30)	\$1,324,062
32	Feb 2004 thru Oct 2004 Sales (Dt)	pg 13	18,646,063
33	<b>Storage Variable Product Cost Factor</b>	(31) / (32)	<u>\$0.0710</u>

New England Gas Company  
Rhode Island Service Area  
Deferred Gas Cost Balances

	Jul-03 31 act	Aug-03 31 act	Sep-03 30 act	Oct-03 31 act	Nov-03 30 act	Dec-03 31 prelim act	Jan-04 31 fcst
<u>I. Supply Fixed Cost Deferred</u>							
1 Beginning Balance	(\$6,518,692)	(\$5,041,961)	(\$3,699,227)	(\$2,209,678)	(\$945,701)	(\$730,680)	(\$1,777,188)
2 Supply Fixed Costs	\$2,209,398	\$2,041,792	\$2,103,601	\$2,232,554	\$2,128,136	\$2,124,446	\$2,145,150
4 Working Capital	<u>\$9,513</u>	<u>\$8,792</u>	<u>\$9,058</u>	<u>\$9,613</u>	<u>\$9,000</u>	<u>\$8,984</u>	<u>\$9,072</u>
5 Total Supply Fixed Costs	\$2,218,911	\$2,050,584	\$2,112,659	\$2,242,167	\$2,137,136	\$2,133,430	\$2,154,222
6 Supply Fixed - Collections	\$732,370	\$700,431	\$618,257	\$975,513	\$1,920,738	\$3,177,810	\$4,455,572
7 Prelim. Ending Balance	(\$5,032,151)	(\$3,691,809)	(\$2,204,825)	(\$943,024)	(\$729,304)	(\$1,775,060)	(\$4,078,539)
8 Month's Average Balance	(\$5,775,422)	(\$4,366,885)	(\$2,952,026)	(\$1,576,351)	(\$837,502)	(\$1,252,870)	(\$2,927,863)
9 Interest Rate (Fleet Prime)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
10 Interest Applied	(\$9,810)	(\$7,418)	(\$4,853)	(\$2,678)	(\$1,377)	(\$2,128)	(\$4,973)
11 Supply Fixed Ending Balance	(\$5,041,961)	(\$3,699,227)	(\$2,209,678)	(\$945,701)	(\$730,680)	(\$1,777,188)	(\$4,083,512)
<u>II. Storage Fixed Cost Deferred</u>							
12 Beginning Balance	(\$2,240,080)	(\$1,617,339)	(\$985,068)	(\$311,945)	\$282,248	\$413,435	(\$41,765)
13 Storage Fixed Costs	\$868,984	\$869,012	\$877,007	\$923,297	\$871,206	\$848,166	\$931,729
14 LNG Demand to DAC	(\$32,114)	(\$32,114)	(\$32,114)	(\$32,114)	(\$57,790)	(\$49,471)	(\$58,283)
15 Supply Related LNG O & M	\$43,241	\$43,241	\$43,241	\$43,241	\$43,241	\$43,241	\$43,241
16 Working Capital	<u>\$3,790</u>	<u>\$3,790</u>	<u>\$3,824</u>	<u>\$4,023</u>	<u>\$3,623</u>	<u>\$3,561</u>	<u>\$3,877</u>
17 Total Storage Fixed Costs	\$883,901	\$883,929	\$891,958	\$938,447	\$860,280	\$845,496	\$920,564
18 Storage Fixed - Collections	\$257,886	\$249,449	\$217,770	\$344,229	\$729,664	\$1,301,012	\$1,827,140
19 Prelim. Ending Balance	(\$1,614,066)	(\$982,859)	(\$310,880)	\$282,273	\$412,864	(\$42,080)	(\$948,341)
20 Month's Average Balance	(\$1,927,073)	(\$1,300,099)	(\$647,974)	(\$14,836)	\$347,556	\$185,677	(\$495,053)
21 Interest Rate (Fleet Prime)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
22 Interest Applied	(\$3,273)	(\$2,208)	(\$1,065)	(\$25)	\$571	\$315	(\$841)
23 Storage Fixed Ending Balance	(\$1,617,339)	(\$985,068)	(\$311,945)	\$282,248	\$413,435	(\$41,765)	(\$949,182)

New England Gas Company  
Rhode Island Service Area  
Deferred Gas Cost Balances

	Jul-03 31 act	Aug-03 31 act	Sep-03 30 act	Oct-03 31 act	Nov-03 30 act	Dec-03 31 prelim act	Jan-04 31 fcst
<u>III. Variable Supply Cost Deferred</u>							
24 Beginning Balance	\$17,196,297	\$17,037,509	\$16,824,966	\$17,474,546	\$20,853,786	\$23,089,286	\$30,871,171
25 Variable Supply Costs	\$3,582,056	\$3,392,503	\$3,853,896	\$8,316,701	\$12,688,704	\$26,322,849	\$22,842,051
26 Variable Delivery Storage	\$0	\$0	\$0	\$0	(\$9,397)	(\$20,709)	(\$85,341)
27 Variable Injections Storage	(\$6,179)	(\$6,179)	(\$6,179)	(\$6,110)	(\$1,071)	(\$41)	\$0
28 Fuel Cost Allocated to Storage	(\$37,452)	(\$37,764)	(\$37,666)	(\$37,534)	(\$40,087)	(\$93,781)	(\$333,667)
29 Working Capital	\$15,049	\$14,261	\$16,298	\$35,497	\$53,446	\$110,834	\$94,826
30 Total Supply Variable Costs	<u>\$3,553,474</u>	<u>\$3,362,821</u>	<u>\$3,826,349</u>	<u>\$8,308,554</u>	<u>\$12,691,595</u>	<u>\$26,319,151</u>	<u>\$22,517,869</u>
31 Supply Variable - Collections	\$3,731,704	\$3,601,953	\$3,204,613	\$4,961,512	\$10,492,183	\$18,582,358	\$25,992,254
32 Deferred Responsibility	\$9,609	\$2,146	\$325	\$327	\$0	\$699	\$0
33 Prelim. Ending Balance	\$17,008,458	\$16,796,231	\$17,446,378	\$20,821,261	\$23,053,198	\$30,825,380	\$27,396,785
34 Month's Average Balance	\$17,102,377	\$16,916,870	\$17,135,672	\$19,147,903	\$21,953,492	\$26,957,333	\$29,133,978
35 Interest Rate (Fleet Prime)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
36 Interest Applied	\$29,051	\$28,736	\$28,168	\$32,525	\$36,088	\$45,791	\$49,488
37 Supply Variable Ending Balance	\$17,037,509	\$16,824,966	\$17,474,546	\$20,853,786	\$23,089,286	\$30,871,171	\$27,446,273
<u>IVa. Storage Variable Product Cost Deferred</u>							
38 Beginning Balance	\$3,055,265	\$2,730,433	\$2,457,347	\$2,250,678	\$2,102,278	\$1,485,608	\$336,688
39 Storage Variable Prod. Costs - LNG	\$152,028	\$146,145	\$149,883	\$104,899	\$205,319	\$178,470	\$2,410,240
40 Storage Variable Prod. Costs - LP	\$202	\$485	\$0	\$0	(\$1,750)	(\$1,592)	\$62,175
41 Storage Variable Prod. Costs - UG	\$109	\$70	\$179	\$337,902	\$719,054	\$1,489,619	\$5,611,002
42 Supply Related LNG to DAC	(\$30,999)	(\$29,799)	(\$30,561)	(\$21,389)	(\$41,865)	(\$36,390)	(\$491,448)
43 Supply Related LNG O & M	\$30,455	\$30,455	\$30,455	\$30,455	\$30,455	\$30,455	\$30,455
44 Inventory Financing - LNG	\$34,535	\$34,867	\$27,548	\$40,260	\$43,865	\$45,551	\$29,889
45 Inventory Financing - UG	\$138,999	\$172,521	\$169,706	\$223,849	\$204,093	\$197,250	\$143,387
46 Inventory Financing - LP	\$2,438	\$2,438	\$6,498	\$5,670	\$5,552	\$5,511	\$4,923
47 Working Capital	<u>\$279</u>	<u>\$288</u>	<u>\$349</u>	<u>\$1,632</u>	<u>\$3,761</u>	<u>\$7,022</u>	<u>\$32,235</u>
48 Total Storage Variable Product Costs	\$328,046	\$357,470	\$354,057	\$723,279	\$1,168,485	\$1,915,896	\$7,832,859
49 Storage Variable Product Collections	\$657,788	\$634,958	\$564,593	\$875,372	\$1,788,102	\$3,066,362	\$4,291,808
50 Prelim. Ending Balance	\$2,725,523	\$2,452,945	\$2,246,811	\$2,098,585	\$1,482,661	\$335,142	\$3,877,740
51 Month's Average Balance	\$2,890,394	\$2,591,689	\$2,352,079	\$2,174,631	\$1,792,470	\$910,375	\$2,107,214
52 Interest Rate (Fleet Prime)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
53 Interest Applied	\$4,910	\$4,402	\$3,866	\$3,694	\$2,947	\$1,546	\$3,579
54 Storage Variable Product Ending Bal.	\$2,730,433	\$2,457,347	\$2,250,678	\$2,102,278	\$1,485,608	\$336,688	\$3,881,319

New England Gas Company  
Rhode Island Service Area  
Deferred Gas Cost Balances

	Jul-03 31 act	Aug-03 31 act	Sep-03 30 act	Oct-03 31 act	Nov-03 30 act	Dec-03 31 prelim act	Jan-04 31 fcst
<b><u>Iv.b. Stor Var Non-Prod Cost Deferred</u></b>							
55 Beginning Balance	(\$749,747)	(\$714,752)	(\$679,144)	(\$642,756)	(\$610,199)	(\$620,519)	(\$508,770)
56 Storage Variable Non-prod. Costs	\$0	\$0	\$0	\$0	\$28,638	\$252,432	\$393,807
57 Variable Delivery Storage Costs	\$0	\$0	\$0	\$0	\$9,397	\$20,709	\$85,341
58 Variable Injection Storage Costs	\$6,179	\$6,179	\$6,179	\$6,110	\$1,071	\$41	\$0
59 Fuel Costs Allocated to Storage	\$37,452	\$37,764	\$37,666	\$37,534	\$40,087	\$93,781	\$333,667
60 Working Capital	\$375	\$347	\$296	\$313	\$214	\$1,068	\$1,665
61 Total Storage Var Non-product Costs	\$44,006	\$44,289	\$44,141	\$43,957	\$79,407	\$368,031	\$814,480
62 Storage Var Non-Product Collections	\$7,768	\$7,498	\$6,667	\$10,337	\$88,717	\$255,324	\$358,013
63 Prelim. Ending Balance	(\$713,509)	(\$677,961)	(\$641,670)	(\$609,136)	(\$619,508)	(\$507,812)	(\$52,303)
64 Month's Average Balance	(\$731,628)	(\$696,357)	(\$660,407)	(\$625,946)	(\$614,854)	(\$564,165)	(\$280,536)
65 Interest Rate (Fleet Prime)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
66 Interest Applied	(\$1,243)	(\$1,183)	(\$1,086)	(\$1,063)	(\$1,011)	(\$958)	(\$477)
67 Storage Var Non-Product Ending Bal.	(\$714,752)	(\$679,144)	(\$642,756)	(\$610,199)	(\$620,519)	(\$508,770)	(\$52,779)
<b><u>GCR Deferred Summary</u></b>							
Beginning Balance	\$10,743,042	\$12,393,889	\$13,918,875	\$16,560,845	\$21,682,413	\$23,637,129	\$28,880,136
Gas Costs	\$6,989,724	\$6,669,470	\$7,199,014	\$12,204,999	\$16,866,859	\$31,449,838	\$34,098,320
Working Capital	\$29,005	\$27,476	\$29,825	\$51,079	\$70,043	\$131,468	\$141,675
Total Costs	\$7,018,729	\$6,696,946	\$7,228,839	\$12,256,077	\$16,936,902	\$31,581,307	\$34,239,994
Collections	\$5,387,516	\$5,194,289	\$4,611,900	\$7,166,963	\$15,019,404	\$26,382,866	\$36,924,787
Prelim. Ending Balance	\$12,374,255	\$13,896,546	\$16,535,814	\$21,649,960	\$23,599,911	\$28,835,570	\$26,195,343
Month's Average Balance	\$11,558,648	\$13,145,217	\$15,227,344	\$19,105,402	\$22,641,162	\$26,236,350	\$27,537,740
Interest Rate (Fleet Prime)	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	\$46,776
<b>Ending Bal. W/ Interest</b>	<b>\$12,393,889</b>	<b>\$13,918,875</b>	<b>\$16,560,845</b>	<b>\$21,682,413</b>	<b>\$23,637,129</b>	<b>\$28,880,136</b>	<b>\$26,242,120</b>
Under/(Over)-collection	\$1,631,213	\$1,502,657	\$2,616,939	\$5,089,114	\$1,917,498	\$5,198,441	(\$2,684,793)

**NEW ENGLAND GAS COMPANY**  
**Gas Cost Recovery Filing**  
**Fixed Costs Working Capital Calculation**  
**February 2004 thru October 2004**

Line No.	<u>Description</u> (a)	<u>Reference</u> (b)	<u>Amount</u> (c)
1	<b>Supply Fixed Costs</b>	GLB 1	\$19,303,788
2	Capacity Release Revenue		
3	Allowable Working Capital Costs	(1) - (2)	\$19,303,788
4	Number of Days Lag	Docket 3401	13.40
5	Working Capital Requirement	[(3) x (4)] / 365	\$708,687
6	Cost of Capital	Docket 3436	<u>8.88%</u>
7	Return on Working Capital Requirement	(5) x (6)	\$62,917
8	Weighted Cost of Debt	Docket 3436	<u>3.97%</u>
9	Interest Expense	(5) x (8)	\$28,156
10	Taxable Income	(7) - (9)	\$34,761
11	1 - Combined Tax Rate	Docket 3401	<u>0.6500</u>
12	Return and Tax Requirement	(10) / (11)	\$53,479
13	<b>Supply Fixed Working Capital Requirement</b>	(9) + (12)	<u>\$81,635</u>
14	<b>Storage Fixed Costs</b>	GLB 1	\$8,070,816
15	Less: LNG Demand to DAC		(\$520,324)
16	Less: Credits		\$0
17	Plus: Supply Related LNG O&M Costs		\$389,171
18	Allowable Working Capital Costs	(14) - (15) + (16)	\$7,939,663
19	Number of Days Lag	Docket 3401	13.40
20	Working Capital Requirement	[(17) x (18)] / 365	\$291,484
21	Cost of Capital	Docket 3436	<u>8.88%</u>
22	Return on Working Capital Requirement	(19) x (20)	\$25,878
23	Weighted Cost of Debt	Docket 3436	<u>3.97%</u>
24	Interest Expense	(19) x (22)	\$11,581
25	Taxable Income	(19) - (23)	\$14,297
26	1 - Combined Tax Rate	Docket 3401	<u>0.6500</u>
27	Return and Tax Requirement	(24) / (25)	\$21,996
28	<b>Storage Fixed Working Capital Requirement</b>	(23) + (26)	<u>\$33,576</u>

**NEW ENGLAND GAS COMPANY**  
**Gas Cost Recovery Filing**  
**Variable Costs Working Capital Calculation**  
**February 2004 thru October 2004**

Line No.	<u>Description</u> (a)	<u>Reference</u> (b)	<u>Amount</u> (c)
1	<b>Supply Variable Costs</b>	GLB 1	\$89,782,831
2	Credits		<u>\$876,006</u>
3	Allowable Working Capital Costs	(1) - (2)	\$88,906,825
4	Number of Days Lag	Docket 3401	13.40
5	Working Capital Requirement	[(3) x (4)] / 365	\$3,263,977
6	Cost of Capital	Docket 3436	<u>8.88%</u>
7	Return on Working Capital Requirement	(5) x (6)	\$289,776
8	Weighted Cost of Debt	Docket 3436	<u>3.97%</u>
9	Interest Expense	(5) x (8)	\$129,678
10	Taxable Income	(7) - (9)	\$160,098
11	1 - Combined Tax Rate	Rate Case	<u>0.6500</u>
12	Return and Tax Requirement	(10) / (11)	\$246,305
13	<b>Supply Variable Working Capital Requirement</b>	(9) + (12)	<u>\$375,982</u>
14	<b>Storage Variable Product Costs</b>	GLB 1	\$9,323,453
15	Less: Balancing Related LNG Commodity (to DAC)		(\$358,312)
16	Plus: Supply Related LNG O&M Costs		<u>\$274,099</u>
17	Allowable Working Capital Costs	(14) + (15) + (16)	\$9,239,240
18	Number of Days Lag	Docket 3401	13.40
19	Working Capital Requirement	[(17) * (18)] / 365	\$339,194
20	Cost of Capital	Docket 3436	<u>8.88%</u>
21	Return on Working Capital Requirement	(19) x (20)	\$30,114
22	Weighted Cost of Debt	Docket 3436	<u>3.97%</u>
23	Interest Expense	(19) x (22)	\$13,476
24	Taxable Income	(19) - (23)	\$16,637
25	1 - Combined Tax Rate	Rate Case	<u>0.6500</u>
26	Return and Tax Requirement	(24) / (25)	\$25,596
27	<b>Storage Var. Product Working Capital Requir.</b>	(23) + (26)	<u>\$39,072</u>

**NEW ENGLAND GAS COMPANY**  
**Gas Cost Recovery Filing**  
**Variable Costs Working Capital Calculation**  
**February 2004 thru October 2004**

Line No.	<u>Description</u> (a)	<u>Reference</u> (b)	<u>Amount</u> (c)
1	<b>Storage Variable Non-Product Costs</b>	GLB 1	\$509,902
2	Credits		<u>\$0</u>
3	Allowable Working Capital Costs	(1) - (2)	\$509,902
4	Number of Days Lag	Docket 3401	13.40
5	Working Capital Requirement	[(3) x (4)] / 365	\$18,720
6	Cost of Capital	Docket 3436	<u>8.88%</u>
7	Return on Working Capital Requirement	(5) x (6)	\$1,662
8	Weighted Cost of Debt	Docket 3436	<u>3.97%</u>
9	Interest Expense	(5) x (8)	\$744
10	Taxable Income	(7) - (9)	\$918
11	1 - Combined Tax Rate	Docket 3401	<u>0.6500</u>
12	Return and Tax Requirement	(10) / (11)	\$1,413
13	<b>Storage Variable Non-product WC Requir.</b>	(9) + (12)	<u>\$2,156</u>

**NEW ENGLAND GAS COMPANY**  
**Gas Cost Recovery Filing**  
**Gas Inventory Financing Costs**

Line No.	Description (a)	Reference (b)	Nov-03 (c)	Dec-03 (d)	Jan-04 (e)	Feb-04 (f)	Mar-04 (g)	Apr-04 (h)	May-04 (i)	Jun-04 (j)	Jul-04 (k)	Aug-04 (l)	Sep-04 (m)	Oct-04 (n)	Total (p)
1	<b>Storage Inventory Balance</b>	GLB 2 pg 11	\$21,261,275	\$20,548,336	\$14,937,276	\$9,568,826	\$7,509,824	\$7,629,266	\$11,337,822	\$15,327,343	\$18,301,255	\$21,312,019	\$23,661,428	\$24,985,736	
2	Cost of Capital	Docket 3436	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	
3	Return on Working Capital Requirement	(1) x (2)	\$1,887,576	\$1,824,281	\$1,326,131	\$849,520	\$666,722	\$677,326	\$1,006,572	\$1,360,761	\$1,624,785	\$1,892,081	\$2,100,662	\$2,218,234	\$17,434,652
4	Weighted Cost of Debt	Docket 3436	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	
5	Interest Charges Financed	(1) x (4)	\$844,710	\$816,385	\$593,458	\$380,169	\$298,365	\$303,111	\$450,452	\$608,955	\$727,109	\$846,727	\$940,069	\$992,683	\$7,802,193
6	Taxable Income	(3) - (5)	\$1,042,866	\$1,007,896	\$732,673	\$469,351	\$368,357	\$374,215	\$556,120	\$751,806	\$897,677	\$1,045,355	\$1,160,593	\$1,225,550	
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	
8	Return and Tax Requirement	(6) / (7)	\$1,604,408	\$1,550,609	\$1,127,190	\$722,078	\$566,703	\$575,716	\$855,569	\$1,156,625	\$1,381,041	\$1,608,238	\$1,785,528	\$1,885,462	\$14,819,167
9	Working Capital Requirement	(5) + (8)	\$2,449,119	\$2,366,994	\$1,720,648	\$1,102,248	\$865,068	\$878,827	\$1,306,021	\$1,765,580	\$2,108,150	\$2,454,964	\$2,725,596	\$2,878,145	\$22,621,361
10	Monthly Average	(9) / 12	\$204,093	\$197,250	\$143,387	\$91,854	\$72,089	\$73,236	\$108,835	\$147,132	\$175,679	\$204,580	\$227,133	\$239,845	\$1,885,113
11	<b>LNG Inventory Balance</b>	GLB 2 pg 18	\$5,739,967	\$5,960,662	\$3,911,162	\$3,639,744	\$3,809,372	\$4,061,496	\$4,301,785	\$4,475,218	\$4,656,085	\$4,838,564	\$5,251,039	\$5,518,553	
12	Cost of Capital	Docket 3436	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	
13	Return on Working Capital Requirement	(11) x (12)	\$509,594	\$529,188	\$347,233	\$323,136	\$338,196	\$360,580	\$381,912	\$397,310	\$413,367	\$429,568	\$466,187	\$489,937	\$4,986,208
14	Weighted Cost of Debt	Docket 3436	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	
15	Interest Charges Financed	(11) x (14)	\$228,049	\$236,817	\$155,390	\$144,607	\$151,346	\$161,363	\$170,910	\$177,800	\$184,986	\$192,236	\$208,624	\$219,252	\$2,231,382
16	Taxable Income	(13) - (15)	\$281,545	\$292,370	\$191,842	\$178,529	\$186,850	\$199,216	\$211,003	\$219,509	\$228,381	\$237,332	\$257,563	\$270,685	
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	
18	Return and Tax Requirement	(16) / (17)	\$433,147	\$449,801	\$295,142	\$274,661	\$287,461	\$306,487	\$324,619	\$337,707	\$351,355	\$365,125	\$396,251	\$416,438	\$4,238,195
19	Working Capital Requirement	(15) + (18)	\$661,196	\$686,618	\$450,533	\$419,268	\$438,807	\$467,850	\$495,529	\$515,507	\$536,342	\$557,362	\$604,875	\$635,691	\$6,469,577
20	Monthly Average	(19) / 12	\$55,100	\$57,218	\$37,544	\$34,939	\$36,567	\$38,987	\$41,294	\$42,959	\$44,695	\$46,447	\$50,406	\$52,974	\$539,131
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%	
22	Balancing Related Inventory Costs	(20) x (21)	\$11,235	\$11,667	\$7,655	\$7,124	\$7,456	\$7,950	\$8,420	\$8,759	\$9,113	\$9,471	\$10,278	\$10,801	\$109,929
23	Supply Related Inventory Costs	(21) - (22)	\$43,865	\$45,551	\$29,889	\$27,815	\$29,111	\$31,038	\$32,874	\$34,200	\$35,582	\$36,976	\$40,128	\$42,173	\$429,203
24	<b>LP Inventory Balance</b>	GLB 2 pg 19	\$578,402	\$574,077	\$512,902	\$487,803	\$487,803	\$487,803	\$487,803	\$487,803	\$487,803	\$487,803	\$487,803	\$487,803	
25	Cost of Capital	Docket 3436	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	
26	Return on Working Capital Requirement	(24) x (25)	\$51,351	\$50,967	\$45,535	\$43,307	\$43,307	\$43,307	\$43,307	\$43,307	\$43,307	\$43,307	\$43,307	\$43,307	\$537,617
27	Weighted Cost of Debt	Docket 3436	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%	
28	Interest Charges Financed	(24) x (27)	\$22,980	\$22,808	\$20,378	\$19,380	\$19,380	\$19,380	\$19,380	\$19,380	\$19,380	\$19,380	\$19,380	\$19,380	\$240,589
29	Taxable Income	(26) - (28)	\$28,371	\$28,158	\$25,158	\$23,927	\$23,927	\$23,927	\$23,927	\$23,927	\$23,927	\$23,927	\$23,927	\$23,927	
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	
31	Return and Tax Requirement	(29) / (30)	\$43,647	\$43,321	\$38,704	\$36,810	\$36,810	\$36,810	\$36,810	\$36,810	\$36,810	\$36,810	\$36,810	\$36,810	\$456,965
32	Working Capital Requirement	(27) + (31)	\$66,627	\$66,129	\$59,082	\$56,191	\$56,191	\$56,191	\$56,191	\$56,191	\$56,191	\$56,191	\$56,191	\$56,191	\$697,554
33	Monthly Average	(32) / 12	\$5,552	\$5,511	\$4,923	\$4,683	\$4,683	\$4,683	\$4,683	\$4,683	\$4,683	\$4,683	\$4,683	\$4,683	\$58,130

**NEW ENGLAND GAS COMPANY  
GAS COST RECOVERY FILING  
FORECASTED THROUGHPUT (Dt)**

Line No.	Rate Class (a)	February-04												Total (o)
		Jan-04 (d)	Feb-04 (e)	1-19	20-29	Mar-04 (f)	Apr-04 (g)	May-04 (h)	Jun-04 (i)	Jul-04 (j)	Aug-04 (k)	Sep-04 (l)	Oct-04 (m)	
1	<b>SALES (dth)</b>													
2	Residential Non-Heating	73,815	73,786	48,343	25,444	69,938	63,026	59,239	60,065	42,086	40,886	38,971	47,665	698,929
3	Residential Heating	3,225,012	3,124,593	2,047,147	1,077,446	2,749,191	2,056,132	1,127,953	627,487	482,770	448,910	495,373	705,485	18,571,927
4	Small C&I	463,515	451,130	295,568	155,562	392,756	283,107	145,973	85,803	62,726	59,827	64,212	86,160	2,583,017
5	Medium C&I	650,356	675,509	442,575	232,934	556,755	446,602	304,367	155,156	141,927	129,352	139,786	184,625	4,150,250
6	Large LLF	192,317	204,586	134,039	70,547	180,285	141,280	87,931	61,431	49,158	38,792	31,133	60,441	1,291,503
7	Large HLF	71,416	82,568	54,096	28,472	56,319	51,594	41,513	28,471	25,262	45,155	44,965	35,188	591,956
8	Extra Large LLF	28,231	22,732	14,894	7,839	20,018	15,349	10,710	6,200	4,359	4,090	4,779	8,555	167,296
9	Extra Large HLF	<u>28,776</u>	<u>26,746</u>	<u>17,523</u>	<u>9,223</u>	<u>26,566</u>	<u>23,313</u>	<u>21,876</u>	<u>19,765</u>	<u>14,996</u>	<u>15,371</u>	<u>16,240</u>	<u>20,529</u>	<u>262,965</u>
10	<b>Total Sales</b>	4,733,438	4,661,650	3,054,184	1,607,465	4,051,827	3,080,404	1,799,561	1,044,377	823,284	782,384	835,458	1,148,647	28,317,844
11	<b>FT-2 TRANSPORTATION</b>													
12	FT-2 Medium	56,350	66,306	43,442	22,864	58,849	46,981	28,388	17,369	21,926	17,645	17,929	22,591	449,103
13	FT-2 Large LLF	22,830	23,859	15,632	8,227	17,126	18,177	7,346	4,633	2,059	1,519	5,313	4,720	141,729
14	FT-2 Large HLF	12,359	4,953	3,245	1,708	5,689	3,662	3,233	3,388	3,134	3,097	3,459	5,118	58,050
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	<b>Total Transportation</b>	91,540	95,118	62,319	32,799	81,665	68,820	38,966	25,390	27,119	22,261	26,701	32,430	648,882
18	<b>Sales &amp; FT-2 THROUGHPUT</b>													
19	Residential Non-Heating	73,815	73,786	48,343	25,444	69,938	63,026	59,239	60,065	42,086	40,886	38,971	47,665	698,929
20	Residential Heating	3,225,012	3,124,593	2,047,147	1,077,446	2,749,191	2,056,132	1,127,953	627,487	482,770	448,910	495,373	705,485	18,571,927
21	Small C&I	463,515	451,130	295,568	155,562	392,756	283,107	145,973	85,803	62,726	59,827	64,212	86,160	2,583,017
22	Medium C&I	706,706	741,815	486,017	255,798	615,604	493,583	332,755	172,525	163,853	146,997	157,715	207,216	4,599,353
23	Large LLF	215,148	228,444	149,671	78,774	197,411	159,457	95,277	66,064	51,217	40,312	36,446	65,161	1,433,232
24	Large HLF	83,775	87,521	57,341	30,180	62,009	55,256	44,745	31,859	28,396	48,252	48,423	40,306	650,007
25	Extra Large LLF	28,231	22,732	14,894	7,839	20,018	15,349	10,710	6,200	4,359	4,090	4,779	8,555	167,296
26	Extra Large HLF	<u>28,776</u>	<u>26,746</u>	<u>17,523</u>	<u>9,223</u>	<u>26,566</u>	<u>23,313</u>	<u>21,876</u>	<u>19,765</u>	<u>14,996</u>	<u>15,371</u>	<u>16,240</u>	<u>20,529</u>	<u>262,965</u>
27	<b>Total Throughput</b>	4,824,977	4,756,768	3,116,503	1,640,265	4,133,492	3,149,224	1,838,527	1,069,767	850,403	804,645	862,159	1,181,077	28,966,726

**NEW ENGLAND GAS COMPANY  
GAS COST RECOVERY FILING  
DESIGN WINTER PERIOD THROUGHPUT (Dt)**

Line No.	Rate Class (a)	Nov-03 (b)	Dec-03 (c)	Jan-04 (d)	Feb-04 (e)	Mar-04 (f)	Total (h)	% (i)
<b>1</b>	<b><u>SALES (dth)</u></b>							
2	Residential Non-Heating	60,994	74,244	81,810	79,806	78,849	375,702	1.72%
3	Residential Heating	1,308,080	2,566,012	3,892,596	3,587,795	3,414,009	14,768,491	67.48%
4	Small C&I	164,089	375,316	560,979	519,074	489,351	2,108,809	9.64%
5	Medium C&I	289,604	543,336	771,915	768,250	678,464	3,051,569	13.94%
6	Large LLF	94,548	173,595	230,965	234,577	223,268	956,953	4.37%
7	Large HLF	50,320	64,117	81,021	90,623	63,939	350,020	1.60%
8	Extra Large LLF	19,163	30,105	31,977	28,130	23,675	133,050	0.61%
9	Extra Large HLF	22,631	29,253	30,356	29,481	28,773	140,495	0.64%
10	Total Sales	2,009,429	3,855,978	5,681,618	5,337,734	5,000,328	21,885,088	100.00%
<b>11</b>	<b><u>TRANSPORTATION</u></b>							
12	FT-2 Medium	37,342	65,519	66,883	75,409	71,714	316,867	
13	FT-2 Large LLF	17,360	19,480	27,418	27,356	21,209	112,824	
14	FT-2 Large HLF	5,026	5,344	14,021	5,437	6,459	36,287	
15	FT-2 Extra Large LLF	0	0	0	0	0	0	
16	FT-2 Extra Large HLF	0	0	0	0	0	0	
17	Total Transportation	59,727	90,342	108,322	108,202	99,383	465,977	
<b>18</b>	<b><u>THROUGHPUT</u></b>							
19	Residential Non-Heating	60,994	74,244	81,810	79,806	78,849	375,702	1.68%
20	Residential Heating	1,308,080	2,566,012	3,892,596	3,587,795	3,414,009	14,768,491	66.08%
21	Small C&I	164,089	375,316	560,979	519,074	489,351	2,108,809	9.43%
22	Medium C&I	326,946	608,854	838,797	843,659	750,179	3,368,436	15.07%
23	Large LLF	111,908	193,075	258,383	261,934	244,477	1,069,776	4.79%
24	Large HLF	55,345	69,461	95,042	96,059	70,399	386,307	1.73%
25	Extra Large LLF	19,163	30,105	31,977	28,130	23,675	133,050	0.60%
26	Extra Large HLF	22,631	29,253	30,356	29,481	28,773	140,495	0.63%
27	Total Throughput	2,069,156	3,946,320	5,789,941	5,445,937	5,099,711	22,351,065	100.00%

New England Gas Company  
Prorated February 2004 GCR Collections

	February 2004 GCR Collections (fcst)			Old vs. New GCR
	1-18	19-29	Total	
<b><u>I. Supply Fixed Cost Collections --</u></b>				
(a) Resid. & Small C & I dth	2,265,212	1,384,296	3,649,509	
Supply Fixed Cost Factor	\$0.9582	\$0.8412	\$0.9138	
Res & Small C & I collections	\$2,170,526	\$1,164,470	\$3,334,996	(\$265,030)
(b) C & I Medium dth	419,281	256,228	675,509	
Supply Fixed Cost Factor	\$0.8924	\$0.7589	\$0.8418	
C & I Medium collections	\$374,167	\$194,451	\$568,618	(\$55,974)
(c) C & I Large LLF dth	126,984	77,601	204,586	
Supply Fixed Cost Factor	\$0.8993	\$0.7610	\$0.8468	
C & I Large LLF collections	\$114,197	\$59,055	\$173,252	(\$17,562)
(d) C & I Large HLF dth	51,249	31,319	82,568	
Supply Fixed Cost Factor	\$0.7177	\$0.5790	\$0.6651	
C & I Large HLF collections	\$36,781	\$18,134	\$54,915	(\$7,108)
(e) C & I Extra Large LLF dth	14,110	8,623	22,732	
Supply Fixed Cost Factor	\$0.9653	\$0.9346	\$0.9537	
C & I XL LLF collections	\$13,620	\$8,059	\$21,679	(\$433)
(f) C & I Extra Large HLF dth	16,601	10,145	26,746	
Supply Fixed Cost Factor	\$0.6485	\$0.5153	\$0.5980	
C & I XL HLF collections	\$10,766	\$5,228	\$15,994	(\$2,211)
sub-total Dth	2,893,438	1,768,212	4,661,650	
sub-total Supply Fixed Collections	<b>\$2,720,057</b>	<b>\$1,449,397</b>	<b>\$4,169,454</b>	<b>(\$348,318)</b>

**II. Storage Fixed Cost Collections --**

(a) Resid. & Small C & I dth	2,265,212	1,384,296	3,649,509	
Storage Fixed Cost Factor	\$0.3861	\$0.3900	\$0.3876	
Res & Small C & I collections	\$874,598	\$539,876	\$1,414,474	\$8,834
(b) C & I Medium dth	419,281	256,228	675,509	
Storage Fixed Cost Factor	\$0.3582	\$0.3502	\$0.3552	
C & I Medium collections	\$150,187	\$89,731	\$239,918	(\$3,354)
(c) C & I Large LLF dth	126,984	77,601	204,586	
Storage Fixed Cost Factor	\$0.3650	\$0.3588	\$0.3626	
C & I Large LLF collections	\$46,349	\$27,843	\$74,192	(\$787)
(d) C & I Large HLF dth	51,249	31,319	82,568	
Storage Fixed Cost Factor	\$0.2907	\$0.2725	\$0.2838	
C & I Large HLF collections	\$14,898	\$8,534	\$23,432	(\$933)
(e) C & I XL LLF dth	14,110	8,623	22,732	
Storage Fixed Cost Factor	\$0.3890	\$0.4333	\$0.4058	
C & I XL LLF collections	\$5,489	\$3,736	\$9,225	\$625
(f) C & I XL HLF dth	16,601	10,145	26,746	
Storage Fixed Cost Factor	\$0.2613	\$0.2389	\$0.2528	

New England Gas Company  
Prorated February 2004 GCR Collections

	February 2004 GCR Collections (fcst)			Old vs. New GCR
	1-18	19-29	Total	
C & I XL HLF collections	\$4,338	\$2,424	\$6,762	(\$372)
(g) FT-2 dth	59,039	36,079	95,118	
Storage Fixed Cost Factor	\$0.3505	\$0.2259	\$0.3032	
FT-2 collection	\$20,693	\$8,151	\$28,844	(\$7,355)
sub-total Dth	2,952,477	1,804,291	4,756,768	
<b>sub-total Storage Fixed Collections</b>	<b>\$1,116,552</b>	<b>\$680,295</b>	<b>\$1,796,847</b>	<b>(\$3,342)</b>
<b><u>III. Variable Supply Cost Collections --</u></b>				
(a) Firm Sales dth	2,893,438	1,768,212	4,661,650	
Variable Supply Cost Factor	\$5.4912	\$6.5757	\$5.9026	
<b>Variable Supply collections</b>	<b>\$15,888,445</b>	<b>\$11,627,231</b>	<b>\$27,515,676</b>	<b>\$3,137,933</b>
<b>TOTAL Variable Supply Collections</b>	<b>\$15,888,445</b>	<b>\$11,627,231</b>	<b>\$27,515,676</b>	<b>\$3,137,933</b>
<b><u>IVa. Storage Variable Product Cost Collections --</u></b>				
(a) Firm Sales dth	2,893,438	1,768,212	4,661,650	
Variable Supply Cost Factor	\$0.9067	\$0.7991	\$0.8659	
<b>Stor Var Product collections</b>	<b>\$2,623,480</b>	<b>\$1,412,978</b>	<b>\$4,036,458</b>	<b>(\$311,334)</b>
<b><u>IVb. Storage Variable Non-product Cost Collections --</u></b>				
(a) Firm Sales dth	2,893,438	1,768,212	4,661,650	
Variable Supply Cost Factor	\$0.0742	\$0.0710	\$0.0730	
Stor Var Non-Product collec	\$214,693	\$125,543	\$340,236	(\$9,259)
(b) FT-2 dth	59,039	36,079	95,118	
Variable Supply Cost Factor	\$0.0742	\$0.0710	\$0.0730	
Stor Var Non-Product collec	\$4,381	\$2,562	\$6,943	(\$189)
(b) Total Firm Sales/FT-2 dth	2,952,477	1,804,291	4,756,768	
<b>Stor Var Non-Product collec</b>	<b>\$219,074</b>	<b>\$128,105</b>	<b>\$347,179</b>	<b>(\$9,448)</b>
<b>Total Gas Cost Collections</b>	<b>\$22,567,608</b>	<b>\$15,298,006</b>	<b>\$37,865,614</b>	<b>\$2,465,491</b>

New England Gas Company  
Rhode Island Division  
Deferred Gas Cost Balances

	Nov-03 30 act	Dec-03 31 prelim act	Jan-04 31 fcst	Feb-04 29 fcst	Mar-04 31 fcst	Apr-04 30 fcst	May-04 31 fcst	Jun-04 30 fcst	Jul-04 31 fcst	Aug-04 31 fcst	Sep-04 30 fcst	Oct-04 31 fcst	Total	Feb - Oct
<b>I. Supply Fixed Cost Deferred</b>														
Beginning Balance	(\$945,701)	(\$730,680)	(\$1,777,188)	(\$4,083,512)	(\$6,109,551)	(\$7,293,265)	(\$7,675,548)	(\$6,997,852)	(\$5,702,323)	(\$4,221,739)	(\$2,700,708)	(\$1,222,614)		
Supply Fixed Costs	\$2,128,136	\$2,124,446	\$2,145,150	\$2,142,446	\$2,145,150	\$2,144,398	\$2,145,750	\$2,144,398	\$2,145,750	\$2,145,750	\$2,144,398	\$2,145,750	\$25,701,520	\$19,303,788
Working Capital	<u>\$9,000</u>	<u>\$8,984</u>	<u>\$9,072</u>	<u>\$9,060</u>	<u>\$9,072</u>	<u>\$9,069</u>	<u>\$9,074</u>	<u>\$9,069</u>	<u>\$9,074</u>	<u>\$9,074</u>	<u>\$9,069</u>	<u>\$9,074</u>	\$108,690	\$81,635
Total Supply Fixed Costs	\$2,137,136	\$2,133,430	\$2,154,222	\$2,151,507	\$2,154,222	\$2,153,466	\$2,154,824	\$2,153,466	\$2,154,824	\$2,154,824	\$2,153,466	\$2,154,824	\$25,810,210	\$19,385,422
Supply Fixed - Collections	\$1,920,738	\$3,177,810	\$4,455,572	\$4,169,454	\$3,326,562	\$2,523,456	\$1,464,676	\$847,507	\$665,819	\$627,918	\$672,150	\$931,083	\$24,782,745	\$15,228,625
Prelim. Ending Balance	(\$729,304)	(\$1,775,060)	(\$4,078,539)	(\$6,101,459)	(\$7,281,892)	(\$7,663,255)	(\$6,985,400)	(\$5,691,893)	(\$4,213,318)	(\$2,694,834)	(\$1,219,392)	\$1,127		
Month's Average Balance	(\$837,502)	(\$1,252,870)	(\$2,927,863)	(\$5,092,486)	(\$6,695,722)	(\$7,478,260)	(\$7,330,474)	(\$6,344,872)	(\$4,957,820)	(\$3,458,287)	(\$1,960,050)	(\$610,743)		
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%		
Interest Applied	(\$1,377)	(\$2,128)	(\$4,973)	(\$8,092)	(\$11,374)	(\$12,293)	(\$12,452)	(\$10,430)	(\$8,422)	(\$5,874)	(\$3,222)	(\$1,037)	(\$81,674)	(\$73,196)
Supply Fixed Ending Balance	(\$730,680)	(\$1,777,188)	(\$4,083,512)	(\$6,109,551)	(\$7,293,265)	(\$7,675,548)	(\$6,997,852)	(\$5,702,323)	(\$4,221,739)	(\$2,700,708)	(\$1,222,614)	\$90		
<b>II. Storage Fixed Cost Deferred</b>														
Beginning Balance	\$282,248	\$413,435	(\$41,765)	(\$949,182)	(\$1,834,294)	(\$2,478,505)	(\$2,793,566)	(\$2,607,824)	(\$2,135,537)	(\$1,575,286)	(\$995,437)	(\$439,341)		
Storage Fixed Costs	\$871,206	\$848,166	\$931,729	\$923,449	\$931,729	\$885,583	\$889,723	\$885,583	\$889,723	\$889,723	\$885,583	\$889,723	\$10,721,917	\$8,070,816
LNG Demand to DAC	(\$57,790)	(\$49,471)	(\$58,283)	(\$56,594)	(\$58,283)	(\$57,439)	(\$58,283)	(\$57,439)	(\$58,283)	(\$58,283)	(\$57,439)	(\$58,283)	(\$685,869)	(\$520,324)
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	\$518,894	\$389,171
Working Capital	<u>\$3,623</u>	<u>\$3,561</u>	<u>\$3,877</u>	<u>\$3,849</u>	<u>\$3,877</u>	<u>\$3,685</u>	<u>\$3,699</u>	<u>\$3,685</u>	<u>\$3,699</u>	<u>\$3,699</u>	<u>\$3,685</u>	<u>\$3,699</u>	\$44,636	\$33,576
Total Storage Fixed Costs	\$860,280	\$845,496	\$920,564	\$913,944	\$920,564	\$875,070	\$878,380	\$875,070	\$878,380	\$878,380	\$875,070	\$878,380	\$10,599,579	\$7,973,239
Storage Fixed - Collections	\$729,664	\$1,301,012	\$1,827,140	\$1,796,847	\$1,561,115	\$1,185,802	\$688,054	\$398,888	\$314,980	\$296,349	\$317,796	\$439,200	\$10,856,847	\$6,999,031
Prelim. Ending Balance	\$412,864	(\$42,080)	(\$948,341)	(\$1,832,084)	(\$2,474,845)	(\$2,789,237)	(\$2,603,240)	(\$2,131,642)	(\$1,572,137)	(\$993,255)	(\$438,162)	(\$161)		
Month's Average Balance	\$347,556	\$185,677	(\$495,053)	(\$1,390,633)	(\$2,154,570)	(\$2,633,871)	(\$2,698,403)	(\$2,369,733)	(\$1,853,837)	(\$1,284,271)	(\$716,800)	(\$219,751)		
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%		
Interest Applied	\$571	\$315	(\$841)	(\$2,210)	(\$3,660)	(\$4,330)	(\$4,584)	(\$3,895)	(\$3,149)	(\$2,182)	(\$1,178)	(\$373)	(\$25,515)	(\$25,560)
Storage Fixed Ending Balance	\$413,435	(\$41,765)	(\$949,182)	(\$1,834,294)	(\$2,478,505)	(\$2,793,566)	(\$2,607,824)	(\$2,135,537)	(\$1,575,286)	(\$995,437)	(\$439,341)	(\$534)		
<b>III. Variable Supply Cost Deferred</b>														
Beginning Balance	\$20,853,786	\$23,089,286	\$30,871,171	\$27,446,273	\$22,129,072	\$16,911,559	\$8,954,503	\$3,803,247	\$1,304,697	\$10,156	(\$935,547)	(\$1,681,797)		
Variable Supply Costs	\$12,688,704	\$26,322,849	\$22,842,051	\$22,453,254	\$21,397,077	\$12,256,963	\$6,697,497	\$4,419,896	\$4,181,494	\$4,258,938	\$4,762,226	\$9,355,486	\$151,636,435	\$89,782,831
Variable Delivery Storage	(\$9,397)	(\$20,709)	(\$85,341)	(\$79,813)	(\$17,849)	(\$861)	\$0	\$0	\$0	\$0	\$0	\$0	(\$213,971)	(\$98,524)
Variable Injections Storage	(\$1,071)	(\$41)	\$0	\$0	\$0	(\$3,013)	(\$5,243)	(\$7,657)	(\$8,601)	(\$8,270)	(\$3,460)	(\$4,992)	(\$42,348)	(\$41,236)
Fuel Cost Allocated to Storage	(\$40,087)	(\$93,781)	(\$333,667)	(\$307,638)	(\$76,359)	(\$27,278)	(\$49,056)	(\$65,854)	(\$72,223)	(\$68,548)	(\$29,144)	(\$40,145)	(\$1,203,782)	(\$736,246)
Working Capital	<u>\$53,446</u>	<u>\$110,834</u>	<u>\$94,826</u>	<u>\$93,315</u>	<u>\$90,089</u>	<u>\$51,702</u>	<u>\$28,094</u>	<u>\$18,381</u>	<u>\$17,342</u>	<u>\$17,686</u>	<u>\$20,001</u>	<u>\$39,373</u>	\$635,088	\$375,982
Total Supply Variable Costs	\$12,691,595	\$26,319,151	\$22,517,869	\$22,159,118	\$21,392,958	\$12,277,512	\$6,671,293	\$4,364,766	\$4,118,011	\$4,199,806	\$4,749,623	\$9,349,722	\$150,811,423	\$89,282,808
Supply Variable - Collections	\$10,492,183	\$18,582,358	\$25,992,254	\$27,515,676	\$26,643,600	\$20,255,811	\$11,833,375	\$6,867,510	\$5,413,668	\$5,144,724	\$5,493,723	\$7,666,430	\$171,901,312	\$116,834,517
Deferred Responsibility	\$0	\$699	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$699	\$0
Prelim. Ending Balance	\$23,053,198	\$30,825,380	\$27,396,785	\$22,089,715	\$16,878,430	\$8,933,261	\$3,792,420	\$1,300,503	\$9,041	(\$934,762)	(\$1,679,647)	\$1,495		
Month's Average Balance	\$21,953,492	\$26,957,333	\$29,133,978	\$24,767,994	\$19,503,751	\$12,922,410	\$6,373,462	\$2,551,875	\$656,869	(\$462,303)	(\$1,307,597)	(\$840,151)		
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%		
Interest Applied	\$36,088	\$45,791	\$49,488	\$39,357	\$33,130	\$21,242	\$10,826	\$4,195	\$1,116	(\$785)	(\$2,149)	(\$1,427)	\$236,871	\$105,504
Supply Variable Ending Balance	\$23,089,286	\$30,871,171	\$27,446,273	\$22,129,072	\$16,911,559	\$8,954,503	\$3,803,247	\$1,304,697	\$10,156	(\$935,547)	(\$1,681,797)	\$68		

New England Gas Company  
Rhode Island Division  
Deferred Gas Cost Balances

	Nov-03 30 act	Dec-03 31 prelim act	Jan-04 31 fcst	Feb-04 29 fcst	Mar-04 31 fcst	Apr-04 30 fcst	May-04 31 fcst	Jun-04 30 fcst	Jul-04 31 fcst	Aug-04 31 fcst	Sep-04 30 fcst	Oct-04 31 fcst	Total	Feb - Oct
<b><u>I/a. Storage Variable Product Cost Deferred</u></b>														
Beginning Balance	\$2,102,278	\$1,485,608	\$336,688	\$3,881,319	\$5,923,624	\$5,041,690	\$2,953,719	\$1,809,395	\$1,301,710	\$1,002,524	\$764,885	\$505,744		
Storage Variable Prod. Costs - LNG	\$205,319	\$178,470	\$2,410,240	\$625,023	\$178,117	\$138,167	\$140,952	\$134,745	\$137,863	\$136,641	\$131,216	\$134,568	\$4,551,321	\$1,757,292
Storage Variable Prod. Costs - LP	(\$1,750)	(\$1,592)	\$62,175	\$25,099	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$83,933	\$25,099
Storage Variable Prod. Costs - UG	\$719,054	\$1,489,619	\$5,611,002	\$5,368,450	\$2,059,002	\$116,522	\$0	\$0	\$0	\$0	\$0	\$0	\$15,363,648	\$7,543,974
Supply Related LNG to DAC	(\$41,865)	(\$36,390)	(\$491,448)	(\$127,442)	(\$36,318)	(\$28,172)	(\$28,740)	(\$27,475)	(\$28,110)	(\$27,861)	(\$26,755)	(\$27,438)	(\$928,014)	(\$358,312)
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	\$365,465	\$274,099
Inventory Financing - LNG	\$43,865	\$45,551	\$29,889	\$27,815	\$29,111	\$31,038	\$32,874	\$34,200	\$35,582	\$36,976	\$40,128	\$42,173	\$429,203	\$309,897
Inventory Financing - UG	\$204,093	\$197,250	\$143,387	\$91,854	\$72,089	\$73,236	\$108,835	\$147,132	\$175,679	\$204,580	\$227,133	\$239,845	\$1,885,113	\$1,340,383
Inventory Financing - LP	\$5,552	\$5,511	\$4,923	\$4,683	\$4,683	\$4,683	\$4,683	\$4,683	\$4,683	\$4,683	\$4,683	\$4,683	\$58,130	\$42,143
Working Capital	\$3,761	\$7,022	\$32,235	\$25,042	\$9,436	\$1,087	\$603	\$582	\$593	\$589	\$571	\$582	\$82,103	\$39,085
Total Storage Variable Product Costs	\$1,168,485	\$1,915,896	\$7,832,859	\$6,070,979	\$2,346,576	\$367,015	\$289,663	\$324,322	\$356,744	\$386,064	\$407,431	\$424,868	\$21,890,901	\$10,973,660
Storage Variable Product Collections	\$1,788,102	\$3,066,362	\$4,291,808	\$4,036,458	\$3,237,815	\$2,461,551	\$1,438,029	\$834,562	\$657,886	\$625,203	\$667,615	\$931,649	\$24,037,040	\$14,890,768
Prelim. Ending Balance	\$1,482,661	\$335,142	\$3,877,740	\$5,915,840	\$5,032,385	\$2,947,153	\$1,805,353	\$1,299,155	\$1,000,569	\$763,385	\$504,700	(\$1,038)		
Month's Average Balance	\$1,792,470	\$910,375	\$2,107,214	\$4,898,579	\$5,478,004	\$3,994,421	\$2,379,536	\$1,554,275	\$1,151,139	\$882,954	\$634,792	\$252,353		
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%		
Interest Applied	\$2,947	\$1,546	\$3,579	\$7,784	\$9,305	\$6,566	\$4,042	\$2,555	\$1,955	\$1,500	\$1,043	\$429	\$43,252	\$35,180
Storage Variable Product Ending Bal.	\$1,485,608	\$336,688	\$3,881,319	\$5,923,624	\$5,041,690	\$2,953,719	\$1,809,395	\$1,301,710	\$1,002,524	\$764,885	\$505,744	(\$609)		
<b><u>I/b. Stor Var Non-Prod Cost Deferred</u></b>														
Beginning Balance	(\$610,199)	(\$620,519)	(\$508,770)	(\$52,779)	\$362,053	\$294,307	\$106,047	\$29,925	\$27,529	\$48,040	\$67,826	\$39,304		
Storage Variable Non-prod. Costs	\$28,638	\$252,432	\$393,807	\$372,738	\$130,415	\$3,837	\$0	\$0	\$0	\$0	\$0	\$0	\$1,181,867	\$506,990
Variable Delivery Storage Costs	\$9,397	\$20,709	\$85,341	\$79,813	\$17,849	\$861	\$0	\$0	\$0	\$0	\$0	\$0	\$213,971	\$98,524
Variable Injection Storage Costs	\$1,071	\$41	\$0	\$0	\$0	\$3,013	\$5,243	\$7,657	\$8,601	\$8,270	\$3,460	\$4,992	\$42,348	\$41,236
Fuel Costs Allocated to Storage	\$40,087	\$93,781	\$333,667	\$307,638	\$76,359	\$27,278	\$49,056	\$65,854	\$72,223	\$68,548	\$29,144	\$40,145	\$1,203,782	\$736,246
Working Capital	\$214	\$1,068	\$1,665	\$1,576	\$552	\$16	\$0	\$0	\$0	\$0	\$0	\$0	\$5,091	\$2,144
Total Storage Var Non-product Costs	\$79,407	\$368,031	\$814,480	\$761,766	\$225,175	\$35,006	\$54,298	\$73,511	\$80,825	\$76,818	\$32,604	\$45,136	\$2,647,059	\$1,385,140
Storage Var Non-Product Collections	\$88,717	\$255,324	\$358,013	\$347,179	\$293,478	\$223,595	\$130,536	\$75,954	\$60,378	\$57,130	\$61,214	\$83,857	\$2,035,375	\$1,333,321
Prelim. Ending Balance	(\$619,508)	(\$507,812)	(\$52,303)	\$361,808	\$293,750	\$105,718	\$29,809	\$27,482	\$47,976	\$67,728	\$39,216	\$584		
Month's Average Balance	(\$614,854)	(\$564,165)	(\$280,536)	\$154,514	\$327,902	\$200,013	\$67,928	\$28,703	\$37,752	\$57,884	\$53,521	\$19,944		
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%		
Interest Applied	(\$1,011)	(\$958)	(\$477)	\$246	\$557	\$329	\$115	\$47	\$64	\$98	\$88	\$34	(\$867)	\$1,578
Storage Var Non-Product Ending Bal.	(\$620,519)	(\$508,770)	(\$52,779)	\$362,053	\$294,307	\$106,047	\$29,925	\$27,529	\$48,040	\$67,826	\$39,304	\$618		
<b><u>GCR Deferred Summary</u></b>														
Beginning Balance	\$21,682,413	\$23,637,129	\$28,880,136	\$26,242,120	\$20,470,904	\$12,475,786	\$1,545,155	(\$3,963,110)	(\$5,203,923)	(\$4,736,305)	(\$3,798,981)	(\$2,798,703)		
Gas Costs	\$16,866,859	\$31,449,838	\$34,098,320	\$31,924,471	\$26,926,469	\$15,642,511	\$10,006,987	\$7,759,419	\$7,558,076	\$7,664,843	\$8,184,869	\$12,800,202	\$210,882,864	\$128,467,847
Working Capital	\$70,043	\$131,468	\$141,675	\$132,843	\$113,025	\$65,559	\$41,470	\$31,717	\$30,708	\$31,048	\$33,325	\$52,728	\$875,608	\$532,422
Total Costs	\$16,936,902	\$31,581,307	\$34,239,994	\$32,057,313	\$27,039,494	\$15,708,069	\$10,048,457	\$7,791,136	\$7,588,784	\$7,695,891	\$8,218,194	\$12,852,930	\$211,758,472	\$129,000,269
Collections	\$15,019,404	\$26,382,866	\$36,924,787	\$37,865,614	\$35,062,570	\$26,650,215	\$15,554,670	\$9,024,421	\$7,112,731	\$6,751,324	\$7,212,498	\$10,052,219	\$233,613,319	\$155,286,262
Prelim. Ending Balance	\$23,599,911	\$28,835,570	\$26,195,343	\$20,433,819	\$12,447,828	\$1,533,640	(\$3,961,058)	(\$5,196,395)	(\$4,727,870)	(\$3,791,738)	(\$2,793,285)	\$2,008		
Month's Average Balance	\$22,641,162	\$26,236,350	\$27,537,740	\$23,337,969	\$16,459,366	\$7,004,713	(\$1,207,952)	(\$4,579,752)	(\$4,965,897)	(\$4,264,022)	(\$3,296,133)	(\$1,398,348)		
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%		
Interest Applied	\$37,218	\$44,566	\$46,776	\$37,085	\$27,958	\$11,515	(\$2,052)	(\$7,528)	(\$8,435)	(\$7,243)	(\$5,418)	(\$2,375)	\$172,067	\$43,506
<b>Ending Bal. W/ Interest</b>	<b>\$23,637,129</b>	<b>\$28,880,136</b>	<b>\$26,242,120</b>	<b>\$20,470,904</b>	<b>\$12,475,786</b>	<b>\$1,545,155</b>	<b>(\$3,963,110)</b>	<b>(\$5,203,923)</b>	<b>(\$4,736,305)</b>	<b>(\$3,798,981)</b>	<b>(\$2,798,703)</b>	<b>(\$367)</b>		
Under/(Over)-collection	\$1,917,498	\$5,198,441	(\$2,684,793)	(\$5,808,301)	(\$8,023,076)	(\$10,942,146)	(\$5,506,213)	(\$1,233,285)	\$476,053	\$944,567	\$1,005,696	\$2,800,711		

New England Gas Company  
Bill Impact Analysis: Nov '03 - Oct '04 vs. Currently Effective GCR/DAC

Residential Heating: PGC

Annual Consumption	Nov 03 - Oct 04	Currently Effective	Difference	% Chg	Difference due to:		
					Base Rates	GCR	DAC
776	\$1,034	\$994	\$40	4.0%	\$0	\$40	\$0
828	\$1,094	\$1,051	\$43	4.1%	\$0	\$43	\$0
880	\$1,153	\$1,108	\$45	4.1%	\$0	\$45	\$0
932	\$1,212	\$1,164	\$48	4.1%	\$0	\$48	\$0
983	\$1,271	\$1,221	\$51	4.1%	\$0	\$51	\$0
<b>1,035</b>	<b>\$1,330</b>	<b>\$1,277</b>	<b>\$53</b>	<b>4.2%</b>	<b>\$0</b>	<b>\$53</b>	<b>\$0</b>
1,087	\$1,389	\$1,333	\$56	4.2%	\$0	\$56	\$0
1,139	\$1,448	\$1,390	\$59	4.2%	\$0	\$59	\$0
1,190	\$1,507	\$1,445	\$61	4.2%	\$0	\$61	\$0
1,242	\$1,565	\$1,501	\$64	4.3%	\$0	\$64	\$0
1,294	\$1,623	\$1,556	\$67	4.3%	\$0	\$67	\$0

Residential Heating: CMB

Annual Consumption	Nov 03 - Oct 04	Currently Effective	Difference	% Chg	Difference due to:		
					Base Rates	GCR	DAC
779	\$992	\$953	\$39	4.1%	\$0	\$39	\$0
830	\$1,050	\$1,008	\$42	4.1%	\$0	\$42	\$0
882	\$1,107	\$1,063	\$44	4.2%	\$0	\$44	\$0
934	\$1,164	\$1,117	\$47	4.2%	\$0	\$47	\$0
986	\$1,220	\$1,171	\$49	4.2%	\$0	\$49	\$0
<b>1,038</b>	<b>\$1,277</b>	<b>\$1,225</b>	<b>\$52</b>	<b>4.2%</b>	<b>\$0</b>	<b>\$52</b>	<b>\$0</b>
1,090	\$1,333	\$1,279	\$55	4.3%	\$0	\$55	\$0
1,142	\$1,390	\$1,332	\$57	4.3%	\$0	\$57	\$0
1,194	\$1,446	\$1,386	\$60	4.3%	\$0	\$60	\$0
1,246	\$1,502	\$1,439	\$62	4.3%	\$0	\$62	\$0
1,298	\$1,557	\$1,492	\$65	4.4%	\$0	\$65	\$0

New England Gas Company  
Bill Impact Analysis: Nov '03 - Oct '04 vs. Currently Effective GCR/DAC

Residential Non-Heating: PGC

Annual Consumption	Nov 03 - Oct 04	Currently Effective	Difference	% Chg	Difference due to:		
					Base Rates	GCR	DAC
115	\$237	\$231	\$7	2.9%	\$0	\$7	\$0
122	\$247	\$240	\$7	3.0%	\$0	\$7	\$0
130	\$257	\$249	\$8	3.0%	\$0	\$8	\$0
138	\$267	\$259	\$8	3.1%	\$0	\$8	\$0
145	\$277	\$268	\$9	3.2%	\$0	\$9	\$0
<b>153</b>	<b>\$287</b>	<b>\$278</b>	<b>\$9</b>	<b>3.2%</b>	<b>\$0</b>	<b>\$9</b>	<b>\$0</b>
161	\$296	\$287	\$9	3.3%	\$0	\$9	\$0
168	\$306	\$296	\$10	3.3%	\$0	\$10	\$0
176	\$316	\$306	\$10	3.4%	\$0	\$10	\$0
184	\$326	\$315	\$11	3.4%	\$0	\$11	\$0
191	\$336	\$325	\$11	3.5%	\$0	\$11	\$0

Residential Non-Heating: CMB

Annual Consumption	Nov 03 - Oct 04	Currently Effective	Difference	% Chg	Difference due to:		
					Base Rates	GCR	DAC
115	\$219	\$212	\$7	3.2%	\$0	\$7	\$0
122	\$227	\$220	\$7	3.3%	\$0	\$7	\$0
130	\$236	\$228	\$8	3.4%	\$0	\$8	\$0
138	\$244	\$236	\$8	3.4%	\$0	\$8	\$0
145	\$253	\$244	\$9	3.5%	\$0	\$9	\$0
<b>153</b>	<b>\$261</b>	<b>\$252</b>	<b>\$9</b>	<b>3.6%</b>	<b>\$0</b>	<b>\$9</b>	<b>\$0</b>
161	\$270	\$260	\$10	3.6%	\$0	\$9	\$0
168	\$278	\$269	\$10	3.7%	\$0	\$10	\$0
176	\$287	\$277	\$10	3.7%	\$0	\$10	\$0
184	\$296	\$285	\$11	3.8%	\$0	\$11	\$0
191	\$304	\$293	\$11	3.8%	\$0	\$11	\$0

New England Gas Company  
Bill Impact Analysis: Nov '03 - Oct '04 vs. Currently Effective GCR/DAC

C & I Small: PGC

Annual Consumption	Nov 03 - Oct 04	Currently Effective	Difference	% Chg	Difference due to:		
					Base Rates	GCR	DAC
932	\$1,454	\$1,410	\$44	3.1%	\$0	\$44	\$0
994	\$1,525	\$1,477	\$47	3.2%	\$0	\$47	\$0
1,056	\$1,595	\$1,545	\$50	3.3%	\$0	\$50	\$0
1,118	\$1,665	\$1,611	\$53	3.3%	\$0	\$53	\$0
1,180	\$1,734	\$1,678	\$56	3.3%	\$0	\$56	\$0
<b>1,242</b>	<b>\$1,803</b>	<b>\$1,744</b>	<b>\$59</b>	<b>3.4%</b>	<b>\$0</b>	<b>\$59</b>	<b>\$0</b>
1,304	\$1,872	\$1,810	\$62	3.4%	\$0	\$62	\$0
1,366	\$1,940	\$1,875	\$65	3.5%	\$0	\$65	\$0
1,428	\$2,009	\$1,941	\$68	3.5%	\$0	\$68	\$0
1,490	\$2,077	\$2,006	\$71	3.5%	\$0	\$71	\$0
1,553	\$2,146	\$2,072	\$74	3.6%	\$0	\$74	\$0

C & I Small: CMB

Annual Consumption	Nov 03 - Oct 04	Currently Effective	Difference	% Chg	Difference due to:		
					Base Rates	GCR	DAC
931	\$1,485	\$1,438	\$46	3.2%	\$0	\$46	\$0
993	\$1,551	\$1,501	\$49	3.3%	\$0	\$49	\$0
1,055	\$1,617	\$1,564	\$53	3.4%	\$0	\$53	\$0
1,117	\$1,683	\$1,627	\$56	3.4%	\$0	\$56	\$0
1,179	\$1,749	\$1,690	\$59	3.5%	\$0	\$59	\$0
<b>1,241</b>	<b>\$1,815</b>	<b>\$1,753</b>	<b>\$62</b>	<b>3.5%</b>	<b>\$0</b>	<b>\$62</b>	<b>\$0</b>
1,303	\$1,881	\$1,816	\$65	3.6%	\$0	\$65	\$0
1,365	\$1,947	\$1,879	\$68	3.6%	\$0	\$68	\$0
1,427	\$2,013	\$1,941	\$71	3.7%	\$0	\$71	\$0
1,489	\$2,078	\$2,004	\$74	3.7%	\$0	\$74	\$0
1,551	\$2,143	\$2,065	\$77	3.7%	\$0	\$77	\$0

New England Gas Company  
Bill Impact Analysis: Nov '03 - Oct '04 vs. Currently Effective GCR/DAC

C & I Medium: PGC

Annual Consumption	Nov 03 - Oct 04	Currently Effective	Difference	% Chg	Difference due to:		
					Base Rates	GCR	DAC
7,761	\$8,621	\$8,241	\$380	4.6%	\$0	\$380	\$0
8,278	\$9,160	\$8,755	\$405	4.6%	\$0	\$405	\$0
8,796	\$9,699	\$9,268	\$430	4.6%	\$0	\$430	\$0
9,313	\$10,237	\$9,782	\$456	4.7%	\$0	\$456	\$0
9,831	\$10,776	\$10,295	\$481	4.7%	\$0	\$481	\$0
<b>10,348</b>	<b>\$11,315</b>	<b>\$10,809</b>	<b>\$506</b>	<b>4.7%</b>	<b>\$0</b>	<b>\$506</b>	<b>\$0</b>
10,865	\$11,854	\$11,322	\$531	4.7%	\$0	\$531	\$0
11,383	\$12,392	\$11,835	\$557	4.7%	\$0	\$557	\$0
11,900	\$12,931	\$12,349	\$582	4.7%	\$0	\$582	\$0
12,418	\$13,470	\$12,862	\$607	4.7%	\$0	\$607	\$0
12,935	\$14,009	\$13,376	\$633	4.7%	\$0	\$633	\$0

C & I Medium: CMB

Annual Consumption	Nov 03 - Oct 04	Currently Effective	Difference	% Chg	Difference due to:		
					Base Rates	GCR	DAC
7,500	\$8,452	\$8,084	\$368	4.6%	\$0	\$368	\$0
8,000	\$8,980	\$8,587	\$392	4.6%	\$0	\$392	\$0
8,500	\$9,507	\$9,090	\$417	4.6%	\$0	\$417	\$0
9,000	\$10,034	\$9,593	\$442	4.6%	\$0	\$442	\$0
9,500	\$10,562	\$10,096	\$466	4.6%	\$0	\$466	\$0
<b>10,000</b>	<b>\$11,089</b>	<b>\$10,599</b>	<b>\$491</b>	<b>4.6%</b>	<b>\$0</b>	<b>\$491</b>	<b>\$0</b>
10,500	\$11,617	\$11,102	\$515	4.6%	\$0	\$515	\$0
11,000	\$12,144	\$11,605	\$540	4.7%	\$0	\$540	\$0
11,500	\$12,672	\$12,108	\$564	4.7%	\$0	\$564	\$0
12,000	\$13,199	\$12,611	\$589	4.7%	\$0	\$589	\$0
12,500	\$13,727	\$13,114	\$613	4.7%	\$0	\$613	\$0

New England Gas Company  
Bill Impact Analysis: Nov '03 - Oct '04 vs. Currently Effective GCR/DAC

C & I LLF Large: PGC

Annual Consumption	Nov 03 - Oct 04	Currently Effective	Difference	% Chg	Difference due to:		
					Base Rates	GCR	DAC
50,456	\$53,416	\$51,196	\$2,220	4.3%	\$0	\$2,220	\$0
53,819	\$56,905	\$54,537	\$2,368	4.3%	\$0	\$2,368	\$0
57,183	\$60,394	\$57,878	\$2,516	4.3%	\$0	\$2,516	\$0
60,547	\$63,883	\$61,219	\$2,664	4.4%	\$0	\$2,664	\$0
63,910	\$67,372	\$64,560	\$2,812	4.4%	\$0	\$2,812	\$0
<b>67,274</b>	<b>\$70,861</b>	<b>\$67,901</b>	<b>\$2,960</b>	<b>4.4%</b>	<b>\$0</b>	<b>\$2,960</b>	<b>\$0</b>
70,638	\$74,350	\$71,243	\$3,108	4.4%	\$0	\$3,108	\$0
74,001	\$77,839	\$74,584	\$3,256	4.4%	\$0	\$3,256	\$0
77,365	\$81,328	\$77,925	\$3,403	4.4%	\$0	\$3,403	\$0
80,729	\$84,817	\$81,266	\$3,551	4.4%	\$0	\$3,551	\$0
84,093	\$88,306	\$84,607	\$3,699	4.4%	\$0	\$3,699	\$0

C & I LLF Large: CMB

Annual Consumption	Nov 03 - Oct 04	Currently Effective	Difference	% Chg	Difference due to:		
					Base Rates	GCR	DAC
50,456	\$53,474	\$51,304	\$2,170	4.2%	\$0	\$2,170	\$0
53,820	\$56,967	\$54,652	\$2,315	4.2%	\$0	\$2,315	\$0
57,184	\$60,460	\$58,000	\$2,460	4.2%	\$0	\$2,460	\$0
60,548	\$63,953	\$61,348	\$2,604	4.2%	\$0	\$2,604	\$0
63,911	\$67,446	\$64,697	\$2,749	4.2%	\$0	\$2,749	\$0
<b>67,275</b>	<b>\$70,939</b>	<b>\$68,045</b>	<b>\$2,894</b>	<b>4.3%</b>	<b>\$0</b>	<b>\$2,894</b>	<b>\$0</b>
70,639	\$74,432	\$71,393	\$3,039	4.3%	\$0	\$3,039	\$0
74,003	\$77,925	\$74,741	\$3,183	4.3%	\$0	\$3,183	\$0
77,366	\$81,418	\$78,090	\$3,328	4.3%	\$0	\$3,328	\$0
80,730	\$84,911	\$81,438	\$3,473	4.3%	\$0	\$3,473	\$0
84,094	\$88,403	\$84,786	\$3,617	4.3%	\$0	\$3,617	\$0

New England Gas Company  
Bill Impact Analysis: Nov '03 - Oct '04 vs. Currently Effective GCR/DAC

C & I HLF Large: PGC

Annual Consumption	Nov 03 - Oct 04	Currently Effective	Difference	% Chg	Difference due to:		
					Base Rates	GCR	DAC
50,456	\$48,790	\$46,092	\$2,698	5.9%	\$0	\$2,698	\$0
53,820	\$51,971	\$49,093	\$2,878	5.9%	\$0	\$2,878	\$0
57,184	\$55,152	\$52,094	\$3,058	5.9%	\$0	\$3,058	\$0
60,548	\$58,332	\$55,095	\$3,238	5.9%	\$0	\$3,238	\$0
63,911	\$61,513	\$58,096	\$3,418	5.9%	\$0	\$3,418	\$0
<b>67,275</b>	<b>\$64,694</b>	<b>\$61,096</b>	<b>\$3,598</b>	<b>5.9%</b>	<b>\$0</b>	<b>\$3,598</b>	<b>\$0</b>
70,639	\$67,875	\$64,097	\$3,777	5.9%	\$0	\$3,777	\$0
74,003	\$71,055	\$67,098	\$3,957	5.9%	\$0	\$3,957	\$0
77,366	\$74,236	\$70,099	\$4,137	5.9%	\$0	\$4,137	\$0
80,730	\$77,417	\$73,100	\$4,317	5.9%	\$0	\$4,317	\$0
84,094	\$80,597	\$76,100	\$4,497	5.9%	\$0	\$4,497	\$0

C & I HLF Large: CMB

Annual Consumption	Nov 03 - Oct 04	Currently Effective	Difference	% Chg	Difference due to:		
					Base Rates	GCR	DAC
50,456	\$48,977	\$46,279	\$2,698	5.8%	\$0	\$2,698	\$0
53,820	\$52,170	\$49,292	\$2,878	5.8%	\$0	\$2,878	\$0
57,184	\$55,363	\$52,305	\$3,058	5.8%	\$0	\$3,058	\$0
60,548	\$58,557	\$55,319	\$3,238	5.9%	\$0	\$3,238	\$0
63,911	\$61,750	\$58,332	\$3,418	5.9%	\$0	\$3,418	\$0
<b>67,275</b>	<b>\$64,943</b>	<b>\$61,345</b>	<b>\$3,598</b>	<b>5.9%</b>	<b>\$0</b>	<b>\$3,598</b>	<b>\$0</b>
70,639	\$68,136	\$64,359	\$3,777	5.9%	\$0	\$3,777	\$0
74,003	\$71,329	\$67,372	\$3,957	5.9%	\$0	\$3,957	\$0
77,366	\$74,522	\$70,385	\$4,137	5.9%	\$0	\$4,137	\$0
80,730	\$77,715	\$73,398	\$4,317	5.9%	\$0	\$4,317	\$0
84,094	\$80,908	\$76,412	\$4,497	5.9%	\$0	\$4,497	\$0

New England Gas Company  
Bill Impact Analysis: Nov '03 - Oct '04 vs. Currently Effective GCR/DAC

C & I LLF Extra-Large: PGC

Annual Consumption	Nov 03 - Oct 04	Currently Effective	Difference	% Chg	Difference due to:		
					Base Rates	GCR	DAC
213,468	\$200,104	\$188,277	\$11,827	6.3%	\$0	\$11,827	\$0
227,699	\$213,204	\$200,588	\$12,616	6.3%	\$0	\$12,616	\$0
241,930	\$226,304	\$212,900	\$13,404	6.3%	\$0	\$13,404	\$0
256,162	\$239,404	\$225,212	\$14,193	6.3%	\$0	\$14,193	\$0
270,393	\$252,505	\$237,524	\$14,981	6.3%	\$0	\$14,981	\$0
<b>284,624</b>	<b>\$265,605</b>	<b>\$249,835</b>	<b>\$15,770</b>	<b>6.3%</b>	<b>\$0</b>	<b>\$15,770</b>	<b>\$0</b>
298,855	\$278,705	\$262,147	\$16,558	6.3%	\$0	\$16,558	\$0
313,086	\$291,806	\$274,459	\$17,347	6.3%	\$0	\$17,347	\$0
327,318	\$304,906	\$286,771	\$18,135	6.3%	\$0	\$18,135	\$0
341,549	\$318,006	\$299,082	\$18,924	6.3%	\$0	\$18,924	\$0
355,780	\$331,106	\$311,394	\$19,712	6.3%	\$0	\$19,712	\$0

C & I LLF Extra-Large: CMB

Annual Consumption	Nov 03 - Oct 04	Currently Effective	Difference	% Chg	Difference due to:		
					Base Rates	GCR	DAC
213,468	\$200,894	\$189,066	\$11,827	6.3%	\$0	\$11,827	\$0
227,699	\$214,046	\$201,431	\$12,616	6.3%	\$0	\$12,616	\$0
241,930	\$227,199	\$213,795	\$13,404	6.3%	\$0	\$13,404	\$0
256,162	\$240,352	\$226,160	\$14,193	6.3%	\$0	\$14,193	\$0
270,393	\$253,505	\$238,524	\$14,981	6.3%	\$0	\$14,981	\$0
<b>284,624</b>	<b>\$266,658</b>	<b>\$250,889</b>	<b>\$15,770</b>	<b>6.3%</b>	<b>\$0</b>	<b>\$15,770</b>	<b>\$0</b>
298,855	\$279,811	\$263,253	\$16,558	6.3%	\$0	\$16,558	\$0
313,086	\$292,964	\$275,617	\$17,347	6.3%	\$0	\$17,347	\$0
327,318	\$306,117	\$287,982	\$18,135	6.3%	\$0	\$18,135	\$0
341,549	\$319,270	\$300,346	\$18,924	6.3%	\$0	\$18,924	\$0
355,780	\$332,423	\$312,711	\$19,712	6.3%	\$0	\$19,712	\$0

New England Gas Company  
Bill Impact Analysis: Nov '03 - Oct '04 vs. Currently Effective GCR/DAC

C & I HLF Extra-Large: PGC

Annual Consumption	Nov 03 - Oct 04	Currently Effective	Difference	% Chg	Difference due to:		
					Base Rates	GCR	DAC
205,969	\$181,981	\$170,725	\$11,256	6.6%	\$0	\$11,256	\$0
219,700	\$193,873	\$181,866	\$12,007	6.6%	\$0	\$12,007	\$0
233,431	\$205,765	\$193,008	\$12,757	6.6%	\$0	\$12,757	\$0
247,163	\$217,657	\$204,150	\$13,508	6.6%	\$0	\$13,508	\$0
260,894	\$229,549	\$215,291	\$14,258	6.6%	\$0	\$14,258	\$0
<b>274,625</b>	<b>\$241,441</b>	<b>\$226,433</b>	<b>\$15,008</b>	<b>6.6%</b>	<b>\$0</b>	<b>\$15,008</b>	<b>\$0</b>
288,356	\$253,334	\$237,575	\$15,759	6.6%	\$0	\$15,759	\$0
302,088	\$265,226	\$248,716	\$16,509	6.6%	\$0	\$16,509	\$0
315,819	\$277,118	\$259,858	\$17,260	6.6%	\$0	\$17,260	\$0
329,550	\$289,010	\$271,000	\$18,010	6.6%	\$0	\$18,010	\$0
343,281	\$300,902	\$282,141	\$18,760	6.6%	\$0	\$18,760	\$0

C & I HLF Extra-Large: CMB

Annual Consumption	Nov 03 - Oct 04	Currently Effective	Difference	% Chg	Difference due to:		
					Base Rates	GCR	DAC
205,969	\$182,743	\$171,487	\$11,256	6.6%	\$0	\$11,256	\$0
219,700	\$194,686	\$182,679	\$12,007	6.6%	\$0	\$12,007	\$0
233,431	\$206,629	\$193,872	\$12,757	6.6%	\$0	\$12,757	\$0
247,163	\$218,572	\$205,064	\$13,508	6.6%	\$0	\$13,508	\$0
260,894	\$230,515	\$216,257	\$14,258	6.6%	\$0	\$14,258	\$0
<b>274,625</b>	<b>\$242,458</b>	<b>\$227,449</b>	<b>\$15,008</b>	<b>6.6%</b>	<b>\$0</b>	<b>\$15,008</b>	<b>\$0</b>
288,356	\$254,400	\$238,642	\$15,759	6.6%	\$0	\$15,759	\$0
302,088	\$266,343	\$249,834	\$16,509	6.6%	\$0	\$16,509	\$0
315,819	\$278,286	\$261,027	\$17,260	6.6%	\$0	\$17,260	\$0
329,550	\$290,229	\$272,219	\$18,010	6.6%	\$0	\$18,010	\$0
343,281	\$302,172	\$283,412	\$18,760	6.6%	\$0	\$18,760	\$0

**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:	\$0.6672 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 not available under this tariff, or customer must have use of

**NATURAL GAS VEHICLE SERVICE**  
**RATE 70**

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/CURTAILMENT:**

Customer will curtail or discontinue service when, in the sole opinion of the Company, such curtailment or

**NATURAL GAS VEHICLE SERVICE**  
**RATE 70**

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  
CURTAIN:**

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.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

NEW ENGLAND GAS COMPANY  
DOCKET NO. 3436

DIRECT TESTIMONY

OF

GARY L. BELAND

January 20, 2004

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 PREVIOUSLY TESTIFIED IN THIS DOCKET?**

10 A. Yes, my most recent testimony in support of the Gas Cost Recovery (“GCR”) rates was  
11 for the rates approved for effect on November 1, 2003.

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

13 A. My testimony provides support for the updated gas costs estimates and other issues  
14 relating to the Company’s proposed GCR factors.

15 **Q. ARE THERE ANY ATTACHMENTS TO YOUR TESTIMONY?**

16 A. Yes. I am sponsoring the following Attachments:

1	GLB-1	Summary of Projected Gas Cost
2	GLB-2	Gas Cost Details
3	GLB-3	Comparison of Locked Prices and NYMEX Strip
4	GLB-4	Locked Price Gas Supplies
5	GLB-5	Comparison of Original Filing NYMEX with Updated NYMEX
6		Strip

7 **Q. WHY IS IT NECESSARY TO REQUEST AN INCREASE IN THE GCR AT**  
8 **THIS TIME?**

9 A. Gas prices have increased substantially. Attachment GLB-5 shows the NYMEX future  
10 prices used in the original GCR filing and compares them with the actual NYMEX  
11 closing prices for the period November 2003 through January 2004 and the current  
12 futures prices as of the January 13, 2004, NYMEX close.

13 As the graph shows, the actual prices in January and future prices in February are \$1.10  
14 and \$1.30 per dekatherm higher than the NYMEX projected prices in the original filing.  
15 The future prices for March through October are an average of \$0.86 higher than the  
16 original filing.

17 Further daily pricing during November, December and January has been consistently  
18 higher than the NYMEX close for those months.

19 **Q. WHAT HAS BEEN THE IMPACT ON THE COMPANY'S GAS COST FROM**  
20 **THE HIGHER PRICES?**

21 A. Because of the Gas Purchasing Plan (the "Plan"), the impact of the higher prices has  
22 been limited significantly. The Company entered the winter with the ability to meet

1           75% of normal forecasted sendout with supply that was available at a fixed price either  
2           because the price had been locked under the Plan or because the supply was already  
3           purchased and in storage. However, the cost of incremental supplies to meet  
4           requirements above the locked quantities, including increased demand during colder  
5           than normal weather, have been at higher prices than projected in the Company's  
6           original GCR filing. In addition, purchases being made under the Plan for future  
7           months are also being made at higher prices than previously projected when the  
8           Company made its GCR filing in September 2003. Accordingly, the higher market  
9           prices have caused the Company's gas costs to increase.

10   **Q.   HAVE FIXED COSTS IN THIS FILING CHANGED FROM THE ORIGINAL**  
11   **GCR FILING?**

12   A.   Yes. The fixed costs included in this filing have been modified since the September  
13       2003 GCR filing to incorporate the proceeds of a new asset-management arrangement  
14       the Company entered into with Conoco-Phillips ("COP") for the period of November  
15       2003 through October 2004. The Company selected COP to be the asset manager  
16       following a competitive "requests for proposals" bid process. The goal of the  
17       Company's asset-management strategy is to optimize the value of the Company's  
18       capacity for the benefit of customers. Under the arrangement, COP will also provide  
19       gas supply on an as-needed basis. The agreement includes an option for COP to  
20       provide the same service to the Company for the period November 2004 through

1           October 2005 on the same terms. The inclusion of the asset-management fee in the  
2           GCR calculation has reduced fixed capacity costs.

3   **Q.   HOW HAVE COMMODITY PRICES AND VOLUMES BEEN UPDATED IN**  
4   **THIS FILING?**

5   A.   The filing includes actual gas cost results for November and December. January  
6   pricing has been updated to reflect the actual January NYMEX closing price and for  
7   February through October 2004 pricing has been updated to reflect the impact of  
8   NYMEX prices as of January 13<sup>th</sup>. Volumes and daily prices for January have not been  
9   updated to reflect the recent severe weather and sharp run-up in daily prices.

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

11 A.   As indicated above, the GCR factors are based on the NYMEX strip as of the close of  
12 trading on January 13, 2004 for purchases of supply that are not already locked in under  
13 the Plan. The GCR factors also reflect storage and inventory costs as of December 31,  
14 2003 and the projected fill and pricing for the gas to be injected into storage. The hedge  
15 purchases, under the Plan, included in the GCR calculations are shown in Attachment  
16 GLB-2 for each individual pipeline.

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

1 A. Attachment GLB-3 shows a comparison of the January 13, 2004 NYMEX strip and the  
2 average unit cost of gas purchased under the Plan. Attachment GLB-4 shows the  
3 quantities purchased under the Plan for each future month, average unit price and the  
4 percentage of projected purchases at locked in prices.

5 **Q. HOW WERE GAS COSTS CALCULATED?**

6 A. Projected gas costs were calculated using the SENDOUT model results as shown in the  
7 September 2, 2003 GCR filing, updated for actual hedged quantities and the NYMEX  
8 strip pricing as of January 13, 2004. When the Company purchases supply at locations  
9 other than Henry Hub, the pricing point for NYMEX contracts, it used 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 five components: (1) Supply Fixed Costs; (2) Storage  
16 Fixed Costs; (3) Supply Variable Costs; (4) Storage Variable Product Costs; and (5)  
17 Storage Variable Non-Product. The Supply Fixed Costs include all fixed costs related  
18 to the purchase of firm gas, including pipeline and supplier fixed reservation costs and  
19 demand charges.

1       The Storage Fixed Cost includes all fixed costs related to the operation and  
2       maintenance of storage including fixed storage demand charges, fixed costs associated  
3       with delivery of storage gas to the Company's distribution system, and local production  
4       and storage costs.

5       The Supply Variable Cost component includes all variable costs of firm gas, including  
6       the commodity costs and expenses incurred to transport gas. Commodity costs included  
7       in the Supply Variable Cost component reflect the sum of purchases made under the  
8       Gas Purchasing Program and projections of gas costs based on the NYMEX prices of  
9       wellhead futures contracts as of the close of regular trading on January 13, 2004. All  
10      purchases made as part of the Plan were fixed price agreements and there were no call  
11      options, collars and/or other financial-related transactions.

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

18      **Q.     PLEASE DESCRIBE ATTACHMENT GLB-2 PAGES 1 THROUGH 10.**

19      A.     Attachment GLB-2 Pages 1 through 10 shows the supporting detail for gas costs  
20      included in the filing for the period January 2004 through October 2004. The various

1 schedules show the optimized, forecasted sendout by supply source and the pricing  
2 detail by supply source and cost component.

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

4 A. Yes, it does.

**GCR GAS COSTS  
JANUARY 2004 - OCTOBER 2004**

**SUMMARY OF GAS COSTS FOR 2004 GCR FILING (updated)  
(Jan - Oct est)**

<b>Variable Costs</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>TOTAL Jan- Oct</b>	<b>TOTAL Feb-Oct</b>
<b>Total Pipeline Supply Costs</b>	\$22,842,051	\$22,453,254	\$21,397,077	\$12,256,963	\$6,697,497	\$4,419,896	\$4,181,494	\$4,258,938	\$4,762,226	\$9,355,486	\$112,624,882	\$89,782,831
<b>Total Storage Product Costs</b>	\$5,611,002	\$5,368,450	\$2,059,002	\$113,610	\$0	\$0	\$0	\$0	\$0	\$0	\$13,152,064	\$7,541,062
<b>Total Storage Delivery Costs</b>	\$393,807	\$372,738	\$130,415	\$6,749	\$0	\$0	\$0	\$0	\$0	\$0	\$903,708	\$509,902
<b>Total LNG and PropaneCosts</b>	\$2,472,415	\$650,122	\$178,117	\$138,167	\$140,952	\$134,745	\$137,863	\$136,641	\$131,216	\$134,568	\$4,254,806	\$1,782,391
<b>Total All Variable Gas Costs</b>	<b>\$31,319,275</b>	<b>\$28,844,564</b>	<b>\$23,764,612</b>	<b>\$12,515,488</b>	<b>\$6,838,449</b>	<b>\$4,554,642</b>	<b>\$4,319,357</b>	<b>\$4,395,579</b>	<b>\$4,893,442</b>	<b>\$9,490,054</b>	<b>\$130,935,461</b>	<b>\$99,616,186</b>
<b>Fixed Costs</b>												
<b>TOTAL PIPELINE DEMANDS</b>	\$2,349,886	\$2,349,432	\$2,349,886	\$2,351,758	\$2,351,985	\$2,351,758	\$2,351,985	\$2,351,985	\$2,351,758	\$2,351,985	\$23,512,418	\$21,162,532
<b>TOTAL SUPPLIER DEMANDS</b>	\$210,277	\$208,027	\$210,277	\$207,652	\$208,777	\$207,652	\$208,777	\$208,777	\$207,652	\$208,777	\$2,086,648	\$1,876,371
<b>TOTAL STORAGE FACILITIES</b>	\$388,358	\$388,358	\$388,358	\$385,968	\$385,968	\$385,968	\$385,968	\$385,968	\$385,968	\$385,968	\$3,866,854	\$3,478,496
<b>TOTAL STORAGE DELIVERY</b>	\$543,371	\$535,091	\$543,371	\$499,614	\$503,754	\$499,614	\$503,754	\$503,754	\$499,614	\$503,754	\$5,135,692	\$4,592,321
<b>Total All Fixed Costs</b>	<b>\$3,491,892</b>	<b>\$3,480,908</b>	<b>\$3,491,892</b>	<b>\$3,444,993</b>	<b>\$3,450,485</b>	<b>\$3,444,993</b>	<b>\$3,450,485</b>	<b>\$3,450,485</b>	<b>\$3,444,993</b>	<b>\$3,450,485</b>	<b>\$34,601,611</b>	<b>\$31,109,719</b>
<b>Total Credits</b>	<b>\$415,013</b>	<b>\$415,013</b>	<b>\$415,013</b>	<b>\$415,013</b>	<b>\$415,013</b>	<b>\$415,013</b>	<b>\$415,013</b>	<b>\$415,013</b>	<b>\$415,013</b>	<b>\$415,013</b>	<b>\$4,150,130</b>	<b>\$3,735,117</b>
<b>Net Fixed Costs</b>	<b>\$3,076,879</b>	<b>\$3,065,895</b>	<b>\$3,076,879</b>	<b>\$3,029,980</b>	<b>\$3,035,472</b>	<b>\$3,029,980</b>	<b>\$3,035,472</b>	<b>\$3,035,472</b>	<b>\$3,029,980</b>	<b>\$3,035,472</b>	<b>\$30,451,483</b>	<b>\$27,374,604</b>
<b>Total All Gas Costs</b>	<b>\$34,396,154</b>	<b>\$31,910,459</b>	<b>\$26,841,490</b>	<b>\$15,545,468</b>	<b>\$9,873,921</b>	<b>\$7,584,622</b>	<b>\$7,354,829</b>	<b>\$7,431,051</b>	<b>\$7,923,422</b>	<b>\$12,525,526</b>	<b>\$161,386,943</b>	<b>\$126,990,790</b>

NEW ENGLAND GAS COMPANY - RI COMPANIES  
2004 GCR UPDATE  
NORMAL WEATHER SCENARIO  
**JAN - OCT ESTIMATES**

New Energy Associates, LLC Page 1  
SENDOUT® Version 9.0.2 REP013 14-Jan-2004  
Report 13 09:09:01

	Natural Gas Supply VS. Requirements										Units: MDT	
	JAN 2004	FEB 2004	MAR 2004	APR 2004	MAY 2004	JUN 2004	JUL 2004	AUG 2004	SEP 2004	OCT 2004	TOTAL Jan-Oct	TOTAL Feb-Oct
Forecast Demand												
FIRM NORMAL	5,153,514	4,641,494	3,825,933	2,268,891	1,270,540	856,838	810,725	810,725	889,160	1,687,360	22,215,180	17,061,666
Storage Injections												
TENN 8995	0	0	0	0	0	0	0	0	21,992	9,049	31,041	31,041
TENN 501	0	0	0	0	14,114	117,157	0	69,940	53,140	19,327	273,678	273,678
GSSTE 600003	0	0	0	0	140,213	135,690	140,213	140,213	156,010	115,894	828,233	828,233
GSSTE 600042	0	0	0	0	5,527	190	3,990	2,504	1,174	1,760	15,145	15,145
GSS 600018	0	0	0	0	32,519	31,470	32,519	28,109	26,821	6,972	158,410	158,410
GSS 300123	0	0	0	0	5,818	844	5,064	4,642	3,315	0	19,683	19,683
GSS 300140	0	0	0	0	22,673	30,000	27,000	8,135	12,306	12,927	113,041	113,041
GSS 300141	0	0	0	0	124,123	114,690	37,868	26,812	39,169	3,663	346,325	346,325
GSS 300142	0	0	0	4,458	12,400	12,000	12,400	12,400	8,773	0	62,431	62,431
GSS 300143	0	0	0	0	21,700	21,000	17,300	6,000	7,000	7,578	80,578	80,578
SS-1 400221	0	0	0	32,943	189,317	183,210	189,317	189,317	35,053	17,409	836,566	836,566
FSS-1 400515	0	0	0	1,589	9,012	8,730	9,021	9,021	3,362	0	40,735	40,735
TETCO 400185	0	0	0	0	15,500	9,508	3,794	3,119	4,373	0	36,294	36,294
NF ESS 1488	0	0	0	0	0	0	0	0	0	0	0	0
COL FS 38010	0	0	0	0	44,009	30,400	38,400	13,644	22,116	22,660	171,229	171,229
LNG EXETER	0	0	19,800	0	0	0	0	0	0	0	19,800	19,800
LNG PROV	53,242	55,800	36,000	54,000	55,800	54,000	55,800	55,800	54,000	55,800	530,242	477,000
LNG VALLEY	0	0	0	13,029	10,600	0	0	0	39,700	13,990	77,319	77,319
VGC PROPANE	0	0	0	0	0	0	0	0	0	0	0	0
Total Inj	53,242	55,800	55,800	106,019	703,325	748,889	572,686	569,656	488,304	287,029	3,640,750	3,587,508
<b>Total Req</b>	<b>5,206,756</b>	<b>4,697,294</b>	<b>3,881,733</b>	<b>2,374,910</b>	<b>1,973,865</b>	<b>1,605,727</b>	<b>1,383,411</b>	<b>1,380,381</b>	<b>1,377,464</b>	<b>1,974,389</b>	<b>25,855,930</b>	<b>20,649,174</b>

Sources of Supply	JAN 2004	FEB 2004	MAR 2004	APR 2004	MAY 2004	JUN 2004	JUL 2004	AUG 2004	SEP 2004	OCT 2004	TOTAL Jan-Oct	TOTAL Feb-Oct
TENN ZONE 0	83,979	78,561	83,979	82,410	85,157	82,410	85,157	85,157	82,410	85,157	834,377	750,398
TENN ZONE 1	128,278	120,002	128,278	125,910	130,107	125,910	130,107	130,107	125,910	130,107	1,274,716	1,146,438
TENN DRACUT	306,900	287,100	200,551	450,000	342,415	128,263	67,441	70,276	187,635	464,720	2,505,301	2,198,401
TETCO STX	270,781	253,311	270,781	212,946	22,558	0	0	0	0	49,252	1,079,629	808,848
TETCO ELA	358,454	335,329	345,117	226,994	234,561	236,631	243,580	243,580	236,886	253,333	2,714,465	2,356,011
TETCO WLA	234,252	146,225	164,362	96,455	39,767	41,175	17,018	14,183	0	28,365	781,802	547,550
TETCO ETX	276,799	258,941	252,300	223,920	22,796	54,150	79,955	77,955	68,150	153,942	1,468,908	1,192,109
TETCO - NF	9,699	9,073	0	0	0	0	0	0	0	0	18,772	9,073
HUBLINE	115,617	128,982	48,498	92,585	89,219	34,138	48,417	53,507	7,080	71,013	689,056	573,439
M3 DELIVERED	0	0	0	0	0	0	0	0	0	0	0	0
MAUMEE SUPPLY	920,235	816,177	920,235	89,886	86,448	10,696	17,236	17,186	56,380	31,226	2,965,705	2,045,470
BROADRUN COLUMBIA	228,470	213,730	228,470	0	0	0	0	0	0	0	670,670	442,200
COLUMBIA AGT	0	90,035	0	0	0	0	0	0	0	0	90,035	90,035
TRANSCO DOMINION	1,255	1,645	0	0	0	0	0	0	0	0	2,900	1,645
TRANSCO WHARTON	8,919	7,935	1,487	0	0	0	0	0	0	0	18,341	9,422
TETCO B&W	16,681	15,889	0	0	0	0	0	0	0	0	32,570	15,889
TETCO TO DOMINION B&W	0	0	0	0	0	0	0	0	0	0	0	0
TEXGAS DOMINION	23,436	21,168	23,436	0	0	0	0	0	0	0	68,040	44,604
ANE	31,000	29,000	31,000	30,000	31,000	30,000	31,000	31,000	30,000	31,000	305,000	274,000
NIAGARA	30,358	28,400	30,358	32,010	9,182	0	0	0	0	29,261	159,569	129,211
TENN ZN0 VGC	200,415	185,020	200,415	193,950	90,754	85,679	69,424	66,384	74,009	187,657	1,353,707	1,153,292
TENN ZN1 VGC	392,258	344,910	398,970	341,426	65,186	7,086	0	0	0	69,882	1,619,718	1,227,460
DISTRI FCS	83,060	153,700	76,113	27,923	0	0	0	0	0	81,055	421,851	338,791
WESTERLY LNG	2,304	0	0	0	0	0	0	0	0	0	2,304	0
NEWPORT LNG	254	0	0	0	0	0	0	0	0	0	254	0
<b>Total Take</b>	<b>3,723,404</b>	<b>3,525,133</b>	<b>3,404,350</b>	<b>2,226,415</b>	<b>1,249,150</b>	<b>836,138</b>	<b>789,335</b>	<b>789,335</b>	<b>868,460</b>	<b>1,665,970</b>	<b>19,077,690</b>	<b>15,354,286</b>
<b>Storage Withdrawals</b>												
TENN 8995	5,800	5,336	6,728	0	0	0	0	0	0	0	17,864	12,064
TENN 501	61,810	93,924	96,294	0	0	0	0	0	0	0	252,028	190,218
GSSTE 600003	267,654	250,386	122,403	8,000	0	0	0	0	0	0	648,443	380,789
GSSTE 600042	5,191	5,191	1,253	978	0	0	0	0	0	0	12,613	7,422
GSS 600018	66,339	49,312	12,959	0	0	0	0	0	0	0	128,610	62,271
GSS 300123	7,100	6,757	2,563	0	0	0	0	0	0	0	16,420	9,320
GSS 300140	39,285	38,135	14,465	0	0	0	0	0	0	0	91,885	52,600
GSS 300141	146,560	139,309	19,731	0	0	0	0	0	0	0	305,600	159,040
GSS 300142	23,025	22,127	8,393	0	0	0	0	0	0	0	53,545	30,520
GSS 300143	28,660	27,231	10,329	0	0	0	0	0	0	0	66,220	37,560
SS-1 400221	314,018	297,009	77,602	0	0	0	0	0	0	0	688,629	374,611
FSS-1 400515	14,726	14,160	3,568	0	0	0	0	0	0	0	32,454	17,728
TETCO 400185	13,517	12,998	3,250	2,600	0	0	0	0	0	0	32,365	18,848
NF ESS 1488	8,153	7,627	8,153	0	0	0	0	0	0	0	23,933	15,780
COL FS 38010	68,223	55,381	7,362	10,198	0	0	0	0	0	0	141,164	72,941
LNG EXETER	71,900	22,000	7,030	3,000	3,100	3,000	3,100	3,100	3,000	3,100	122,330	50,430
LNG PROV	240,000	63,078	15,500	15,000	15,500	15,000	15,500	15,500	15,000	15,500	425,578	185,578
LNG VALLEY	36,949	6,400	4,000	2,700	2,790	2,700	2,790	2,790	2,700	2,790	66,609	29,660
VGC PROPANE	11,200	0	0	0	0	0	0	0	0	0	11,200	0
Total With	1,430,110	1,116,361	421,583	42,476	21,390	20,700	21,390	21,390	20,700	21,390	3,137,490	1,707,380
<b>Total Supply Excluding Injection</b>	<b>5,153,514</b>	<b>4,641,494</b>	<b>3,825,933</b>	<b>2,268,891</b>	<b>1,270,540</b>	<b>856,838</b>	<b>810,725</b>	<b>810,725</b>	<b>889,160</b>	<b>1,687,360</b>	<b>22,215,180</b>	<b>17,061,666</b>

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
<b>NYMEX strip 1/13/04</b>	\$6.150	\$6.329	\$6.397	\$5.607	\$5.377	\$5.367	\$5.387	\$5.407	\$5.387	\$5.407
<b>TENNESSEE ZN 0</b>										
Basis	(0.155)	(0.155)	(0.155)	(0.155)	(0.155)	(0.155)	(0.155)	(0.155)	(0.155)	(0.155)
usage	0.1669	0.1669	0.1669	0.1669	0.1669	0.1669	0.1669	0.1669	0.1669	0.1669
fuel	8.71%	8.71%	8.71%	7.42%	7.42%	7.42%	7.42%	7.42%	7.42%	7.42%
Total Delivered	6.7500	6.9460	7.0205	6.0694	5.8210	5.8102	5.8318	5.8534	5.8318	5.8534
<b>TENNESSEE ZN 1</b>										
Basis	(0.094)	(0.094)	(0.094)	(0.094)	(0.094)	(0.094)	(0.094)	(0.094)	(0.094)	(0.094)
usage to Zn 6	0.1564	0.1564	0.1564	0.1564	0.1564	0.1564	0.1564	0.1564	0.1564	0.1564
usage to Zn 4	0.1090	0.1090	0.1090	0.1090	0.1090	0.1090	0.1090	0.1090	0.1090	0.1090
fuel to Zn 6	7.82%	7.82%	7.82%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%
fuel to Zn 4	4.99%	4.99%	4.99%	4.29%	4.29%	4.29%	4.29%	4.29%	4.29%	4.29%
Total Delivered	6.7391	6.9333	7.0070	6.0742	5.8278	5.8171	5.8385	5.8600	5.8385	5.8600
Injection Charge	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%
Total Injection Cost	6.7036	6.8950	6.9677	6.0775	5.8334	5.8228	5.8440	5.8652	5.8440	5.8652
<b>TENNESSEE DRACUT</b>										
Basis	1.2800	1.2800	1.2800	0.3770	0.3770	0.3770	0.3770	0.3770	0.3770	0.3770
usage	0.0703	0.0703	0.0703	0.0703	0.0703	0.0703	0.0703	0.0703	0.0703	0.0703
fuel	0.89%	0.89%	0.89%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%
Total Delivered	7.5677	7.7483	7.8169	6.1062	5.8742	5.8641	5.8843	5.9045	5.8843	5.9045
<b>TETCO STX</b>										
Basis	(0.178)	(0.178)	(0.178)	(0.178)	(0.178)	(0.178)	(0.178)	(0.178)	(0.178)	(0.178)
Usage to M3	0.0966	0.0966	0.0966	0.0966	0.0966	0.0966	0.0966	0.0966	0.0966	0.0966
Usage to M2	0.0772	0.0772	0.0772	0.0772	0.0772	0.0772	0.0772	0.0772	0.0772	0.0772
Usage on AGT	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173
Fuel to M3	10.86%	10.86%	10.86%	8.87%	8.87%	8.87%	8.87%	8.87%	8.87%	8.87%
Fuel to M2	9.57%	9.57%	9.57%	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%
Fuel on AGT	1.14%	1.14%	1.14%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	6.9162	7.1196	7.1969	6.1252	5.8710	5.8600	5.8821	5.9042	5.8821	5.9042
Injection cost Dom	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%
Total Injection cost	7.0885	7.2969	7.3760	6.3104	6.0488	6.0374	6.0601	6.0829	6.0601	6.0829
Usage to M2/M3	0.0850	0.0850	0.0850	0.0850	0.0850	0.0850	0.0850	0.0850	0.0850	0.0850
Fuel to M2/M3	10.09%	10.09%	10.09%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%
Injection cost Tetco	0.0369	0.0369	0.0369	0.0369	0.0369	0.0369	0.0369	0.0369	0.0369	0.0369
Injection Fuel Tetco	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%
Total Injection cost	6.9086	7.1112	7.1881	6.1557	5.9011	5.8901	5.9122	5.9343	5.9122	5.9343
<b>TETCO WLA</b>										
Basis	(0.087)	(0.087)	(0.087)	(0.087)	(0.087)	(0.087)	(0.087)	(0.087)	(0.087)	(0.087)
Usage to M3	0.0909	0.0909	0.0909	0.0909	0.0909	0.0909	0.0909	0.0909	0.0909	0.0909
Usage on AGT	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173
Fuel to M3	9.96%	9.96%	9.96%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%
Fuel on AGT	1.14%	1.14%	1.14%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	6.9420	7.1433	7.2198	6.1735	5.9212	5.9103	5.9322	5.9541	5.9322	5.9541

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
<b>NYMEX strip 1/13/04</b>	\$6.150	\$6.329	\$6.397	\$5.607	\$5.377	\$5.367	\$5.387	\$5.407	\$5.387	\$5.407
<b>TETCO ELA</b>										
Basis	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)
Usage to M3	0.0883	0.0883	0.0883	0.0883	0.0883	0.0883	0.0883	0.0883	0.0883	0.0883
Usage on AGT	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173
Fuel to M3	9.57%	9.57%	9.57%	7.91%	7.91%	7.91%	7.91%	7.91%	7.91%	7.91%
Fuel on AGT	1.14%	1.14%	1.14%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	6.9249	7.1254	7.2015	6.1669	5.9154	5.9045	5.9263	5.9482	5.9263	5.9482
<b>TETCO ETX</b>										
Basis	(0.129)	(0.129)	(0.129)	(0.129)	(0.129)	(0.129)	(0.129)	(0.129)	(0.129)	(0.129)
Usage to M3	0.0883	0.0883	0.0883	0.0883	0.0883	0.0883	0.0883	0.0883	0.0883	0.0883
Usage on AGT	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173
Fuel to M3	9.57%	9.57%	9.57%	7.91%	7.91%	7.91%	7.91%	7.91%	7.91%	7.91%
Fuel on AGT	1.14%	1.14%	1.14%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	6.8614	7.0619	7.1381	6.1049	5.8535	5.8425	5.8644	5.8863	5.8644	5.8863
<b>TETCO TO NF</b>										
Basis	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)
Usage to M2	0.3062	0.3062	0.3062	0.3062	0.3062	0.3062	0.3062	0.3062	0.3062	0.3062
Usage on NF	0.0090	0.0090	0.0090	0.0090	0.0090	0.0090	0.0090	0.0090	0.0090	0.0090
Usage on Transco	0.0202	0.0202	0.0202	0.0202	0.0202	0.0202	0.0202	0.0202	0.0202	0.0202
Usage on AGT	0.2408	0.2408	0.2408	0.2408	0.2408	0.2408	0.2408	0.2408	0.2408	0.2408
Fuel to M2	8.28%	8.28%	8.28%	7.41%	7.41%	7.41%	7.41%	7.41%	7.41%	7.41%
Fuel on NF	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Fuel on Transco	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%
Fuel on AGT	1.14%	1.14%	1.14%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	7.5741	7.7778	7.8553	6.8484	6.5907	6.5794	6.6019	6.6243	6.6019	6.6243
Injection cost	0.0139	0.0139	0.0139	0.0139	0.0139	0.0139	0.0139	0.0139	0.0139	0.0139
Injection Fuel	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Total Injection cost	6.7995	6.9990	7.0748	6.1348	5.8809	5.8699	5.8920	5.9141	5.8920	5.9141
<b>M3 DELIVERED</b>										
Basis	1.038	1.038	1.038	-	-	-	-	-	-	-
Usage on AGT	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173
Fuel on AGT	1.14%	1.14%	1.14%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	7.29	7.47	7.54	5.66	5.43	5.42	5.44	5.46	5.44	5.46
<b>MAUMEE SUPPLY</b>										
Basis	0.205	0.205	0.205	0.205	0.205	0.205	0.205	0.205	0.205	0.205
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	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173
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	1.14%	1.14%	1.14%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	6.6283	6.8139	6.8844	6.0333	5.7961	5.7858	5.8064	5.8270	5.8064	5.8270
Injection cost	0.0153	0.0153	0.0153	0.0153	0.0153	0.0153	0.0153	0.0153	0.0153	0.0153
Injection Fuel	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%
Total Injection cost	6.5609	6.7446	6.8145	6.0034	5.7673	5.7570	5.7775	5.7981	5.7775	5.7981

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
<b>NYMEX strip 1/13/04</b>	\$6.150	\$6.329	\$6.397	\$5.607	\$5.377	\$5.367	\$5.387	\$5.407	\$5.387	\$5.407
<b>BROADRUN COLUMBIA</b>										
Basis	0.205	0.205	0.205	0.205	0.205	0.205	0.205	0.205	0.205	0.205
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	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173
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	1.14%	1.14%	1.14%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	6.6283	6.8139	6.8844	6.0333	5.7961	5.7858	5.8064	5.8270	5.8064	5.8270
<b>COLUMBIA TO AGT</b>										
Basis	1.038	1.038	1.038	-	-	-	-	-	-	-
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	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173
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	1.14%	1.14%	1.14%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	7.4917	7.6774	7.7479	5.8218	5.5846	5.5742	5.5949	5.6155	5.5949	5.6155
<b>TRANSCO AT WHARTON</b>										
Basis	0.465	0.465	0.465	0.282	0.282	0.282	0.282	0.282	0.282	0.282
usage on NF	0.0090	0.0090	0.0090	0.0090	0.0090	0.0090	0.0090	0.0090	0.0090	0.0090
usage on Transco	0.0073	0.0073	0.0073	0.0073	0.0073	0.0073	0.0073	0.0073	0.0073	0.0073
usage on AGT	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173
Fuel on NF	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Fuel on Transco	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%
Fuel on AGT	1.14%	1.14%	1.14%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Total Delivered	6.9163	7.1025	7.1732	6.1287	5.8907	5.8803	5.9010	5.9217	5.9010	5.9217
<b>DOMINION TO B &amp; W</b>										
Basis	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)
Usage on Dominion	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250
Usage to M2	0.0689	0.0689	0.0689	0.0689	0.0689	0.0689	0.0689	0.0689	0.0689	0.0689
Usage on Tetco	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021
Usage on AGT	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173
Fuel to M2	5.19%	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 Tetco	1.76%	1.76%	1.76%	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%
Fuel on AGT	1.14%	1.14%	1.14%	0.57%	0.57%	0.57%	0.57%	0.57%	0.57%	0.57%
Total Delivered	6.9671	7.1685	7.2450	6.2113	5.9584	5.9474	5.9694	5.9914	5.9694	5.9914
<b>TRANSCO TO DOMINION</b>										
Basis	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)
Usage on Dominion	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
Usage on Tetco	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021
Usage on AGT	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173
Fuel to M6	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%
Fuel on Tetco	1.76%	1.76%	1.76%	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%
Fuel on AGT	1.14%	1.14%	1.14%	0.57%	0.57%	0.57%	0.57%	0.57%	0.57%	0.57%
Total Delivered	6.9103	7.1096	7.1853	6.2336	5.9804	5.9694	5.9914	6.0134	5.9914	6.0134

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
<b>NYMEX strip 1/13/04</b>	\$6.150	\$6.329	\$6.397	\$5.607	\$5.377	\$5.367	\$5.387	\$5.407	\$5.387	\$5.407
<b>TEXAS GAS TO DOMINION</b>										
Basis	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)
Usage on Texas Gas	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
Usage on Tetco	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021
Usage on AGT	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173	0.0173
Fuel to Dominion	3.00%	3.00%	3.00%	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%
Fuel on Tetco	1.76%	1.76%	1.76%	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%	1.29%
Fuel on AGT	1.14%	1.14%	1.14%	0.57%	0.57%	0.57%	0.57%	0.57%	0.57%	0.57%
Total Delivered	6.8296	7.0262	7.1009	6.1236	5.8754	5.8646	5.8862	5.9078	5.8862	5.9078
<b>ANE TO TENNESSEE</b>										
Basis	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Demand	1.083	1.083	1.083	1.083	1.083	1.083	1.083	1.083	1.083	1.083
Commodity	5.307	5.486	5.554	4.764	4.534	4.524	4.544	4.564	4.544	4.564
Iroquois usage	0.0057	0.0057	0.0057	0.0057	0.0057	0.0057	0.0057	0.0057	0.0057	0.0057
NETNE usage	0.0037	0.0037	0.0037	0.0037	0.0037	0.0037	0.0037	0.0037	0.0037	0.0037
Fuel on Iroquois	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Fuel on NETNE	2.17%	2.17%	2.17%	1.92%	1.92%	1.92%	1.92%	1.92%	1.92%	1.92%
Total Delivered	5.3768	5.6751	5.7453	4.9168	4.6799	4.6696	4.6902	4.7108	4.6902	4.7108
<b>NIAGARA TO TENNESSEE</b>										
Basis	0.465	0.465	0.465	0.282	0.282	0.282	0.282	0.282	0.282	0.282
Tennessee Usage	0.0826	0.0826	0.0826	0.0826	0.0826	0.0826	0.0826	0.0826	0.0826	0.0826
Tennessee Fuel	2.09%	2.09%	2.09%	1.86%	1.86%	1.86%	1.86%	1.86%	1.86%	1.86%
Total Delivered	6.8406	7.0234	7.0928	6.0849	5.8506	5.8404	5.8608	5.8811	5.8608	5.8811
<b>Tetco to B&amp;W</b>										
Basis	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)
usage	0.419	0.419	0.419	0.419	0.419	0.419	0.419	0.419	0.419	0.419
Usage to Zn2	0.315	0.315	0.315	0.315	0.315	0.315	0.315	0.315	0.315	0.315
usage on AGT	0.2408	0.2408	0.2408	0.2408	0.2408	0.2408	0.2408	0.2408	0.2408	0.2408
fuel to ZN 3	9.57%	9.57%	9.57%	7.91%	7.91%	7.91%	7.91%	7.91%	7.91%	7.91%
Fuel on AGT	1.14%	1.14%	1.14%	0.57%	0.57%	0.57%	0.57%	0.57%	0.57%	0.57%
fuel to ZN2	8.28%	8.28%	8.28%	7.41%	7.41%	7.41%	7.41%	7.41%	7.41%	7.41%
Total Delivered	7.5455	7.7459	7.8221	6.7683	6.5170	6.5061	6.5279	6.5498	6.5279	6.5498
Injection cost Dom	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%
total Inj cost Dom	7.2478	7.4501	7.5269	6.5697	6.3123	6.3012	6.3235	6.3459	6.3235	6.3459
Injection cost Tetco	0.0369	0.0369	0.0369	0.0369	0.0369	0.0369	0.0369	0.0369	0.0369	0.0369
Injection Fuel Tetco	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%
Total Inj. Cost Tetco	7.0688	7.2655	7.3403	6.4105	6.1600	6.1491	6.1709	6.1927	6.1709	6.1927
<b>DISTRIGAS FCS</b>										
Total Delivered	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17
<b>Hubline</b>										
Basis	1.2800	1.2800	1.2800	0.3770	0.3770	0.3770	0.3770	0.3770	0.3770	0.3770
usage	0.0703	0.0703	0.0703	0.0703	0.0703	0.0703	0.0703	0.0703	0.0703	0.0703
fuel	1.14%	1.14%	1.14%	0.57%	0.57%	0.57%	0.57%	0.57%	0.57%	0.57%
Total Delivered	7.5677	7.7483	7.8169	6.1062	5.8742	5.8641	5.8843	5.9045	5.8843	5.9045

**Total delivered to the City Gas Gas Supply Costs**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
<b>Tennessee Zn 0</b>										
Delivered Mmbtu	83,979	78,561	83,979	82,410	85,157	82,410	85,157	85,157	82,410	85,157
Locked Volumes	83,979	78,561	83,979	82,410	85,157	82,410	85,157	85,157	82,410	85,157
NYMEX Volumes	0	0	0	0	0	0	0	0	0	0
Locked \$/Mmbtu	5.709	5.750	5.6850	5.049	4.988	5.047	5.105	5.140	5.172	5.231
NYMEX \$/Mmbtu Del	6.750	6.946	7.021	6.069	5.821	5.810	5.832	5.853	5.832	5.853
Deliverd Cost Locked	479,436	451,726	477,421	416,088	424,763	415,923	434,726	437,707	426,225	445,456
Delivered Cost Nymex	0	0	0	0	0	0	0	0	0	0
Total Delivered Cost	479,436	451,726	477,421	416,088	424,763	415,923	434,726	437,707	426,225	445,456
Average Delivered Unit Cost	5.7090	5.7500	5.6850	5.0490	4.9880	5.0470	5.1050	5.1400	5.1720	5.2310
<b>TENN ZONE 1</b>										
Delivered Mmbtu	128,278	120,002	128,278	125,910	130,107	125,910	130,107	130,107	125,910	130,107
Locked Volumes	128,278	120,002	128,278	125,910	130,107	125,910	130,107	99,563	124,283	116,881
NYMEX Volumes	0	0	0	0	0	0	0	30,544	1,627	13,226
Locked \$/Mmbtu	5.709	5.750	5.685	5.049	4.988	5.044	5.105	5.140	5.172	5.231
NYMEX \$/Mmbtu Del	6.739	6.933	7.007	6.074	5.828	5.817	5.839	5.860	5.839	5.860
Deliverd Cost Locked	732,339	690,012	729,260	635,720	648,974	635,090	664,196	511,754	642,792	611,405
Delivered Cost Nymex	0	0	0	0	0	0	0	178,986	9,499	77,504
Total Delivered Cost	732,339	690,012	729,260	635,720	648,974	635,090	664,196	690,740	652,291	688,908
Average Delivered Unit Cost	5.7090	5.7500	5.6850	5.0490	4.9880	5.0440	5.1050	5.3090	5.1806	5.2949
<b>TENN DRACUT</b>										
Delivered Mmbtu	306,900	287,100	200,551	450,000	342,415	128,263	67,441	70,276	187,635	464,720
Locked Volumes	30,724	28,742	30,724	0	0	0	0	0	0	0
NYMEX Volumes	276,176	258,358	169,827	450,000	342,415	128,263	67,441	70,276	187,635	464,720
NYMEX \$/Mmbtu Del	7.5677	7.7483	7.8169	6.1062	5.8742	5.8641	5.8843	5.9045	5.8843	5.9045
Locked \$/Mmbtu	6.5680	6.5850	6.5280	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Delivered Cost Nymex	2,090,004	2,001,825	1,327,516	2,747,791	2,011,425	752,153	396,844	414,944	1,104,104	2,743,934
Delivered Cost Locked	201,795	189,266	200,566	0	0	0	0	0	0	0
Delivered Cost	2,291,799	2,191,091	1,528,082	2,747,791	2,011,425	752,153	396,844	414,944	1,104,104	2,743,934
<b>TETCO STX</b>										
Delivered Mmbtu	270,781	253,311	270,781	212,946	22,558	0	0	0	0	49,252
Locked Volumes	163,680	88,223	158,933	82,215	22,558	0	0	0	0	0
NYMEX Volumes	107,101	165,088	111,848	130,731	0	0	0	0	0	49,252
Locked \$/Mmbtu	5.8170	5.8240	5.758	5.0940	5.0380	5.0950	5.1660	5.2140	5.2460	5.2850
NYMEX \$/Mmbtu Del	6.9162	7.1196	7.1969	6.1252	5.8710	5.8600	5.8821	5.9042	5.8821	5.9042
Deliverd Cost Locked	952,127	513,811	915,136	418,803	113,647	0	0	0	0	0
Delivered Cost Nymex	740,733	1,175,363	804,957	800,747	0	0	0	0	0	290,791
Total Delivered Cost	1,692,859	1,689,174	1,720,094	1,219,550	113,647	0	0	0	0	290,791
Average Delivered Unit Cost	6.2518	6.6684	6.3523	5.7270	5.0380	0.0000	0.0000	0.0000	0.0000	5.9042
<b>TETCO ELA</b>										
Delivered Mmbtu	358,454	335,329	345,117	226,994	234,561	236,631	243,580	243,580	236,886	253,333
Locked Volumes	262,907	193,588	226,913	226,994	234,561	205,875	240,554	212,738	205,470	212,738
NYMEX Volumes	95,547	141,741	118,204	0	0	30,756	3,026	30,842	31,416	40,595
Locked \$/Mmbtu	5.8170	5.8240	5.7580	5.0940	5.0380	5.0950	5.1660	5.2140	5.2460	5.2850
NYMEX \$/Mmbtu Del	6.9249	7.1254	7.2015	6.1669	5.9154	5.9045	5.9263	5.9482	5.9263	5.9482
Deliverd Cost Locked	1,529,330	1,127,457	1,306,565	1,156,307	1,181,718	1,048,933	1,242,702	1,109,216	1,077,896	1,124,320
Delivered Cost Nymex	661,653	1,009,956	851,249	0	0	181,598	17,933	183,455	186,182	241,468
Total Delivered Cost	2,190,983	2,137,413	2,157,814	1,156,307	1,181,718	1,230,531	1,260,635	1,292,671	1,264,078	1,365,788
Average Delivered Unit Cost	6.1123	6.3741	6.2524	5.0940	5.0380	5.2002	5.1754	5.3070	5.3362	5.3913



**Total delivered to the City Gas Gas Supply Costs**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
<b>TRANS WHARTON</b>										
Delivered Mmbtu	1,255	1,645	0	0	0	0	0	0	0	0
Delivered \$/Mmbtu	6.9163	7.1025	7.1732	6.1287	5.8907	5.8803	5.9010	5.9217	5.9010	5.9217
Delivered Cost	8,680	11,684	0	0	0	0	0	0	0	0
<b>TRANSCO TO DOMINION</b>										
Delivered Mmbtu	16,681	15,889	0	0	0	0	0	0	0	0
Delivered \$/Mmbtu	6.9103	7.1096	7.1853	6.2336	5.9804	5.9694	5.9914	6.0134	5.9914	6.0134
Delivered Cost	115,270	112,964	0	0	0	0	0	0	0	0
<b>TEXAS GAS TO DOMINION</b>										
Delivered Mmbtu	23,436	21,168	23,436	0	0	0	0	0	0	0
Delivered \$/Mmbtu	6.8296	7.0262	7.1009	6.1236	5.8754	5.8646	5.8862	5.9078	5.8862	5.9078
Delivered Cost	160,058	148,730	166,416	0	0	0	0	0	0	0
<b>ANE TO TENNESSEE</b>										
Delivered Mmbtu	31,000	29,000	31,000	30,000	31,000	30,000	31,000	31,000	30,000	31,000
Delivered \$/Mmbtu	5.3768	5.6751	5.7453	4.9168	4.6799	4.6696	4.6902	4.7108	4.6902	4.7108
Delivered Cost	166,681	164,578	178,105	147,503	145,075	140,087	145,395	146,033	140,705	146,033
<b>NIAGARA TO TENNESSEE</b>										
Delivered Mmbtu Niagara	30,358	28,400	30,358	32,010	9,182	0	0	0	0	29,261
Locked Volumes	30,358	28,400	30,358	0	0	0	0	0	0	0
NYMEX Volumes	0	0	0	32,010	9,182	0	0	0	0	29,261
Delivered locked \$/Mmbtu	5.723	5.809	5.751	0.000	0.000	0.000	0.000	0.000	0.000	0.000
NYMEX \$/Mmbtu Del	6.841	7.023	7.093	6.085	5.851	5.840	5.861	5.881	5.861	5.881
Deliverd Cost Locked	173,739	164,976	174,589	0	0	0	0	0	0	0
Delivered Cost Nymex	0	0	0	194,778	53,720	0	0	0	0	172,088
Total Delivered Cost	173,739	164,976	174,589	194,778	53,720	0	0	0	0	172,088
<b>TETCO TO B&amp;W</b>										
Delivered Mmbtu	8,919	7,935	1,487	0	0	0	0	0	0	0
Locked Volumes	0	0	0	0	0	0	0	0	0	0
NYMEX Volumes	8,919	7,935	1,487	0	0	0	0	0	0	0
Delivered locked \$/Mmbtu	5.8170	5.8240	5.7580	5.0940	5.0380	5.0950	5.1660	5.2140	5.2460	5.2850
NYMEX \$/Mmbtu Del	7.5455	7.7459	7.8221	6.7683	6.5170	6.5061	6.5279	6.5498	6.5279	6.5498
Deliverd Cost Locked	0	0	0	0	0	0	0	0	0	0
Delivered Cost Nymex	67,298	61,464	11,631	0	0	0	0	0	0	0
Total Delivered Cost	67,298	61,464	11,631	0	0	0	0	0	0	0
	7.5455	7.7459	7.8221	0.0000	0.0000	0.0000	0.0000	0	0	0
<b>TENNESSEE ZONE 0 VG</b>										
Delivered Mmbtu	200,415	185,020	200,415	193,950	90,754	85,679	69,424	66,384	74,009	187,657
Locked Volumes	200,415	185,020	200,415	193,950	90,754	73,788	18,523	66,384	0	0
NYMEX Volumes	0	0	0	0	0	11,891	50,901	0	74,009	187,657
Locked Delivered \$/Mmbtu	5.709	5.750	5.685	5.049	4.988	5.047	5.105	5.140	5.172	5.231
NYMEX \$/Mmbtu Del	6.7500	6.9460	7.0205	6.0694	5.8210	5.8102	5.8318	5.8534	5.8318	5.8534
Deliverd Cost Locked	1,144,169	1,063,865	1,139,359	979,254	452,681	372,408	94,560	341,214	0	0
Delivered Cost Nymex	0	0	0	0	0	69,089	296,842	0	431,602	1,098,424
Total Delivered Cost	1,144,169	1,063,865	1,139,359	979,254	452,681	441,497	391,402	341,214	431,602	1,098,424

**Total delivered to the City Gas Gas Supply Costs**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct		
<b>TENNESSEE ZONE 1 VG</b>												
Delivered Mmbtu	392,258	344,910	398,970	341,426	65,186	7,086	0	0	0	69,882		
Locked Volumes	354,471	253,411	337,549	262,500	65,186	0	0	0	0	0		
NYMEX Volumes	37,787	91,499	61,421	78,926	0	7,086	0	0	0	69,882		
Delivered \$/Mmbtu Locked	5.709	5.750	5.685	5.049	4.988	5.047	5.105	5.140	5.172	5.231		
NYMEX \$/Mmbtu Del	6.739	6.933	7.007	6.074	5.828	5.817	5.839	5.860	5.839	5.860		
Deliverd Cost Locked	2,023,675	1,457,113	1,918,966	1,325,363	325,148	0	0	0	0	0		
Delivered Cost Nymex	254,650	634,388	430,380	479,416	0	41,220	0	0	0	409,505		
Total Delivered Cost	2,278,325	2,091,501	2,349,346	1,804,778	325,148	41,220	0	0	0	409,505		
	5.8082	6.0639	5.8885	5.2860	4.9880	5.8171	0.0000	0.0000	0.0000	5.8600		
<b>DISTRIGAS FCS</b>												
Delivered Mmbtu	83,060	153,700	76,113	27,923	0	0	0	0	0	81,055		
Delivered \$/Mmbtu	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17		
Delivered Cost	429,105	794,045	393,215	144,256	0	0	0	0	0	418,746		
<b>HUBLINE</b>												
Delivered Mmbtu	115,617	128,982	48,498	92,585	89,219	34,138	48,417	53,507	7,080	71,013		
Delivered \$/Mmbtu	7.568	7.748	7.817	6.106	5.874	5.864	5.884	5.904	5.884	5.904		
Delivered Cost	874,949	999,386	379,103	565,343	524,093	200,190	284,901	315,931	41,661	419,295		
											<b>TOTAL</b>	<b>TOTAL</b>
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Jan-Oct	Feb-Oct
<b>Total Pipeline Volumes</b>	3,720,846	3,525,133	3,404,350	2,226,415	1,249,150	836,138	789,335	789,335	868,460	1,665,970	19,075,132	15,354,286
Delivered all pipeline \$/Dth	\$6.139	\$6.369	\$6.285	\$5.505	\$5.362	\$5.286	\$5.297	\$5.396	\$5.484	\$5.616	\$5.904	\$5.847
Total Pipeline Costs	\$22,842,051	\$22,453,254	\$21,397,077	\$12,256,963	\$6,697,497	\$4,419,896	\$4,181,494	\$4,258,938	\$4,762,226	\$9,355,486	\$112,624,882	\$89,782,831
<b>Total Delivered Locked volumes</b>	2,363,791	1,768,230	1,852,982	1,223,832	690,886	564,124	567,945	497,749	453,338	578,674	10,561,551	8,197,760
Delivered Locked \$/Dth	\$5.732	\$5.766	\$5.717	\$5.070	\$5.011	\$5.070	\$5.141	\$5.177	\$5.212	\$5.266	\$5.470	\$5.394
Locked Delivered Cost	\$13,548,822	\$10,195,738	\$10,592,946	\$6,204,286	\$3,462,123	\$2,860,293	\$2,919,743	\$2,576,682	\$2,362,916	\$3,047,382	\$57,770,929	\$44,222,108
<b>Volumes not locked</b>	1,357,055	1,756,903	1,551,368	1,002,583	558,264	272,014	221,390	291,586	415,122	1,087,296	8,513,581	7,156,526
Delivered unlocked \$/Dth	\$6.848	\$6.977	\$6.964	\$6.037	\$5.795	\$5.734	\$5.699	\$5.769	\$5.780	\$5.802	\$6.443	\$6.366
Cost of unlocked volumes	\$9,293,229	\$12,257,516	\$10,804,131	\$6,052,677	\$3,235,373	\$1,559,604	\$1,261,752	\$1,682,256	\$2,399,310	\$6,308,104	\$54,853,953	\$45,560,723

**Storage Variable Costs  
GCR Update Jan 04 - Oct 04**

	January	February	March	April	May	June	July	August	September	October
1 Estimated Injection Wacog										
2 WACOG	\$6.139	\$6.369	\$6.285	\$5.505	\$5.362	\$5.286	\$5.297	\$5.396	\$5.484	\$5.616
3 Injection	\$0.0229	\$0.0229	\$0.0229	\$0.0229	\$0.0229	\$0.0229	\$0.0229	\$0.0229	\$0.0229	\$0.0229
4 Variable	\$0.0788	\$0.0788	\$0.0788	\$0.0788	\$0.0788	\$0.0788	\$0.0788	\$0.0788	\$0.0788	\$0.0788
5 Fuel	7.13%	7.13%	7.13%	7.13%	7.13%	7.13%	7.13%	7.13%	7.13%	7.13%
6 Delivered Wacog to storage	\$6.660	\$6.908	\$6.817	\$5.977	\$5.823	\$5.741	\$5.754	\$5.859	\$5.954	\$6.096

**2004 GCR  
All RI Storages**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
<b>Combined Storages</b>										
4 Beginning Inv Vol	4,135,304	3,006,100	1,925,709	1,511,339	1,527,465	2,164,390	2,859,279	3,376,165	3,890,021	4,284,625
5 Vol Withdrawn	1,129,204	1,080,391	414,371	22,864	0	0	0	0	0	0
6 Vol Injected	0	0	0	38,990	636,925	694,889	516,886	513,856	394,604	217,239
7 Begining Inv \$	\$20,548,278	\$14,937,276	\$9,568,826	\$7,509,824	\$7,629,266	\$11,337,822	\$15,327,343	\$18,301,255	\$21,312,019	\$23,661,428
8 \$ Withdrawn	\$5,611,002	\$5,368,450	\$2,059,002	\$113,610	\$0	\$0	\$0	\$0	\$0	\$0
9 \$ Injected - Wacog	\$0	\$0	\$0	\$233,052	\$3,708,556	\$3,989,521	\$2,973,912	\$3,010,765	\$2,349,408	\$1,324,308
10 Ending Vol	3,006,100	1,925,709	1,511,339	1,527,465	2,164,390	2,859,279	3,376,165	3,890,021	4,284,625	4,501,864
11 Ending \$	\$14,937,276	\$9,568,826	\$7,509,824	\$7,629,266	\$11,337,822	\$15,327,343	\$18,301,255	\$21,312,019	\$23,661,428	\$24,985,736
12 Avg \$/Mmbtu	\$4.9690	\$4.9690	\$4.9690	\$4.9947	\$5.2383	\$5.3606	\$5.4207	\$5.4786	\$5.5224	\$5.5501







STORAGE DELIVERY BILLING UNITS (DTH)		JAN-04.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEPT.	OCT
ALGONQUIN FOR TETCO SS-1	Dth	13,976	13,976	13,976	13,976	13,976	13,976	13,976	13,976	13,976	13,976
ALGONQUIN DELIVERY FOR FSS-1	Dth	933	933	933	933	933	933	933	933	933	933
TETCO DELIVERY FOR FSS-1	Dth	944	944	944	944	944	944	944	944	944	944
ALGONQUIN SCT FOR SS-1	Dth	657	657	657	657	657	657	657	657	657	657
ALGONQUIN DELIVERY FOR GSS, GSS-TE,	Dth	10,915	10,915	10,915	10,915	10,915	10,915	10,915	10,915	10,915	10,915
ALGONQUIN DELIVERY FOR GSS CONV	Dth	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038	2,038
TENNESSEE DELIVERY FOR GSS	Dth	6,581	6,581	6,581	6,581	6,581	6,581	6,581	6,581	6,581	6,581
TENNESSEE DELIVERY FOR FSMA	Dth	4,255	4,255	4,255	4,255	4,255	4,255	4,255	4,255	4,255	4,255
TETCO DELIVERY FOR GSS	Dth	5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,479
TETCO DELIVERY FOR GSS-TE	Dth	538	538	538	538	538	538	538	538	538	538
TETCO DELIVERY FOR GSS-TE	Dth	5,011	5,011	5,011	5,011	5,011	5,011	5,011	5,011	5,011	5,011
TETCO DELIVERY FOR GSS CONV	Dth	2,061	2,061	2,061	2,061	2,061	2,061	2,061	2,061	2,061	2,061
DOMINION DELIVERY FOR GSS	Dth	5,342	5,342	5,342	0	0	0	0	0	0	0
DOMINION DELIVERY FOR GSS CONV	Dth	2,061	2,061	2,061	2,061	2,061	2,061	2,061	2,061	2,061	2,061
ALGONQUIN DELIVERY FOR GSS CONV	Dth	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516
COLUMBIA DELIVERY FOR FSS	Dth	2,545	2,545	2,545	1,272	1,272	1,272	1,272	1,272	1,272	1,272
NATIONAL FUEL DELIVERY FOR ESS	Dth	276	276	276	0	0	0	0	0	0	0
TRANSCO DELIVERY FOR ESS	Dth	276	276	276	0	0	0	0	0	0	0
ALGONQUIN DELIVERY FOR ESS	Dth	273	273	273	0	0	0	0	0	0	0
DISTRIGAS FLS CALL PAYMENT	Dth	55,800	52,200	55,800	54,000	55,800	54,000	55,800	55,800	54,000	55,800

**PIPELINE FIXED COST DOLLARS**

	JAN-04.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEPT.	OCT	TOTAL Jan-Oct	TOTAL Feb-Oct
ALGONQUIN AFT-E/AFT-1 DEMAND	\$	\$583,881	\$583,881	\$583,881	\$583,881	\$583,881	\$583,881	\$583,881	\$583,881	\$583,881	\$5,838,813	\$5,254,932
ALGONQUIN AFT-3 DEMAND	\$	\$118,987	\$118,987	\$118,987	\$118,987	\$118,987	\$118,987	\$118,987	\$118,987	\$118,987	\$1,189,870	\$1,070,883
ALGONQUIN AFT-ES/1S DEMAND	\$	\$8,951	\$8,951	\$8,951	\$9,670	\$9,670	\$9,670	\$9,670	\$9,670	\$9,670	\$94,544	\$85,593
TEXAS EASTERN STX CDS DEMAND Z3	\$	\$94,195	\$94,195	\$94,195	\$94,195	\$94,195	\$94,195	\$94,195	\$94,195	\$94,195	\$941,946	\$847,751
TEXAS EASTERN WLA CDS DEMAND Z3	\$	\$44,413	\$44,413	\$44,413	\$44,413	\$44,413	\$44,413	\$44,413	\$44,413	\$44,413	\$444,134	\$399,721
TEXAS EASTERN ELA CDS DEMAND Z3	\$	\$56,425	\$56,425	\$56,425	\$56,425	\$56,425	\$56,425	\$56,425	\$56,425	\$56,425	\$564,253	\$507,827
TEXAS EASTERN ETX CDS DEMAND Z3	\$	\$17,501	\$17,501	\$17,501	\$17,501	\$17,501	\$17,501	\$17,501	\$17,501	\$17,501	\$175,011	\$157,509
TETCO M1 TO M3 DEMAND Z3	\$	\$494,939	\$494,939	\$494,939	\$494,939	\$494,939	\$494,939	\$494,939	\$494,939	\$494,939	\$4,949,389	\$4,454,450
TETCO FTS DEMAND	\$	\$7,679	\$7,679	\$7,679	\$7,679	\$7,679	\$7,679	\$7,679	\$7,679	\$7,679	\$76,787	\$69,108
TETCO SCT DEMAND 1-3	\$	\$12,763	\$12,763	\$12,763	\$12,763	\$12,763	\$12,763	\$12,763	\$12,763	\$12,763	\$127,628	\$114,865
TETCO SCT DEMAND 1-2	\$	\$7,518	\$7,518	\$7,518	\$7,518	\$7,518	\$7,518	\$7,518	\$7,518	\$7,518	\$75,183	\$67,665
TENNESSEE FT-A DEMAND ZONE 0 TO 6	\$	\$156,948	\$156,948	\$156,948	\$156,948	\$156,948	\$156,948	\$156,948	\$156,948	\$156,948	\$1,569,485	\$1,412,536
TENNESSEE FT-A DEMAND ZONE 1 TO 6	\$	\$302,526	\$302,526	\$302,526	\$302,526	\$302,526	\$302,526	\$302,526	\$302,526	\$302,526	\$3,025,256	\$2,722,730
TENNESSEE DRACUT	\$	\$48,150	\$48,150	\$48,150	\$48,150	\$48,150	\$48,150	\$48,150	\$48,150	\$48,150	\$481,500	\$433,350
TENNESSEE FT-A DEMAND ZONE 5 TO 6	\$	\$5,314	\$5,314	\$5,314	\$5,314	\$5,314	\$5,314	\$5,314	\$5,314	\$5,314	\$53,137	\$47,823
NETNE	\$	\$10,660	\$10,660	\$10,660	\$10,660	\$10,660	\$10,660	\$10,660	\$10,660	\$10,660	\$106,600	\$95,940
IROUOIS	\$	\$7,517	\$7,517	\$7,517	\$7,517	\$7,517	\$7,517	\$7,517	\$7,517	\$7,517	\$75,172	\$67,655
DOMINION FTNN DEMAND	\$	\$7,674	\$7,674	\$7,674	\$7,674	\$7,674	\$7,674	\$7,674	\$7,674	\$7,674	\$76,738	\$69,064
TRANSCO DEMAND ZONE 2 TO 6	\$	\$1,657	\$1,657	\$1,657	\$1,657	\$1,657	\$1,657	\$1,657	\$1,657	\$1,657	\$16,575	\$14,917
TRANSCO DEMAND ZONE 3 TO 6.	\$	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$336	\$303
TRANSCO DEMAND ZONE 6	\$	\$2,805	\$2,805	\$2,805	\$3,428	\$3,428	\$3,428	\$3,428	\$3,428	\$3,428	\$32,412	\$29,606
NATIONAL FUEL DEMAND	\$	\$3,429	\$3,429	\$3,429	\$4,186	\$4,186	\$4,186	\$4,186	\$4,186	\$4,186	\$39,591	\$36,162
COLUMBIA FTS DEMAND	\$	\$299,156	\$299,156	\$299,156	\$299,156	\$299,156	\$299,156	\$299,156	\$299,156	\$299,156	\$2,991,563	\$2,692,407
TEXAS GAS DEMAND Zone SL	\$	\$5,272	\$4,932	\$5,272	\$5,102	\$5,272	\$5,102	\$5,272	\$5,102	\$5,272	\$51,868	\$46,596
TEXAS GAS DEMAND Zone 1	\$	\$1,760	\$1,647	\$1,760	\$1,704	\$1,760	\$1,760	\$1,760	\$1,760	\$1,760	\$17,319	\$15,559
HUBLINE	\$	\$46,233	\$46,233	\$46,233	\$46,233	\$46,233	\$46,233	\$46,233	\$46,233	\$46,233	\$462,332	\$416,099
HUBLINE	\$	\$3,498	\$3,498	\$3,498	\$3,498	\$3,498	\$3,498	\$3,498	\$3,498	\$3,498	\$34,979	\$31,481
<b>TOTAL PIPELINE DEMAND COSTS</b>		<b>\$2,349,886</b>	<b>\$2,349,432</b>	<b>\$2,349,886</b>	<b>\$2,351,758</b>	<b>\$2,351,985</b>	<b>\$2,351,758</b>	<b>\$2,351,985</b>	<b>\$2,351,985</b>	<b>\$2,351,758</b>	<b>\$23,512,418</b>	<b>\$21,162,532</b>

	JAN-04.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEPT.	OCT	TOTAL Jan-oct	TOTAL Feb-Oct	
<b>SUPPLIER FIXED COST DOLLARS</b>													
ANE	\$	\$32,751	\$32,751	\$32,751	\$32,751	\$32,751	\$32,751	\$32,751	\$32,751	\$32,751	\$32,751	\$327,505	\$294,755
ANE OPS DEMAND	\$	\$39	\$39	\$39	\$39	\$39	\$39	\$39	\$39	\$39	\$39	\$393	\$354
BP	\$	\$34,875	\$32,625	\$34,875	\$33,750	\$34,875	\$33,750	\$34,875	\$34,875	\$33,750	\$34,875	\$343,125	\$308,250
DISTRIGAS FCS	\$	\$141,113	\$141,113	\$141,113	\$141,113	\$141,113	\$141,113	\$141,113	\$141,113	\$141,113	\$1,411,113	\$1,270,013	
DIUKE DEMAND	\$	\$1,500	\$1,500	\$1,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,500	\$3,000
<b>TOTAL SUPPLIER DEMAND COSTS</b>		<b>\$210,277</b>	<b>\$208,027</b>	<b>\$210,277</b>	<b>\$207,652</b>	<b>\$208,777</b>	<b>\$207,652</b>	<b>\$208,777</b>	<b>\$208,777</b>	<b>\$207,652</b>	<b>\$208,777</b>	<b>\$2,086,648</b>	<b>\$1,876,371</b>
<b>STORAGE FIXED COST DOLLARS</b>													
TEXAS EASTERN SS-1 DEMAND	\$	\$81,071	\$81,071	\$81,071	\$81,071	\$81,071	\$81,071	\$81,071	\$81,071	\$81,071	\$81,071	\$810,706	\$729,635
TEXAS EASTERN SS-1 CAPACITY	\$	\$13,361	\$13,361	\$13,361	\$13,361	\$13,361	\$13,361	\$13,361	\$13,361	\$13,361	\$13,361	\$133,613	\$120,252
TEXAS EASTERN FSS-1 DEMAND	\$	\$846	\$846	\$846	\$846	\$846	\$846	\$846	\$846	\$846	\$846	\$8,458	\$7,612
TEXAS EASTERN FSS-1 CAPACITY	\$	\$610	\$610	\$610	\$610	\$610	\$610	\$610	\$610	\$610	\$610	\$6,103	\$5,493
DOMINION GSS DEMAND	\$	\$21,486	\$21,486	\$21,486	\$21,486	\$21,486	\$21,486	\$21,486	\$21,486	\$21,486	\$21,486	\$214,855	\$193,370
DOMINION GSS CAPACITY	\$	\$15,070	\$15,070	\$15,070	\$15,070	\$15,070	\$15,070	\$15,070	\$15,070	\$15,070	\$150,699	\$135,629	
DOMINION GSS-TE DEMAND	\$	\$26,888	\$26,888	\$26,888	\$26,888	\$26,888	\$26,888	\$26,888	\$26,888	\$26,888	\$268,888	\$241,988	
DOMINION GSS-TE CAPACITY	\$	\$19,957	\$19,957	\$19,957	\$19,957	\$19,957	\$19,957	\$19,957	\$19,957	\$19,957	\$199,567	\$179,610	
TENNESSEE FSMA DEMAND	\$	\$24,344	\$24,344	\$24,344	\$24,344	\$24,344	\$24,344	\$24,344	\$24,344	\$24,344	\$243,444	\$219,099	
TENNESSEE FSMA CAPACITY	\$	\$15,084	\$15,084	\$15,084	\$15,084	\$15,084	\$15,084	\$15,084	\$15,084	\$15,084	\$150,838	\$135,755	
COLUMBIA FSS DEMAND	\$	\$3,838	\$3,838	\$3,838	\$3,838	\$3,838	\$3,838	\$3,838	\$3,838	\$3,838	\$38,379	\$34,541	
COLUMBIA FSS CAPACITY	\$	\$5,915	\$5,915	\$5,915	\$5,915	\$5,915	\$5,915	\$5,915	\$5,915	\$5,915	\$59,148	\$53,233	
NATIONAL FUEL ESS DEMAND	\$	\$589	\$589	\$589	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,767	\$1,178
NATIONAL FUEL ESS CAPACITY	\$	\$1,800	\$1,800	\$1,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,401	\$3,601
ALGONQUIN TANK LEASE PAYMENTS	\$	\$157,500	\$157,500	\$157,500	\$157,500	\$157,500	\$157,500	\$157,500	\$157,500	\$157,500	\$1,575,000	\$1,417,500	
<b>TOTAL STORAGE DEMAND COSTS</b>		<b>\$388,358</b>	<b>\$388,358</b>	<b>\$388,358</b>	<b>\$385,968</b>	<b>\$385,968</b>	<b>\$385,968</b>	<b>\$385,968</b>	<b>\$385,968</b>	<b>\$385,968</b>	<b>\$3,866,854</b>	<b>\$3,478,496</b>	
<b>STORAGE DELIVERY FIXED COSTS</b>													
ALGONQUIN FOR TETCO SS-1	\$	\$92,038	\$92,038	\$92,038	\$92,038	\$92,038	\$92,038	\$92,038	\$92,038	\$92,038	\$92,038	\$920,376	\$828,338
ALGONQUIN DELIVERY FOR FSS-1	\$	\$6,144	\$6,144	\$6,144	\$6,144	\$6,144	\$6,144	\$6,144	\$6,144	\$6,144	\$6,144	\$61,442	\$55,298
TETCO DELIVERY FOR FSS-1	\$	\$4,931	\$4,931	\$4,931	\$4,931	\$4,931	\$4,931	\$4,931	\$4,931	\$4,931	\$4,931	\$49,305	\$44,375
ALGONQUIN SCT FOR SS-1	\$	\$1,731	\$1,731	\$1,731	\$1,731	\$1,731	\$1,731	\$1,731	\$1,731	\$1,731	\$1,731	\$17,307	\$15,576
ALGONQUIN DELIVERY FOR GSS, GSS-TE,	\$	\$71,880	\$71,880	\$71,880	\$71,880	\$71,880	\$71,880	\$71,880	\$71,880	\$71,880	\$718,796	\$646,917	
ALGONQUIN DELIVERY FOR GSS CONV	\$	\$19,943	\$19,943	\$19,943	\$19,943	\$19,943	\$19,943	\$19,943	\$19,943	\$19,943	\$199,426	\$179,484	
TENNESSEE DELIVERY FOR GSS	\$	\$39,091	\$39,091	\$39,091	\$39,091	\$39,091	\$39,091	\$39,091	\$39,091	\$39,091	\$390,911	\$351,820	
TENNESSEE DELIVERY FOR FSM#	\$	\$25,275	\$25,275	\$25,275	\$25,275	\$25,275	\$25,275	\$25,275	\$25,275	\$25,275	\$252,747	\$227,472	
TETCO DELIVERY FOR GSS	\$	\$30,161	\$30,161	\$30,161	\$30,161	\$30,161	\$30,161	\$30,161	\$30,161	\$30,161	\$301,608	\$271,447	
TETCO DELIVERY FOR GSS-TE	\$	\$3,538	\$3,538	\$3,538	\$3,538	\$3,538	\$3,538	\$3,538	\$3,538	\$3,538	\$35,379	\$31,841	
TETCO DELIVERY FOR GSS-TE	\$	\$34,396	\$34,396	\$34,396	\$34,396	\$34,396	\$34,396	\$34,396	\$34,396	\$34,396	\$343,955	\$309,560	
TETCO DELIVERY FOR GSS CONV	\$	\$10,674	\$10,674	\$10,674	\$10,674	\$10,674	\$10,674	\$10,674	\$10,674	\$10,674	\$106,739	\$98,065	
DOMINION DELIVERY FOR GSS	\$	\$29,407	\$29,407	\$29,407	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$88,220	\$58,813
DOMINION DELIVERY FOR GSS CONV	\$	\$11,345	\$11,345	\$11,345	\$11,345	\$11,345	\$11,345	\$11,345	\$11,345	\$11,345	\$113,454	\$102,109	
ALGONQUIN DELIVERY FOR FSS	\$	\$16,569	\$16,569	\$16,569	\$16,569	\$16,569	\$16,569	\$16,569	\$16,569	\$16,569	\$165,689	\$149,120	
COLUMBIA DELIVERY FOR FSS	\$	\$15,407	\$15,407	\$15,407	\$7,701	\$7,701	\$7,701	\$7,701	\$7,701	\$7,701	\$100,127	\$84,720	
NATIONAL FUEL DELIVERY FOR ESS	\$	\$981	\$981	\$981	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,944	\$1,962
TRANSCO DELIVERY FOR ESS	\$	\$803	\$803	\$803	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,409	\$1,606
ALGONQUIN DELIVERY FOR ESS	\$	\$719	\$719	\$719	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,157	\$1,438
DISTRIGAS FLS CALL PAYMENT	\$	\$128,340	\$120,060	\$128,340	\$124,200	\$128,340	\$124,200	\$128,340	\$128,340	\$124,200	\$128,340	\$1,262,700	\$1,134,360
<b>TOTAL STORAGE DELIVERY DEMAND CHARGES</b>		<b>\$543,371</b>	<b>\$535,091</b>	<b>\$543,371</b>	<b>\$499,614</b>	<b>\$503,754</b>	<b>\$499,614</b>	<b>\$503,754</b>	<b>\$503,754</b>	<b>\$499,614</b>	<b>\$5,135,692</b>	<b>\$4,692,321</b>	
<b>TOTAL ALL DEMAND COSTS</b>		<b>\$3,491,892</b>	<b>\$3,480,908</b>	<b>\$3,491,892</b>	<b>\$3,444,993</b>	<b>\$3,450,485</b>	<b>\$3,444,993</b>	<b>\$3,450,485</b>	<b>\$3,450,485</b>	<b>\$3,444,993</b>	<b>\$34,601,611</b>	<b>\$31,109,719</b>	

		JAN-04.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEPT.	OCT	TOTAL Jan- oct	TOTAL Feb-Oct
<b>Marketer Demand Charge Credits</b>													
<b>Capacity Release Volumes</b>													
Tennessee	Dth	2,122	2,122	2,122	2,122	2,122	2,122	2,122	2,122	2,122	2,122		
Algonquin	Dth	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129		
Tetco STX/AGT	Dth	3,717	3,717	3,717	3,717	3,717	3,717	3,717	3,717	3,717	3,717		
Tetco WLA/AGT	Dth	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985	1,985		
Tetco ELA/AGT	Dth	2,969	2,969	2,969	2,969	2,969	2,969	2,969	2,969	2,969	2,969		
Columbia/Downington	Dth	0	0	0	0	0	0	0	0	0	0		
<b>Total</b>		<b>11,922</b>											
<b>Cost per Mmbtu</b>		<b>\$15.938</b>											
<b>Total Demand Charge credits</b>		<b>\$415,013</b>	<b>\$4,150,130</b>	<b>\$3,735,117</b>									
<b>TOTAL PIPELINE DEMANDS (LESS CREDITS)</b>		<b>\$1,934,873</b>	<b>\$1,934,419</b>	<b>\$1,934,873</b>	<b>\$1,936,745</b>	<b>\$1,936,972</b>	<b>\$1,936,745</b>	<b>\$1,936,972</b>	<b>\$1,936,972</b>	<b>\$1,936,745</b>	<b>\$1,936,972</b>	<b>\$19,362,290</b>	<b>\$17,427,417</b>
<b>TOTAL SUPPLIER DEMANDS</b>		<b>\$210,277</b>	<b>\$208,027</b>	<b>\$210,277</b>	<b>\$207,652</b>	<b>\$208,777</b>	<b>\$207,652</b>	<b>\$208,777</b>	<b>\$208,777</b>	<b>\$207,652</b>	<b>\$208,777</b>	<b>\$2,086,648</b>	<b>\$1,876,371</b>
<b>TOTAL STORAGE FACILITIES</b>		<b>\$388,358</b>	<b>\$388,358</b>	<b>\$388,358</b>	<b>\$385,968</b>	<b>\$3,866,854</b>	<b>\$3,478,496</b>						
<b>TOTAL STORAGE DELIVERY DEMANDS</b>		<b>\$543,371</b>	<b>\$535,091</b>	<b>\$543,371</b>	<b>\$499,614</b>	<b>\$503,754</b>	<b>\$499,614</b>	<b>\$503,754</b>	<b>\$503,754</b>	<b>\$499,614</b>	<b>\$503,754</b>	<b>\$5,135,692</b>	<b>\$4,592,321</b>
<b>Total All Demands</b>		<b>\$3,076,879</b>	<b>\$3,065,895</b>	<b>\$3,076,879</b>	<b>\$3,029,980</b>	<b>\$3,035,472</b>	<b>\$3,029,980</b>	<b>\$3,035,472</b>	<b>\$3,035,472</b>	<b>\$3,029,980</b>	<b>\$3,035,472</b>	<b>\$30,451,483</b>	<b>\$27,374,604</b>
<b>Demand Net of Releases to Marketers</b>		<b>\$3,076,879</b>	<b>\$3,065,895</b>	<b>\$3,076,879</b>	<b>\$3,029,980</b>	<b>\$3,035,472</b>	<b>\$3,029,980</b>	<b>\$3,035,472</b>	<b>\$3,035,472</b>	<b>\$3,029,980</b>	<b>\$3,035,472</b>	<b>\$30,451,483</b>	<b>\$27,374,604</b>

LNG AND PROPANE COSTS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct			
<b>Providence and Exeter</b>													
1	Beginning Inv Vol	785,550	526,892	497,614	530,884	566,884	604,084	640,084	677,284	714,484	750,484		
2	Vol Withdrawn	311,900	85,078	22,530	18,000	18,600	18,000	18,600	18,600	18,000	18,600		
3	Vol Injected -	53,242	55,800	55,800	54,000	55,800	54,000	55,800	55,800	54,000	55,800		
4	Begining Inv \$	5,455,255	3,630,120	3,397,564	3,591,481	3,782,477	3,976,542	4,166,230	4,363,895	4,563,171	4,755,687		
5	\$ Withdrawn	2,165,991	586,161	153,828	121,772	124,107	118,490	121,065	119,844	114,960	117,865		
6	\$ Injected	340,855	353,605	347,746	312,768	318,172	308,178	318,730	319,120	307,476	318,841		
7	Ending Vol	526,892	497,614	530,884	566,884	604,084	640,084	677,284	714,484	750,484	787,684		
8	Ending \$	3,630,120	3,397,564	3,591,481	3,782,477	3,976,542	4,166,230	4,363,895	4,563,171	4,755,687	4,956,663		
9	Avg \$/Dth	6.8897	6.8277	6.7651	6.6724	6.5828	6.5089	6.4432	6.3867	6.3368	6.2927		
	Total All LNG Withdrawal Cost	2,165,991	586,161	153,828	121,772	124,107	118,490	121,065	119,844	114,960			
<b>Valley Gas</b>													
10	Beginning Inv Vol	83,232	46,283	39,883	35,883	46,212	54,022	51,322	48,532	45,742	82,742		
11	Vol Withdrawn	36,949	6,400	4,000	2,700	2,790	2,700	2,790	2,790	2,700	2,790		
12	Vol Injected -	0	0	0	13,029	10,600	0	0	0	39,700	13,990		
13	Begining Inv \$	505,407	281,043	242,180	217,891	279,018	325,243	308,987	292,190	275,393	495,352		
14	\$ Withdrawn	224,364	38,862	24,289	16,395	16,845	16,256	16,797	16,797	16,256	16,703		
15	\$ Injected	0	0	0	77,523	63,070	0	0	0	236,215	83,241		
16	Ending Vol	46,283	39,883	35,883	46,212	54,022	51,322	48,532	45,742	82,742	93,942		
17	Ending \$	281,043	242,180	217,891	279,018	325,243	308,987	292,190	275,393	495,352	561,890		
18	Avg \$/Dth	6.0723	6.0723	6.0723	6.0378	6.0206	6.0206	6.0206	6.0206	5.9867	5.9812		
<b>Combined LNG Inv</b>													
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	TOTAL Jan- Oct	TOTAL Feb-Oct
19	Beginning Inv Vol	868,782	573,175	537,497	566,767	613,096	658,106	691,406	725,816	760,226	833,226		
20	Vol Withdrawn	348,849	91,478	26,530	20,700	21,390	20,700	21,390	21,390	20,700	21,390		
21	Vol Injected -	53,242	55,800	55,800	67,029	66,400	54,000	55,800	55,800	93,700	69,790		
22	Begining Inv \$	5,960,662	3,911,162	3,639,744	3,809,372	4,061,496	4,301,785	4,475,218	4,656,085	4,838,564	5,251,039		
23	\$ Withdrawn	2,390,355	625,023	178,117	138,167	140,952	134,745	137,863	136,641	131,216	134,568		
24	\$ Injected	340,855	353,605	347,746	390,291	381,242	308,178	318,730	319,120	543,691	402,082		
25	Ending Vol	573,175	537,497	566,767	613,096	658,106	691,406	725,816	760,226	833,226	881,626		
26	Ending \$	3,911,162	3,639,744	3,809,372	4,061,496	4,301,785	4,475,218	4,656,085	4,838,564	5,251,039	5,518,553		
27	Avg \$/Dth	6.8237	6.7717	6.7212	6.6246	6.5366	6.4726	6.4150	6.3646	6.3021	6.2595		

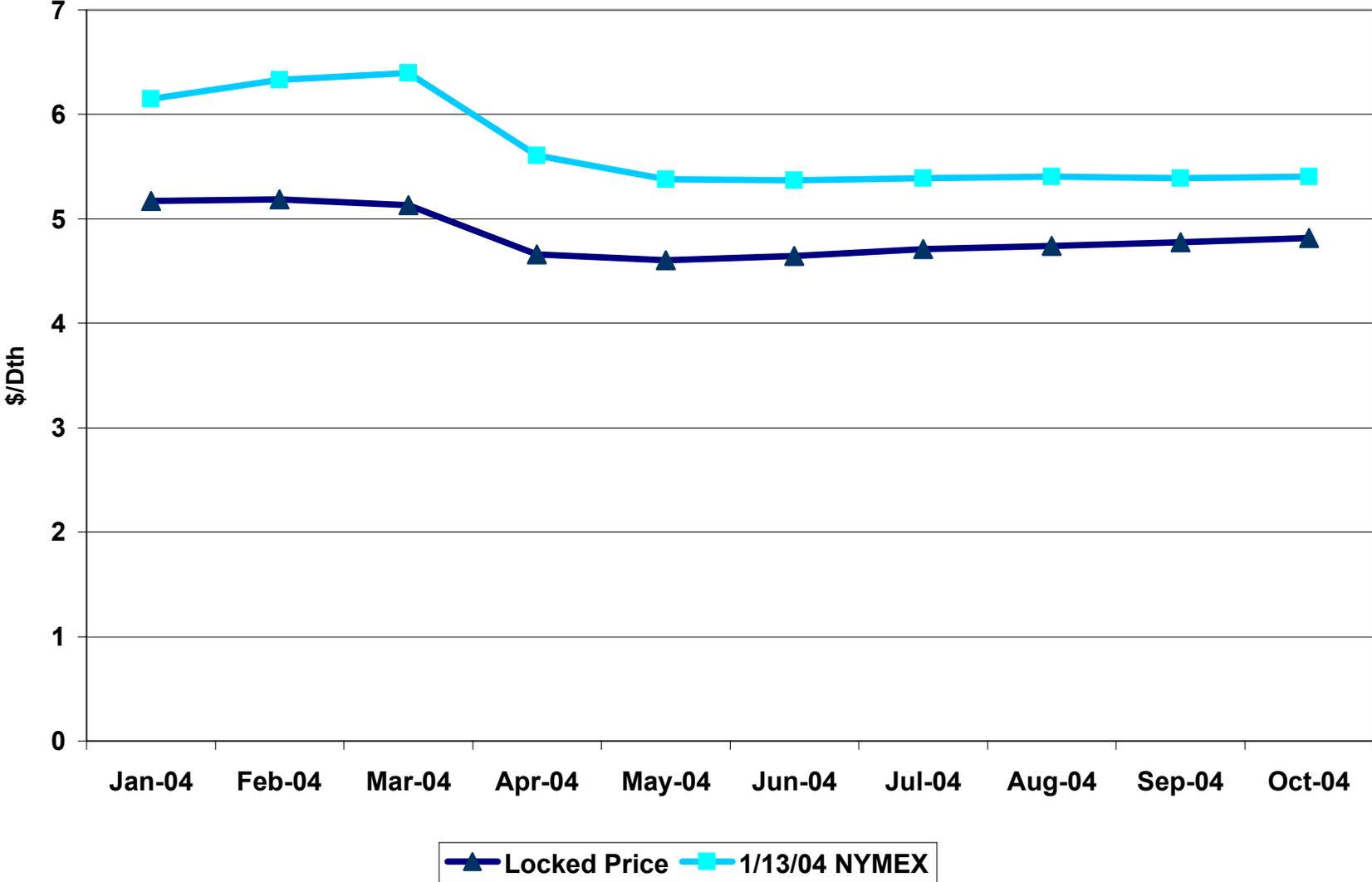
LNG AND PROPANE COSTS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct			
<b>Westerly and Newport</b>													
28	Westerly LNG Vol Vapor	2,304	0	0	0	0	0	0	0	0	0		
29	Newport LNG Vol Vapor	254	0	0	0	0	0	0	0	0	0		
30	Trucking Costs	2,430	0	0	0	0	0	0	0	0	0		
31	Avg \$/Dth	6.8237	6.7717	6.7212	7.5246	7.4366	7.3726	7.3150	7.2646	7.2021	7.1595		
32	Total cost	19,885	0	0	0	0	0	0	0	0	0		
<b>33</b>	<b>Total All LNG Costs</b>	<b>2,410,240</b>	<b>625,023</b>	<b>178,117</b>	<b>138,167</b>	<b>140,952</b>	<b>134,745</b>	<b>137,863</b>	<b>136,641</b>	<b>131,216</b>	<b>134,568</b>	<b>4,167,532</b>	<b>1,757,292</b>
<b>PROPANE</b>													
<b>Cumberland</b>													
34	Beginning Inv Vol	73,800	65,821	62,600	62,600	62,600	62,600	62,600	62,600	62,600	62,600		
35	Vol Withdrawn	7,979	3,221	0	0	0	0	0	0	0	0		
36	Vol Injected -	0	0	0	0	0	0	0	0	0	0		
37	Beginning Inv \$	566,698	512,902	487,803	487,803	487,803	487,803	487,803	487,803	487,803	487,803		
38	\$ Withdrawn	62,175	25,099	0	0	0	0	0	0	0	0		
39	\$ Injected	0	0	0	0	0	0	0	0	0	0		
40	Ending Vol	65,821	62,600	62,600	62,600	62,600	62,600	62,600	62,600	62,600	62,600		
41	Ending \$	512,902	487,803	487,803	487,803	487,803	487,803	487,803	487,803	487,803	487,803		
<u>42</u>	Avg \$/Dth	7.7924	7.7924	7.7924	7.7924	7.7924	7.7924	7.7924	7.7924	7.7924	7.7924		
<b>43</b>	<b>Total All LNG and Propane</b>	<b>2,472,415</b>	<b>650,122</b>	<b>178,117</b>	<b>138,167</b>	<b>140,952</b>	<b>134,745</b>	<b>137,863</b>	<b>136,641</b>	<b>131,216</b>	<b>134,568</b>	<b>4,254,806</b>	<b>1,782,391</b>



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	TOTAL Jan- Oct	TOTAL Feb-Oct
<b>Withdrawal Costs</b>												
32 Tennessee Withdrawal	\$60	\$56	\$70	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$186	\$126
33 Tennessee Transportation	\$5,650	\$8,586	\$8,802	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,038	\$17,388
34 Dominion Withdrawal	\$10,578	\$9,755	\$3,483	\$163	\$0	\$0	\$0	\$0	\$0	\$0	\$23,979	\$13,401
35 Dominion Trans on Tetco/AGT	\$7,602	\$6,870	\$3,038	\$185	\$0	\$0	\$0	\$0	\$0	\$0	\$17,696	\$10,094
36 Dominion Trans on Tenseess	\$20,292	\$19,362	\$4,212	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$43,866	\$23,574
37 Tetco SS-1 Withdrawal	\$21,151	\$20,020	\$5,221	\$168	\$0	\$0	\$0	\$0	\$0	\$0	\$46,560	\$25,409
38 Tetco SS-1 Trans	\$5,999	\$5,678	\$1,481	\$48	\$0	\$0	\$0	\$0	\$0	\$0	\$13,205	\$7,206
39 Tetco FSS-1 Withdrawal	\$602	\$578	\$146	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,326	\$724
40 Tetco FSS-1 Trans	\$968	\$931	\$234	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,133	\$1,165
41 Columbia Withdrawal	\$1,082	\$879	\$117	\$162	\$0	\$0	\$0	\$0	\$0	\$0	\$2,240	\$1,157
42 Columbia Trans	\$2,278	\$1,849	\$246	\$340	\$0	\$0	\$0	\$0	\$0	\$0	\$4,713	\$2,435
43 National Fuel Withdrawal	\$136	\$127	\$136	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$398	\$263
44 National Fuel Trans	\$394	\$369	\$394	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,158	\$763
45 Totals	<b>\$76,792</b>	<b>\$75,059</b>	<b>\$27,580</b>	<b>\$1,066</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$180,311</b>	<b>\$103,704</b>

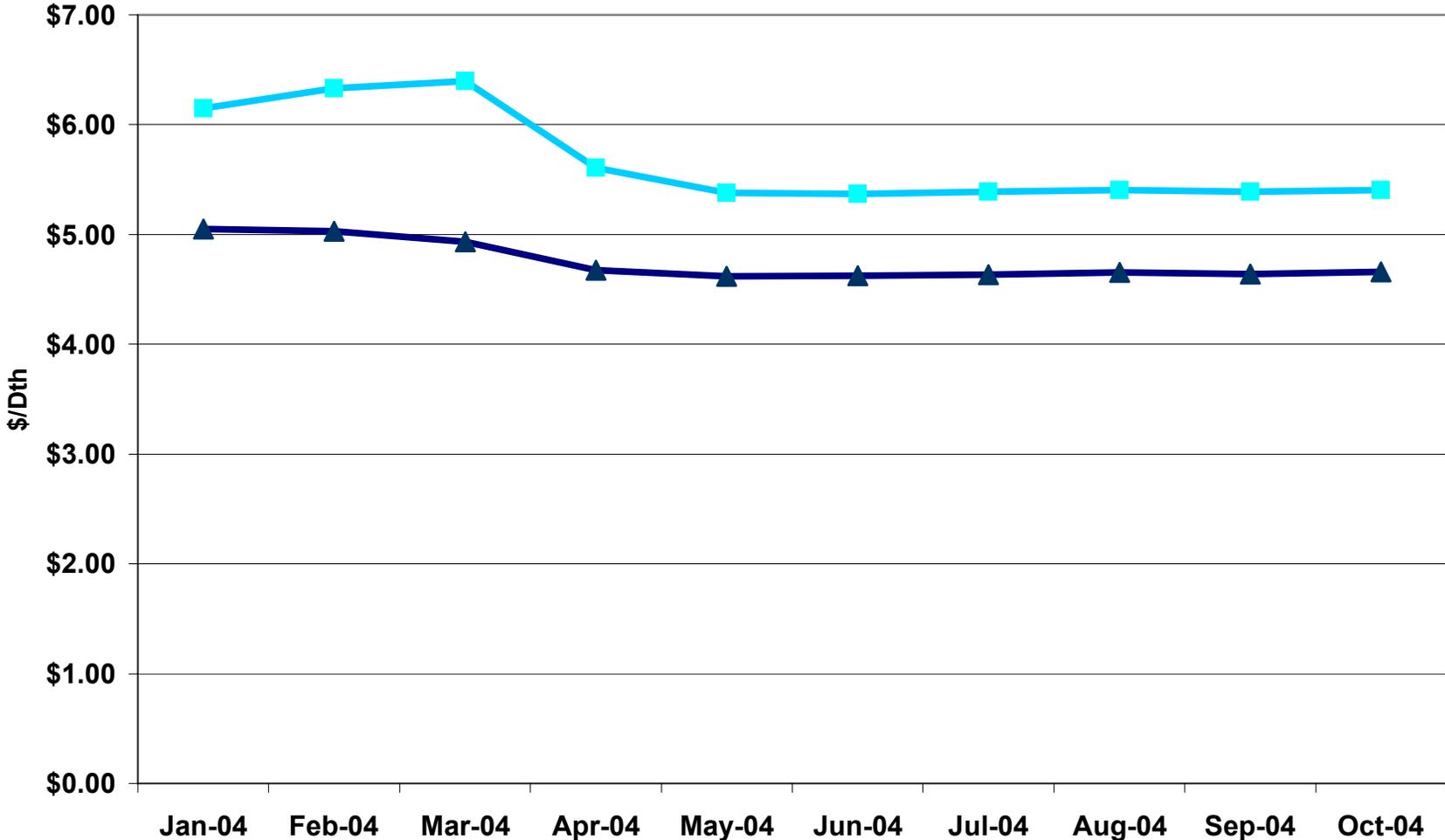
### COMPARISON OF LOCKED PRICES WITH 1/13/04 NYMEX STRIP



**Summary of Gas Purchasing Program Ending December 31, 2003  
New England Gas Company - Rhode Island - Combined**

<b>Month</b>	<b>Monthly Forecasted Volumes-Dth</b>	<b>Mandatory Purchases-Dth</b>	<b>Discretionary Purchases-Dth</b>	<b>Monthly "Locked" Volumes-Dth</b>	<b>Percent "Locked"</b>	<b>Average Wellhead/ NYMEX Price</b>	<b>Total Cost of Purchases</b>
Jan-04	3,840,980	1,767,023	812,177	2,579,200	67%	\$5.1714	\$13,338,122
Feb-04	3,616,698	1,530,355	401,045	1,931,400	53%	\$5.1886	\$10,021,255
Mar-04	3,581,582	1,661,586	375,114	2,036,700	57%	\$5.1320	\$10,452,301
Apr-04	2,536,839	1,127,896	198,104	1,326,000	52%	\$4.6574	\$6,175,650
May-04	1,997,753	753,091	127,309	880,400	44%	\$4.6017	\$4,051,359
Jun-04	1,642,700	584,162	123,838	708,000	43%	\$4.6466	\$3,289,815
Jul-04	1,533,414	512,877	104,023	616,900	40%	\$4.7110	\$2,906,188
Aug-04	1,456,679	456,584	82,816	539,400	37%	\$4.7416	\$2,557,624
Sep-04	1,467,058	430,560	61,440	492,000	34%	\$4.7748	\$2,349,180
Oct-04	1,923,022	552,298	77,002	629,300	33%	\$4.8185	\$3,032,312
Totals		9,376,432	2,362,868	11,739,300		\$4.9555	\$58,173,805

**COMPARISON OF ORIGINAL FILING NYMEX WITH UPDATED NYMEX STRIP**



▲ 10/27/03 NYMEX    ■ 1/13/04 NYMEX