



July 1, 2004

VIA HAND DELIVERY & ELECTRONIC MAIL

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

Re: The Narragansett Electric Company - Standard Offer Rate Adjustment Filing

Dear Ms. Massaro:

Enclosed on behalf of The Narragansett Electric Company (“Narragansett” or “Company”) are ten copies of the Company's Standard Offer Rate Adjustment Filing. This filing contains the direct testimony and exhibits of Jeanne A. Lloyd and Michael J. Hager.

Pursuant to the Commission's Order in R.I.P.U.C. Docket No. 3571, Narragansett is required to apply for a Standard Offer rate adjustment if the Company's projections show that the accrual of the over- or under-collection through December 31, 2004 will be more than \$16 million. On June 25, 2004, the Company filed its monthly Standard Offer reconciliation report, which indicated that based on recent fuel price projections, the Company projected an under collection of approximately \$28.0 million as of December 31, 2004. The Company's filing today sets forth a preferred Standard Offer rate adjustment proposal to address this projected under recovery. In addition to the proposed preferred alternative, the filing describes several alternative rate adjustment proposals that also would address the projected under-recovery balance.

The Company is proposing to increase the Standard Offer rate from its current level of 5.9¢/kWh to 6.86¢/kWh effective October 1, 2004, and to maintain this Standard Offer rate through 2005. Narragansett proposes to implement the Standard Offer rate adjustment on this basis for several reasons. First, the Company believes that deferring the proposed rate increase to October could mitigate the potential customer impact that might result from implementing the increase in August, traditionally a higher consumption month. Deferring to October would also provide larger customers that may be interested in pursuing competitive options to the Standard Offer with more time to shop for competitive alternatives before the proposed increase is effective. A delay in implementing an increase might also result in some settling of the recent volatility in fuel markets, which in turn could moderate the size of the increase necessary. Finally, an October 1, 2004 implementation date would coincide with the implementation date proposed in the

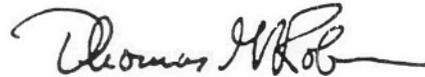
Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
July 1, 2004
Page 2 of 2

Stipulation and Settlement Agreement (“Settlement”) filed by the Company with the Commission on June 29, 2004. The delivery service rate reductions proposed in that Settlement (\$10.243 million distribution rate reduction, together with the additional twelve-month customer credit of approximately \$22.8 million) would mitigate the effect of an increase in the Standard Offer rate. Accordingly, the Company is proposing to implement a fifteen-month Standard Offer rate of 6.86¢/kWh beginning October 1, 2004. However, the filing sets forth several alternative Standard Offer rate adjustment proposals the Company could implement that also would address the estimated under recovery due to fuel price increases.

Based on a 6.86¢/kWh Standard Offer rate commencing in October, a typical residential customer using 500 kWh per month would see a bill increase of \$5.00 or approximately 8.3%. If the rate decreases proposed in the June 29th Settlement were also implemented October 1, 2004, the net increase for a typical 500 kWh residential customer taking Standard Offer service would be reduced to approximately \$2.16 per month, or 3.6%.

Thank you for your attention to this filing. Should you have any questions, please contact me at (508) 389-2877 or Laura Olton at (401) 784-7667.

Very truly yours,



Thomas G. Robinson

Enclosures

cc: Docket 3571 Service List
Steve Scialabba

The Narragansett Electric Company

July 2004 Standard Offer Rate Filing

Testimony and Exhibits
of
Jeanne A. Lloyd and
Michael J. Hager

July 1, 2004

Submitted to:
Rhode Island Public Utilities Commission
R.I.P.U.C. Docket No. _____

Submitted by:

Narragansett Electric
A **National Grid** Company 

THE NARRAGANSETT ELECTRIC COMPANY
Standard Offer Rate Adjustment Filing
Witness: Jeanne A. Lloyd

DIRECT TESTIMONY

OF

Jeanne A. Lloyd

THE NARRAGANSETT ELECTRIC COMPANY
Standard Offer Rate Adjustment Filing
Witness: Jeanne A. Lloyd

Table of Contents

I. Introduction and Qualifications1

II. Purpose of Testimony2

III. Standard Offer Rate Proposal4

IV. Standard Offer Tariff13

V. Typical Bills.....13

VI. Conclusion14

1 **I. Introduction and Qualifications**

2 Q. Please state your full name and business address.

3 A. Jeanne A. Lloyd, 55 Bearfoot Road, Northborough, Massachusetts 01532.

4

5 Q. Please state your position.

6 A. I am a Principal Financial Analyst in the Distribution Regulatory Services Department of
7 National Grid USA Service Company, Inc. Distribution Regulatory Services provides
8 rate related support to The Narragansett Electric Company (“Narragansett” or the
9 “Company”).

10

11 Q. Please describe your educational background and training.

12 A. In 1980, I graduated from Bradley University in Peoria, Illinois with a Bachelor’s Degree
13 in English. In December 1982, I received a Master of Arts Degree in Economics from
14 Northern Illinois University in De Kalb, Illinois.

15

16 Q. Please describe your professional experience?

17 A. I was employed by EUA Service Corporation in December 1990 as an Analyst in the
18 Rate Department. I was promoted to Senior Rate Analyst on January 1, 1993. My
19 responsibilities included the study, analysis and design of the retail electric service rates,

1 rate riders and special contracts for the EUA retail companies. I assumed my present
2 position after the merger of New England Electric System and Eastern Utilities
3 Associates in April 2000. Prior to my employment at EUA, I was on the staff of the
4 Missouri Public Service Commission in Jefferson City, Missouri in the position of
5 research economist. My responsibilities included presenting both written and oral
6 testimony before the Missouri Commission in the areas of cost of service and rate design
7 for electric and natural gas rate proceedings.

8
9 Q. Have you previously testified before the Rhode Island Public Utilities Commission
10 (“Commission”)?

11 A. Yes.

12
13 **II. Purpose of Testimony**

14 Q. What is the purpose of the Company’s filing?

15 A. The purpose of the Company’s filing is to request Commission approval of an increase in
16 the Standard Offer rate to recover an estimated under recovery related to the effect of
17 increased oil and natural gas prices on the Company’s costs incurred under its Standard
18 Offer contracts.

19
20 Pursuant to the Commission’s Order in R.I.P.U.C. Docket No. 3571, Narragansett is

1 required to apply for a rate adjustment if the Company's projections show that the accrual
2 of the over- or under-collection through December 31, 2004 will be more than \$16
3 million. Based on fuel price estimates reported in the Wall Street Journal on June 23,
4 June 24 and June 25, 2004, the Company is projecting an under collection of
5 approximately \$28.0 million as of December 31, 2004.

6
7 This estimated under-collection is based on a projection of fuel index payments that the
8 Company expects to incur through December 2005 under the Company's wholesale
9 Standard Offer Service Agreements. The testimony of Michael J. Hager supports this
10 estimate.

11
12 As described below, the Company has evaluated several different alternatives for
13 addressing the projected under recovery. Based on these evaluations, the Company
14 presents different alternative Standard Offer rate proposals for consideration by the
15 Commission. The Company also intends to continue to monitor the impact of changes in
16 the markets for oil and natural gas to its projected under recovery balance, as well as the
17 resulting Standard Offer rate proposals, prior to the implementation of any such Standard
18 Offer rate. The effect of any of the proposed Standard Offer rate alternatives on a
19 typical residential customer is also described for each alternative.

1 **III. Standard Offer Rate Proposal**

2 Current Standard Offer

3 Q. What is the Company's current Standard Offer rate?

4 A. Effective January 1, 2004, the Company implemented its current Standard Offer rate of
5 5.9¢ per kWh.

6
7 Q. How was the current Standard Offer rate derived?

8 A. The current Standard Offer rate was approved in Docket No. 3571, and was designed to
9 collect the base Standard Offer charge for 2004 of 5.1¢ per kWh plus a fuel adjustment of
10 0.8¢ per kWh. The fuel adjustment was designed to collect the estimated fuel index
11 payments that the Company expected to incur through December 2004 pursuant to the
12 Fuel Index Adjustment Provisions contained in the Company's wholesale Standard Offer
13 contracts based on the most recent estimates of fuel prices available at the time of the
14 Company's filing in November 2003.

15
16 The Fuel Index Adjustment Provisions were designed to provide additional payments to
17 Standard Offer suppliers in the event of substantial increases in the market price of No. 6
18 residual fuel oil (1% sulphur) and/or natural gas. The fuel index adjustment provision is
19 described more fully in the testimony of Mr. Hager.

20

1 Q. Has the Company prepared an estimate of costs expected to be incurred under the Fuel
2 Index Adjustment Provision through December 2004?

3 A. Yes. The Company's Energy Supply Department has provided an estimate of expected
4 costs under the fuel index adjustment provision through December 2004 and through
5 December 2005 that is explained in detail in the testimony of Mr. Hager. As explained in
6 more detail below, several of the Company's proposed Standard Offer rate alternatives
7 take into account estimated costs through December 2005.

8

9 Standard Offer Reconciliation

10 Q. Please describe the Company's projection of the Standard Offer reconciliation balance
11 through December 31, 2004 based upon current estimated fuel prices.

12 A. This reconciliation is included as Exhibit JAL-1. The Company has prepared an
13 estimated reconciliation through December 2004, showing key balances during the
14 period October 2003 through December 2004. Page 1 of Exhibit JAL-1 reflects an
15 estimated Standard Offer under recovery of approximately \$16.1 for the period October
16 2003 through September 2004. Section 2, page 1 of Exhibit JAL-1 reflects an estimated
17 December 2004 under recovery balance of approximately \$28.0 million. All deferral
18 balances are cumulative from the start of the current Standard Offer reconciliation period,
19 October 2003.

20

1 Q. Please describe the Standard Offer reconciliation process in more detail.

2 A. The Company is required to reconcile Standard Offer revenues and expenses in
3 accordance with the Standard Offer Adjustment Provision, R.I.P.U.C. No. 1153. This
4 provision requires that, on an annual basis, the Company reconcile its total cost of
5 purchased power for Standard Offer supply against its total Standard Offer revenue, and
6 the excess or deficiency be refunded to, or collected from customers through a rate
7 recovery/refund methodology approved by the Commission at the time the Company files
8 its annual reconciliation. Total revenues are all revenues billed to Standard Offer
9 customers through the Standard Offer rates for the applicable 12-month reconciliation
10 period. If there is a positive or negative balance in the current Standard Offer
11 reconciliation outstanding from the prior period, the balance shall be credited against or
12 added to the new reconciliation amount, as appropriate, in estimating the Standard Offer
13 balance for the new reconciliation period.

14
15 Q. How are the Standard Offer revenues calculated?

16 A. The Standard Offer revenues are shown on page 1, Column (b) of Exhibit JAL-1.
17 Revenues for the period October 2003 through May 2004 are actual Standard Offer
18 revenues billed to Standard Offer customers. Revenues for the period June 2004 through
19 December 2004 have been estimated.

20

1 The estimated revenues are calculated by applying the current retail rate of 5.9¢ per kWh
2 to the Company's projected Standard Offer kWh deliveries for the period June 2004
3 through December 2004. The calculation of estimated revenues is shown on page 5 of
4 Exhibit JAL-1.

5
6 Q. Please describe the Standard Offer expenses shown in Columns (c) and (d).

7 A. The base Standard Offer expense and fuel index payments shown in Columns (c) and (d)
8 on page 1 of Exhibit JAL-1 are actual expenses taken from the monthly Standard Offer
9 supplier bills for the period October 2003 through May 2004. For the period June 2004
10 through December 2004, these expenses have been estimated.

11
12 The calculation of estimated expenses is shown on page 6 of Exhibit JAL-1. Base
13 Standard Offer expenses, shown in Column (e) are determined by applying the base
14 Standard Offer charge in effect in each year to the Company's projected Standard Offer
15 kWh deliveries. Estimated fuel expenses are calculated by applying the projected
16 Standard Offer kWh deliveries to the estimated fuel index cost per kWh as shown in
17 Column (f). The estimated fuel index cost per kWh is developed in Exhibit MJH-4.

18
19 Q. Has the Company prepared an estimate of the Standard Offer reconciliation balance
20 through December 2005?

1 A. Yes. The projected reconciliation through December 2005 is in Exhibit JAL-1, page 2 of
2 6. The reconciliation on page 2 is based on projected revenues and expenses for the
3 reconciliation period October 2004 through December 2005 and shows an estimated
4 under recovery of \$81.6 million as of December 31, 2005.

5

6 Calculation of Proposed Standard Offer Rate

7 Q. What is the Company's Standard Offer rate proposal?

8 A. The Company has evaluated several different alternatives, which are presented in Exhibit
9 JAL-2. Based on these evaluations, the Company is proposing a Standard Offer rate of
10 6.86¢ per kWh effective for the period October 1, 2004 through December 31, 2005.
11 However, the Company believes that any of the alternatives presented would advance the
12 primary objective of mitigating and reducing the accrual of significant deferral balances.

13

14 Q. How is the proposed Standard Offer rate calculated?

15 A. The calculation of the proposed rate is shown in Exhibit JAL-2, page 1. Line 1 of
16 Section 1 shows the estimated under recovery for the period October 2003 through
17 December 2005 of approximately \$81.6 million. Dividing this amount by the estimated
18 Standard Offer kWh deliveries for the period October 2004 through December 2005
19 results in a fuel index adjustment of 0.960¢ per kWh. This adjustment is added to the
20 present Standard Offer charge of 5.9¢ per kWh resulting in a total Standard Offer rate of

1 6.86¢ per kWh.

2

3 Q. Why has the Company proposed the alternative of implementing the proposed Standard
4 Offer rate beginning October 1, 2004, and why has it proposed recovery of the projected
5 deferral through 2005, rather than just through 2004?

6 A. As stated above, the Company believes that any of the presented alternatives would
7 advance the goal of mitigating the accrual of significant deferral balances. Therefore, if
8 the Commission believes that an alternative different than the one proposed here is
9 preferable, the Company could readily implement such an alternative. However, the
10 Company believes that implementing the proposed Standard Offer rate adjustment
11 effective October 1, 2004, and designing the rate to recover the estimated deferral
12 through December 2005 is appropriate for a number of reasons.

13

14 First, the Company believes that the impact on customers of a Standard Offer rate
15 increase can be mitigated somewhat by proposing to implement that increase in October
16 (a month in which customers typically have more moderate usage) than in August (which
17 is traditionally a high usage month). Providing additional time prior to implementation
18 may also provide some larger customers that are interested in pursuing competitive
19 alternatives to the Standard Offer with more time to evaluate the competitive market
20 before the proposed Standard Offer increase occurs. Delaying implementation of a

1 proposed increase for a period also may result in some settling of the recent volatility in
2 fuel markets, which may moderate the size of the increase needed to address the
3 estimated under recovery. As Mr. Hager testified, there has been some softening in fuel
4 markets in recent days which, if continued, could reduce the level of estimated under
5 recovery, and thus reduce the rate increase that would be required to satisfy the under
6 recovery.

7
8 Further, an October 1, 2004 implementation date would coincide with the
9 implementation date proposed in the Stipulation and Settlement Agreement
10 (“Settlement”) filed by the Company with the Commission on June 29, 2004. The
11 delivery service rate reductions proposed in that Settlement (\$10.243 million distribution
12 rate reduction, together with the additional twelve-month customer credit of
13 approximately \$22.8 million) would mitigate the effect of an increase in the Standard
14 Offer rate. For example, based on a 6.86¢ per kWh Standard Offer rate effective October
15 1, 2004, a typical residential customer using 500 kWh per month would see a bill
16 increase of \$5.00 or approximately 8.3%. If the rate decreases proposed in the
17 Settlement were also implemented October 1, 2004, this net increase for a typical 500
18 kWh residential customer taking Standard Offer service would be reduced to
19 approximately \$2.16 per month, or 3.6%. Thus, the Company is proposing that the
20 effective date of the proposed Standard Offer increase coincide with the effective date of

1 the proposed Settlement distribution rates to mitigate the effect of the increase in the
2 Standard Offer and to stabilize rates through 2005.

3
4 Q. Has the Company considered other alternatives?

5 A. Yes. The Company has calculated various alternatives for the proposed Standard Offer
6 charge. These alternatives are also shown in Exhibit JAL-2.

7
8 The alternatives in Section 1 on page 2 of Exhibit JAL-2 are based on recovering the
9 entire estimated under recovery through December 31, 2004 of approximately \$28.0
10 million by the end of this year. The three Standard Offer charges shown are based on
11 effective dates of August 1, 2004, September 1, 2004 and October 1, 2004 and would
12 result in a Standard Offer charge of 6.8¢ per kWh, 7.1¢ per kWh and 7.5¢ per kWh,
13 respectively. The estimated charge for January 1, 2005 under this scenario would be
14 approximately 6.67¢ per kWh.

15
16 The alternatives in Section 2 of page 2 are based on recovering the amount needed to
17 reduce the expected under recovery to the threshold level of \$16 million by the end of
18 this year. The three Standard Offer charges shown are again based on effective dates of
19 August 1, 2004, September 1, 2004 and October 1, 2004 and would result in a Standard
20 Offer charge of 6.3¢ per kWh, 6.4¢ per kWh, 6.6¢ per kWh, respectively. Under this

1 scenario, the estimated charge for January 1, 2005 would be approximately 6.9¢ per
2 kWh.

3
4 The Standard Offer charges calculated in Section 3 of Exhibit JAL-2, page 2, are based
5 on collecting the under recovery that the Company expects to incur through December
6 31, 2005. The three Standard Offer charges shown on Line 15 of 6.75¢ per kWh, 6.8¢
7 per kWh, and 6.86¢ per kWh are calculated assuming implementation dates of August 1,
8 2004, September 1, 2004, and October 1, 2004, respectively, and would be in effect
9 through December 2005 subject to adjustment due to significant fluctuations in fuel
10 prices during the period.

11
12 Although the Company has recommended a fifteen-month rate effective October 1, 2004
13 in this filing, ultimately the Commission has the authority to approve a Standard Offer
14 rate which it deems appropriate in the current situation. The Company shares a common
15 goal with the Commission, which is to avoid the accumulation of significant deferrals
16 whenever possible, and the Company believes that any of the presented alternatives
17 would accomplish that goal. Although the Company believes that the proposed October
18 1, 2004 implementation described above is reasonable for the reasons stated, we can also
19 readily implement any of the other presented alternatives if so ordered.

1 **IV. Revised Standard Offer Tariff**

2 Q. Has the Company prepared a revised Standard Offer tariff reflecting the proposed rate?

3 A. The Company's revised Standard Offer tariff is included in Exhibit JAL-3.

4

5 **V. Typical Bills**

6 Q. Has the Company provided a typical bill analysis to illustrate the impact of the proposed
7 rate changes?

8 A. Yes it has. The typical bill analysis for each rate class is in Exhibit JAL-4.

9

10 Q. What is the impact on a typical residential customer of the Company's proposed rate
11 changes?

12 A. Exhibit JAL-4, page 1, shows that for a 500 kWh residential customer the monthly bill
13 would increase by \$5.00, from \$60.49 to \$65.49, or 8.3%. Assuming the Standard Offer
14 rate is implemented on the same date as the Company's proposed Settlement distribution
15 rates, the combined impact for the same customer would be a monthly bill increase of
16 \$2.16 or approximately 3.6%. The Company has also calculated the monthly bill impacts
17 of each of the alternatives it is presenting in this filing and they are shown on Exhibit
18 JAL-2, page 3.

19

20

1 **VI. Conclusion**

2 Q. Does this conclude your testimony?

3 A. Yes it does.

Exhibits of
Jeanne A. Lloyd

THE NARRAGANSETT ELECTRIC COMPANY

Re: R.I.P.U.C. Docket No. ____

Witness: Jeanne A. Lloyd

Exhibits

Table of Contents

Exhibit JAL-1	Standard Offer Reconciliation for the period October 2003 through December 2005
Exhibit JAL-2	Proposed Standard Offer Charge for October 1, 2004 and Standard Offer Alternatives
Exhibit JAL-3	Proposed Standard Offer Tariff
Exhibit JAL-4	Typical Bill Analysis

THE NARRAGANSETT ELECTRIC COMPANY

Re: R.I.P.U.C. Docket No. ____

Witness: Jeanne A. Lloyd

Exhibit JAL-1

**Standard Offer Reconciliation
For the period
October 2003 through December 2005**

The Narragansett Electric Company
 Standard Offer Reconciliation
 Projected Balance at Year Ending December 31, 2004

Section 1. Projected Balance @ September 30, 2004

Month	Over(Under) Beginning Balance (a)	Standard Offer Revenue (b)	Standard Offer Base Expense (c)	Fuel Index Payments (d)	Total Standard Offer Expenses (e)	Monthly Over(Under) (f)	Adjustments (g)	Over(Under) Ending Monthly Balance (h)	Monthly Balance Including Unbilled (i)
(1) Oct-03	\$22,825,747	\$11,207,288	\$24,816,572	\$8,224,546	\$33,041,118	(\$21,833,830)	(\$546,718)	\$445,199	\$14,476,731
(1) Nov-03	\$445,199	\$28,063,064	\$24,577,110	\$8,233,798	\$32,810,907	(\$4,747,843)		(\$4,302,644)	\$11,650,255
(1) Dec-03	(\$4,302,644)	\$31,905,799	\$27,227,305	\$9,324,229	\$36,551,534	(\$4,645,735)	\$573,639	(\$8,374,740)	\$9,120,339
(1) Jan-04	(\$8,374,740)	\$34,990,158	\$32,339,637	\$7,215,687	\$39,555,324	(\$4,565,167)		(\$12,939,907)	\$4,052,599
(1) Feb-04	(\$12,939,907)	\$33,985,011	\$28,128,580	\$6,108,978	\$34,237,558	(\$252,547)		(\$13,192,454)	\$2,966,654
(1) Mar-04	(\$13,192,454)	\$32,318,214	\$27,962,040	\$5,201,038	\$33,163,078	(\$844,864)		(\$14,037,317)	\$1,170,362
(1) Apr-04	(\$14,037,317)	\$30,415,360	\$25,578,070	\$4,789,030	\$30,367,100	\$48,259		(\$13,989,058)	\$368,562
(1) May-04	(\$13,989,058)	\$28,715,240	\$26,016,605	\$5,251,443	\$31,268,048	(\$2,552,809)		(\$16,541,867)	(\$949,368)
(2) Jun-04	(\$16,541,867)	\$31,184,998	\$27,183,804	\$5,999,148	\$33,182,952	(\$1,997,954)		(\$18,539,821)	(\$1,086,275)
(2) Jul-04	(\$18,539,821)	\$34,907,092	\$30,428,334	\$7,371,904	\$37,800,239	(\$2,893,147)		(\$21,432,968)	(\$3,168,060)
(2) Aug-04	(\$21,432,968)	\$36,529,815	\$31,842,854	\$8,302,794	\$40,145,647	(\$3,615,833)		(\$25,048,800)	(\$7,802,184)
(2) Sep-04	(\$25,048,800)	\$34,493,232	\$30,067,575	\$8,553,152	\$38,620,727	(\$4,127,495)		(\$29,176,296)	(\$13,858,772)
(2) Oct-04	(\$29,176,296)	\$15,317,524				\$15,317,524		(\$13,858,772)	
Totals	\$22,825,747	\$384,032,795	\$336,168,487	\$84,575,747	\$420,744,234	(\$36,711,440)	\$26,921	(\$13,858,772)	
Interest (3)								\$190,997	
Ending Balance@ September 30, 2004 with Interest								(\$13,667,775)	

- (1) Actual revenues and expenses
- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(22,825,747 + -13,858,772)/2 * (4.61\% * 5/12 + 4.01\% * 7/12)$

* For September usage billed in October

Section 2. Projected Balance @ December 31, 2004

Month	Over(Under) Beginning Balance (a)	Standard Offer Revenue (b)	Standard Offer Base Expense (c)	Fuel Index Payments (d)	Total Standard Offer Expenses (e)	Monthly Over(Under) (f)	Adjustments (g)	Over(Under) Ending Monthly Balance (h)	Monthly Balance Including Unbilled (i)
(2) Oct-04	(\$13,667,775)	\$15,317,524	\$26,704,416	\$8,416,850	\$35,121,265	(\$19,803,741)		(\$33,471,516)	(\$17,637,951)
(2) Nov-04	(\$33,471,516)	\$31,667,131	\$27,604,077	\$9,526,976	\$37,131,053	(\$5,463,922)		(\$38,935,438)	(\$21,949,878)
(2) Dec-04	(\$38,935,438)	\$33,971,120	\$29,612,453	\$10,945,610	\$40,558,063	(\$6,586,943)		(\$45,522,381)	(\$27,833,382)
* (2) Jan-05	(\$45,522,381)	\$17,688,999				\$17,688,999		(\$27,833,382)	
Totals	(\$13,667,775)	\$98,644,775	\$83,920,946	\$28,889,436	\$112,810,381	(\$14,165,607)	\$0	(\$27,833,382)	
Interest (3)								(\$208,025)	
Ending Balance@ December 31, 2004 with Interest								(\$28,041,406)	

* For December usage billed in January

- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(-13,667,775 + -27,833,382)/2 * (4.01\% * 3/12)$

Column Notes:

- Column (a) Column (g) from previous row; beginning balance from Exhibit JAL-6, RIPUC Docket No. 3571.
- Column (b) from Page 3
- Column (c) from Page 4
- Column (d) from Page 4
- Column (e) Column (c) + Column (d)
- Column (f) Column (b) - Column (e)
- Column (g) Oct 2003: Adjustment to correct entry in 2003 reconciliation. Expense adjustment in October 2002 of \$273,359 was inadvertently recorded as an expense offset.
Dec: Ending balance from Last Resort Service reconciliation per Commission order in RIPUC Docket No. 3571
- Column (h) Column (a) + Column (f)
- Column (i) Column (g) + 50% of next month's Column (b)

The Narragansett Electric Company
 Standard Offer Reconciliation
 Projected Balance at Year Ending December 31, 2005

Section 1. Projected Balance @ September 30, 2005

Month	Over(Under) Beginning Balance (a)	Standard Offer Revenue (b)	Standard Offer Base Expense (c)	Fuel Index Payments (d)	Total Standard Offer Expenses (e)	Monthly Over(Under) (f)	Adjustments (g)	Over(Under) Ending Monthly Balance (h)	Monthly Balance Including Unbilled (i)
(2) Oct-04	(\$13,667,775)	\$15,317,524	\$26,704,416	\$8,416,850	\$35,121,265	(\$19,803,741)		(\$33,471,516)	(\$17,637,951)
(2) Nov-04	(\$33,471,516)	\$31,667,131	\$27,604,077	\$9,526,976	\$37,131,053	(\$5,463,922)		(\$38,935,438)	(\$21,949,878)
(2) Dec-04	(\$38,935,438)	\$33,971,120	\$29,612,453	\$10,945,610	\$40,558,063	(\$6,586,943)		(\$45,522,381)	(\$27,833,382)
(2) Jan-05	(\$45,522,381)	\$35,377,998	\$33,237,330	\$6,236,122	\$39,473,451	(\$4,095,453)		(\$49,617,834)	(\$32,853,986)
(2) Feb-05	(\$49,617,834)	\$33,527,696	\$31,498,986	\$6,267,974	\$37,766,960	(\$4,239,265)		(\$53,857,099)	(\$37,654,605)
(2) Mar-05	(\$53,857,099)	\$32,404,987	\$30,444,211	\$6,546,906	\$36,991,116	(\$4,586,130)		(\$58,443,228)	(\$43,018,493)
(2) Apr-05	(\$58,443,228)	\$30,849,471	\$28,982,816	\$6,467,931	\$35,450,748	(\$4,601,277)		(\$63,044,505)	(\$48,164,259)
(2) May-05	(\$63,044,505)	\$29,760,493	\$27,959,731	\$6,199,262	\$34,158,992	(\$4,398,500)		(\$67,443,005)	(\$51,671,617)
(2) Jun-05	(\$67,443,005)	\$31,542,775	\$29,634,170	\$6,410,134	\$36,044,304	(\$4,501,528)		(\$71,944,533)	(\$54,237,221)
(2) Jul-05	(\$71,944,533)	\$35,414,624	\$33,271,740	\$7,016,898	\$40,288,637	(\$4,874,013)		(\$76,818,546)	(\$58,268,072)
(2) Aug-05	(\$76,818,546)	\$37,100,948	\$34,856,026	\$7,149,793	\$42,005,819	(\$4,904,871)		(\$81,723,417)	(\$64,247,088)
(2) Sep-05	(\$81,723,417)	\$34,952,658	\$32,837,726	\$6,528,446	\$39,366,172	(\$4,413,514)		(\$86,136,931)	(\$70,652,735)
* (2) Oct-05	(\$86,136,931)	\$15,484,196				\$15,484,196		(\$70,652,735)	
Totals	(\$13,667,775)	\$397,371,622	\$366,643,681	\$87,712,901	\$454,356,582	(\$56,984,960)	\$0	(\$70,652,735)	
Interest (3)								(\$1,690,626)	
Ending Balance@ September 30, 2005 with Interest								(\$72,343,361)	

- (1) Actual revenues and expenses
- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(13,667,775 + -70,652,735)/2 * (4.01\%)$

* For September usage billed in October

Section 2. Projected Balance @ December 31, 2005

Month	Over(Under) Beginning Balance (a)	Standard Offer Revenue (b)	Standard Offer Base Expense (c)	Fuel Index Payments (d)	Total Standard Offer Expenses (e)	Monthly Over(Under) (f)	Adjustments (g)	Over(Under) Ending Monthly Balance (h)	Monthly Balance Including Unbilled (i)
(2) Oct-05	(\$72,343,361)	\$15,484,196	\$29,094,541	\$5,600,555	\$34,695,096	(\$19,210,900)		(\$91,554,262)	(\$75,554,202)
(2) Nov-05	(\$91,554,262)	\$32,000,119	\$30,063,840	\$5,597,309	\$35,661,149	(\$3,661,031)		(\$95,215,292)	(\$78,045,560)
(2) Dec-05	(\$95,215,292)	\$34,339,464	\$32,261,635	\$5,785,327	\$38,046,962	(\$3,707,498)		(\$98,922,790)	(\$80,880,011)
* (2) Jan-06	(\$98,922,790)	\$18,042,779				\$18,042,779		(\$80,880,011)	
Totals	(\$72,343,361)	\$99,866,557	\$91,420,017	\$16,983,190	\$108,403,207	(\$8,536,650)	\$0	(\$80,880,011)	
Interest (3)								(\$768,032)	
Ending Balance@ December 31, 2005 with Interest								(\$81,648,043)	

* For December usage billed in January

- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(-72,343,361 + -80,880,011)/2 * (4.01\% * 3/12)$

Column Notes:

- Column (a) Column (g) from previous row; beginning balance from Page 1.
- Column (b) from Page 3
- Column (c) from Page 4
- Column (d) from Page 4
- Column (e) Column (c) + Column (d)
- Column (f) Column (b) - Column (e)
- Column (g)

- Column (h) Column (a) + Column (f)
- Column (i) Column (g) + 50% of next month's Column (b)

The Narragansett Electric Company
Summary of Standard Offer Revenue

	<u>Actual</u>		
	<u>Gross Revenue</u>	<u>HVM Discount</u>	<u>Net Revenue</u>
	(a)	(b)	(c)
Oct-03	\$28,731,005	(\$36,014)	\$28,694,991
Nov-03	\$28,097,951	(\$34,887)	\$28,063,064
Dec-03	\$31,941,394	(\$35,595)	\$31,905,799
Jan-04	\$35,025,505	(\$35,348)	\$34,990,158
Feb-04	\$34,020,866	(\$35,855)	\$33,985,011
Mar-04	\$32,352,063	(\$33,849)	\$32,318,214
Apr-04	\$30,451,422	(\$36,063)	\$30,415,360
May-04	\$28,752,238	(\$36,998)	\$28,715,240
Jun-04	\$0	\$0	\$0
Jul-04	\$0	\$0	\$0
Aug-04	\$0	\$0	\$0
Sep-04	\$0	\$0	\$0
Oct-04	\$0	\$0	\$0

Notes:

- (a) from Company SMB702 monthly revenue reports
- (b) Page 4
- (c) Column (a) + Column (b)

The Narragansett Electric Company
Summary of Standard Offer Revenue - HVM Discount

	kWh Subject to <u>Discount</u> (a)	Discounted <u>kWhs</u> (b)	Effective Standard <u>Offer Rate</u> (c)	Standard Offer HVM <u>Discount</u> (d)
* Oct-03 Sept usage	37,708,701	377,087	\$0.05500	\$20,740
* Oct-03 Oct usage	27,771,361	277,714	\$0.05500	15,274
Nov-03	63,431,241	634,312	\$0.05500	34,887
Dec-03	64,717,377	647,174	\$0.05500	35,595
* Jan-04 Dec usage	32,959,839	329,598	\$0.05500	18,128
* Jan-04 Jan usage	29,186,284	291,863	\$0.05900	17,220
Feb-04	60,770,963	607,710	\$0.05900	35,855
Mar-04	57,370,976	573,710	\$0.05900	33,849
Apr-04	61,123,516	611,235	\$0.05900	36,063
May-04	62,708,596	627,086	\$0.05900	36,998
Jun-04		-	\$0.05900	-
Jul-04		-	\$0.05900	-
Aug-04		-	\$0.05900	-
Sep-04		-	\$0.05900	-
* Oct-04 Sep usage		-	\$0.05900	-
* Oct-04 Oct usage		-	\$0.05900	-

* Usage for these months prorated for rate changes effective for usage on and after the 1st day of the month.

Notes:

- (a) CIS System Data
- (b) Column (a) x 1%
- (c) Currently effective tariff
- (d) Column (b) x Column (c)

The Narragansett Electric Company
Standard Offer Reconciliation
Estimated Revenue through January 2006

(1) Estimated Standard Offer kWh Deliveries 86.1%

<u>Month</u>	Estimated Total Company kWh <u>Deliveries</u> (a)	Estimated Standard Offer <u>Deliveries</u> (b)	Standard Offer <u>Rate</u> (c)	Total Estimated <u>Revenues</u> (d)
			\$0.05900	
Jun-04	613,890,000	528,559,290	\$0.05900	\$31,184,998
Jul-04	687,161,000	591,645,621	\$0.05900	\$34,907,092
Aug-04	719,105,000	619,149,405	\$0.05900	\$36,529,815
Sep-04	679,014,000	584,631,054	\$0.05900	\$34,493,232
Oct-04	603,064,000	519,238,104	\$0.05900	\$30,635,048
Nov-04	623,381,000	536,731,041	\$0.05900	\$31,667,131
Dec-04	668,736,000	575,781,696	\$0.05900	\$33,971,120
Jan-05	696,431,000	599,627,091	\$0.05900	\$35,377,998
Feb-05	660,007,000	568,266,027	\$0.05900	\$33,527,696
Mar-05	637,906,000	549,237,066	\$0.05900	\$32,404,987
Apr-05	607,285,000	522,872,385	\$0.05900	\$30,849,471
May-05	585,848,000	504,415,128	\$0.05900	\$29,760,493
Jun-05	620,933,000	534,623,313	\$0.05900	\$31,542,775
Jul-05	697,152,000	600,247,872	\$0.05900	\$35,414,624
Aug-05	730,348,000	628,829,628	\$0.05900	\$37,100,948
Sep-05	688,058,000	592,417,938	\$0.05900	\$34,952,658
Oct-05	609,626,000	524,887,986	\$0.05900	\$30,968,391
Nov-05	629,936,000	542,374,896	\$0.05900	\$32,000,119
Dec-05	675,987,000	582,024,807	\$0.05900	\$34,339,464
Jan-06	710,359,620	611,619,633	\$0.05900	\$36,085,558

Column Notes:

- (a) Per Company forecast
 (b) Column (a) x Line (1)
 (c) Per currently effective tariff
 (d) Column (b) x Column (c)
- (1) From Page 3, Line (3)

The Narragansett Electric Company
 Standard Offer Reconciliation
 Estimated Standard Offer Expenses through December 2005

Section 1. Estimation of Standard Offer kWh Deliveries

	<u>May-04</u>
(1) Standard Offer kWhs	487,351,484
(2) Total kWh Deliveries	566,108,513
(3) Percentage of Standard Offer kWhs to Total kWhs	86.1%

Notes:

- (1) Company revenue reports
- (2) Company revenue reports
- (3) Line (1) ÷ Line (2)

Section 2. Calculation of Estimated Expenses

	<u>Estimated Total Company kWh Deliveries</u> (a)	<u>% of Standard Offer kWhs to Total kWhs</u> (b)	<u>Estimated Standard Offer kWh Deliveries</u> (c)	<u>Estimated Base Standard Offer Charge</u> (d)	<u>Estimated Base Standard Offer Expenses</u> (e)	<u>Estimated Fuel Index Value per kWh</u> (f)	<u>Estimated Fuel Index Payments</u> (g)	<u>Total Estimated Standard Offer Expenses</u> (h)	
Jun-04	613,890,000	86.1%	528,559,290	\$0.05143	\$27,183,804	\$0.01135	\$5,999,148	\$33,182,952	
Jul-04	687,161,000	86.1%	591,645,621	\$0.05143	\$30,428,334	\$0.01246	\$7,371,904	\$37,800,239	
Aug-04	719,105,000	86.1%	619,149,405	\$0.05143	\$31,842,854	\$0.01341	\$8,302,794	\$40,145,647	
Sep-04	679,014,000	86.1%	584,631,054	\$0.05143	\$30,067,575	\$0.01463	\$8,553,152	\$38,620,727	
Oct-04	603,064,000	86.1%	519,238,104	\$0.05143	\$26,704,416	\$0.01621	\$8,416,850	\$35,121,265	
Nov-04	623,381,000	86.1%	536,731,041	\$0.05143	\$27,604,077	\$0.01775	\$9,526,976	\$37,131,053	
Dec-04	668,736,000	86.1%	575,781,696	\$0.05143	\$29,612,453	\$0.01901	\$10,945,610	\$40,558,063	
Jan-05	696,431,000	86.1%	599,627,091	\$0.05543	\$33,237,330	\$0.01040	\$6,236,122	\$39,473,451	
Feb-05	660,007,000	86.1%	568,266,027	\$0.05543	\$31,498,986	\$0.01103	\$6,267,974	\$37,766,960	
Mar-05	637,906,000	86.1%	549,237,066	\$0.05543	\$30,444,211	\$0.01192	\$6,546,906	\$36,991,116	
Apr-05	607,285,000	86.1%	522,872,385	\$0.05543	\$28,982,816	\$0.01237	\$6,467,931	\$35,450,748	
May-05	585,848,000	86.1%	504,415,128	\$0.05543	\$27,959,731	\$0.01229	\$6,199,262	\$34,158,992	
Jun-05	620,933,000	86.1%	534,623,313	\$0.05543	\$29,634,170	\$0.01199	\$6,410,134	\$36,044,304	
Jul-05	697,152,000	86.1%	600,247,872	\$0.05543	\$33,271,740	\$0.01169	\$7,016,898	\$40,288,637	
Aug-05	730,348,000	86.1%	628,829,628	\$0.05543	\$34,856,026	\$0.01137	\$7,149,793	\$42,005,819	
Sep-05	688,058,000	86.1%	592,417,938	\$0.05543	\$32,837,726	\$0.01102	\$6,528,446	\$39,366,172	
Oct-05	609,626,000	86.1%	524,887,986	\$0.05543	\$29,094,541	\$0.01067	\$5,600,555	\$34,695,096	
Nov-05	629,936,000	86.1%	542,374,896	\$0.05543	\$30,063,840	\$0.01032	\$5,597,309	\$35,661,149	
Dec-05	675,987,000	86.1%	582,024,807	\$0.05543	\$32,261,635	\$0.00994	\$5,785,327	\$38,046,962	
							Total Expected Fuel Index Payments through December 2005	\$134,923,089	\$712,509,354

Column Notes:

- (a) Per Company forecast
- (b) Section 1, Line (3)
- (c) Column (a) x Column (b)
- (d) Per standard offer contract (includes estimate for base SO adjustment for contract amendment as approved in RIPUC Docket No. 3496)
- (e) Column (c) x Column (d)
- (f) Company estimate based on fuel futures prices as reported on 6/23/04, 6/24/04 & 6/25/04
- (g) Column (c) x Column (f)
- (h) Column (e) + Column (g)

THE NARRAGANSETT ELECTRIC COMPANY

Re: R.I.P.U.C. Docket No. ____

Witness: Jeanne A. Lloyd

Exhibit JAL-2

**Proposed Standard Offer Charge for October 1, 2004
and
Standard Offer Alternatives**

**The Narragansett Electric Company
Proposed Standard Offer Charge for October 1, 2004
Based on Most Recent Fuel Price Estimates**

Proposed Standard Offer Charge for October 1, 2004

1.	Estimated Under/(Over) Recovery @ December 2005	\$81,648,043
2.	Estimated Standard Offer kWhs for October 2004 through December 2005	<u>8,427,765,742</u>
3.	Estimated Fuel Adjustment for the period October 2004 through December 2005	\$0.00960
4.	Current Standard Offer	<u>\$0.05900</u>
5.	Proposed Standard Offer Charge effective October 1, 2004	\$0.06860

1. from Page 2 of 6
2. from Page 5 of 6, Column (b); kWh deliveries for consumption on and after October 1, 2004 to December 2005
3. Line 1 ÷ Line 2, truncated to five places
4. per tariff
5. Line 3 + Line 4

The Narragansett Electric Company
Calculation of Alternative Standard Offer Charges
Based on Most Recent Fuel Price Estimates

Section 1. Alternative Standard Offer Charges <u>Designed to Collect Entire Under Recovery through December 2004</u>	<u>Effective</u> <u>01-Aug-2004</u>	<u>Effective</u> <u>01-Sep-2004</u>	<u>Effective</u> <u>01-Oct-2004</u>	Estimated Rate for Jan-2005 Under this Scenario
1. Estimated Under/(Over) Recovery @ December 2004	\$28,041,406	\$28,041,406	\$28,041,406	
2. Estimated Standard Offer kWhs for the period	<u>2,825,770,143</u>	<u>2,223,879,914</u>	<u>1,671,945,335</u>	
3. Estimated Fuel Adjustment for the period	\$0.00900	\$0.01200	\$0.01600	
4. Current Standard Offer Charge	<u>\$0.05900</u>	<u>\$0.05900</u>	<u>\$0.05900</u>	
5. Standard Offer Charge	\$0.06800	\$0.07100	\$0.07500	\$0.06663
1. from Exhibit JAL-1, Page 1, Section 2.				
2. from Exhibit JAL-1, Page 6, Column (c), kWh deliveries on and after the effective date				
3. Line 1 ÷ Line 2, truncated to three places				
4. per tariff				
5. Line 3 + Line 4				
Section 2. Alternative Standard Offer Charges <u>Designed to Collect All but \$16 million of Under Recovery through December 2004</u>	<u>Effective</u> <u>01-Aug-2004</u>	<u>Effective</u> <u>01-Sep-2004</u>	<u>Effective</u> <u>01-Oct-2004</u>	Estimated Rate for Jan-2005 Under this Scenario
6. Increase Needed to Recover all but \$16 million of Under recovery at December 31, 2004	\$12,041,406	\$12,041,406	\$12,041,406	
7. Estimated Standard Offer kWhs for the period	<u>2,825,770,143</u>	<u>2,223,879,914</u>	<u>1,671,945,335</u>	
8. Estimated Fuel Adjustment for the period	\$0.00400	\$0.00500	\$0.00700	
9. Current Standard Offer Charge	<u>\$0.05900</u>	<u>\$0.05900</u>	<u>\$0.05900</u>	
10. Standard Offer Charge	\$0.06300	\$0.06400	\$0.06600	\$0.06903
6. from Exhibit JAL-1, Page 1, Section 2 less \$16 million.				
7. from Exhibit JAL-1, Page 6, Column (c), kWh deliveries on and after the effective date				
8. Line 1 ÷ Line 2, truncated to three places				
9. per tariff				
10. Line 3 + Line 4				
Section 3. Alternative Standard Offer Charges <u>Designed to Collect Entire Under Recovery through December 2005</u>	<u>Effective</u> <u>01-Aug-2004</u>	<u>Effective</u> <u>01-Sep-2004</u>	<u>Effective</u> <u>01-Oct-2004</u>	
11. Estimated Under/(Over) Recovery @ December 2005	\$81,648,043	\$81,648,043	\$81,648,043	
12. Estimated Standard Offer kWhs for the period	<u>9,581,590,551</u>	<u>8,979,700,321</u>	<u>8,427,765,742</u>	
13. Estimated Fuel Adjustment for the period	\$0.00850	\$0.00900	\$0.00960	
14. Current Standard Offer Charge	<u>\$0.05900</u>	<u>\$0.05900</u>	<u>\$0.05900</u>	
15. Standard Offer Charge through December 2005	\$0.06750	\$0.06800	\$0.06860	
11. from Exhibit JAL-1, Page 2, Section 2				
12. from Exhibit JAL-1, Page 6, Column (c), kWh deliveries on and after the effective date				
13. Line 1 ÷ Line 2, truncated to three places				
14. per tariff				
15. Line 3 + Line 4				

The Narragansett Electric Company
Bill Impacts of Alternative Standard Offer Charges on a 500 kWh Residential Customer

Section 1. Alternative Standard Offer ChargesDesigned to Collect Entire Under Recovery through December 2004

	<u>Effective 01-Aug-2004</u>	<u>Effective 01-Sep-2004</u>	<u>Effective 01-Oct-2004</u>
1. Standard Offer Charge (Page 2)	\$0.06800	\$0.07100	\$0.07500
2. Current Monthly Bill	\$60.49	\$60.49	\$60.49
3. Proposed Monthly Bill (Standard Offer Increase only)	<u>\$65.18</u>	<u>\$66.74</u>	<u>\$68.82</u>
4. Monthly Change	\$4.69	\$6.25	\$8.33
5. % Change	7.8%	10.3%	13.8%

Section 2. Alternative Standard Offer ChargesDesigned to Collect All but \$16 million of Under Recovery through December 2004

	<u>Effective 01-Aug-2004</u>	<u>Effective 01-Sep-2004</u>	<u>Effective 01-Oct-2004</u>
6. Standard Offer Charge (Page 2)	\$0.06300	\$0.06400	\$0.06600
7. Current Monthly Bill	\$60.49	\$60.49	\$60.49
8. Proposed Monthly Bill (Standard Offer Increase only)	<u>\$62.57</u>	<u>\$63.09</u>	<u>\$64.14</u>
9. Monthly Change	\$2.08	\$2.60	\$3.65
10. % Change	3.4%	4.3%	6.0%

Section 3. Alternative Standard Offer ChargesDesigned to Collect Entire Under Recovery through December 2005

	<u>Effective 01-Aug-2004</u>	<u>Effective 01-Sep-2004</u>	<u>Effective 01-Oct-2004</u>
11. Standard Offer Charge (Page 2)	\$0.06750	\$0.06800	\$0.06860
12. Current Monthly Bill	\$60.49	\$60.49	\$60.49
13. Proposed Monthly Bill (Standard Offer Increase only)	<u>\$64.92</u>	<u>\$65.18</u>	<u>\$65.49</u>
14. Monthly Change	\$4.43	\$4.69	\$5.00
15. % Change	7.3%	7.8%	8.3%

THE NARRAGANSETT ELECTRIC COMPANY

Re: R.I.P.U.C. Docket No. ____

Witness: Jeanne A. Lloyd

Exhibit JAL-3

Proposed Standard Offer Tariff

Clean and Marked to Show Changes

**THE NARRAGANSETT ELECTRIC COMPANY
STANDARD OFFER SERVICE**

AVAILABILITY

All Customers (including new Customers) who have not elected to take their electric supply from a non-regulated power producer will receive their power supply under this Standard Offer Rate until the Customer either: (1) takes its electric supply from a non-regulated power producer; or (2) takes Last Resort Service.

Customers who leave Standard Offer Service may not return to Standard Offer Service.

Standard Offer Service may be terminated by a Customer upon the next scheduled meter read provided that notice of the change of supplier was received in accordance with the Company's Terms and Conditions for Nonregulated Power Producers.

MONTHLY CHARGE

The Monthly Charge for Service under this tariff will be the sum of the applicable Standard Offer Service charges in addition to all appropriate Retail Delivery charges as stated in the applicable tariff.

RATE FOR ALL CLASSES

Standard Offer per kWh	6.860¢
------------------------	--------

RATE CHANGES

The rates set forth in this tariff are effective for usage on and after October 1, 2004 until changes. Any changes will be filed with the Commission and are subject to Commission review and approval.

Effective: October 1, 2004

THE NARRAGANSETT ELECTRIC COMPANY
STANDARD OFFER SERVICE

AVAILABILITY

All Customers (including new Customers) who have not elected to take their electric supply from a non-regulated power producer will receive their power supply under this Standard Offer Rate until the Customer either: (1) takes its electric supply from a non-regulated power producer; or (2) takes Last Resort Service.

Customers who leave Standard Offer Service may not return to Standard Offer Service.

Standard Offer Service may be terminated by a Customer upon the next scheduled meter read provided that notice of the change of supplier was received in accordance with the Company's Terms and Conditions for Nonregulated Power Producers.

MONTHLY CHARGE

The Monthly Charge for Service under this tariff will be the sum of the applicable Standard Offer Service charges in addition to all appropriate Retail Delivery charges as stated in the applicable tariff.

RATE FOR ALL CLASSES

Standard Offer per kWh

~~6.86~~0¢

Deleted: 5.90

RATE CHANGES

The rates set forth in this tariff are effective for usage on and after ~~October 1~~, 2004 until changes. Any changes will be filed with the Commission and are subject to Commission review and approval.

Deleted: January

Effective: ~~October 1~~, 2004

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THE NARRAGANSETT ELECTRIC COMPANY
Re: R.I.P.U.C. Docket No. ____
Witness: Jeanne A. Lloyd

Exhibit JAL-4
Typical Bill Analysis

The Narragansett Electric Company
 Calculation of Monthly Typical Bill
 Comparison of Rates in Effect 09/30/04 v. 10/01/04
 Impact on A-16 Rate Customers

Date: 30-Jun-04

Exhibit JAL-4

Time: 12:36 PM

Page 1 of 23

Monthly kWh	Rates in Effect 09/04			Rates in Effect 10/04			Increase/(Decrease)		Percent of Bills
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
120	\$16.53	\$7.38	\$9.15	\$17.73	\$8.58	\$9.15	\$1.20	7.3%	8%
240	\$30.41	\$14.75	\$15.66	\$32.81	\$17.15	\$15.66	\$2.40	7.9%	14%
500	\$60.49	\$30.73	\$29.76	\$65.49	\$35.73	\$29.76	\$5.00	8.3%	34%
700	\$83.62	\$43.02	\$40.60	\$90.62	\$50.02	\$40.60	\$7.00	8.4%	18%
950	\$112.54	\$58.39	\$54.15	\$122.04	\$67.89	\$54.15	\$9.50	8.4%	13%
1,000	\$118.32	\$61.46	\$56.86	\$128.32	\$71.46	\$56.86	\$10.00	8.5%	2%

Rates in Effect 09/04: A-16

Rates in Effect 10/04: A-16

Customer Charge		\$2.54	Customer Charge	\$2.54
Transmission Energy Charge (1)	kWh x	\$0.00478	Transmission Energy Charge (2)	kWh x \$0.00478
Distribution Energy Charge	kWh x	\$0.03680	Distribution Energy Charge	kWh x \$0.03680
Transition Energy Charge	kWh x	\$0.00855	Transition Energy Charge	kWh x \$0.00855
C&LM Adjustment	kWh x	\$0.00230	C&LM Adjustment	kWh x \$0.00230
S.O. Adj.	kWh x	\$0.00000	S.O. Adj.	kWh x \$0.00000
Settlement Cr.	kWh x	-\$0.00038	Settlement Cr.	kWh x -\$0.00038
Gross Earnings Tax		4.00%	Gross Earnings Tax	4.00%
Standard Offer Charge	kWh x	\$0.05900	Standard Offer Charge	kWh x \$0.06860

Note (1): Includes Transmission Adjustment Factor of \$.00042/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00042/kWh.

The Narragansett Electric Company
Calculation of Monthly Typical Bill
Comparison of Rates in Effect 09/30/04 v. 10/01/04
Impact on A-18 Rate Customers

Monthly kWh	Rates in Effect 09/04			Rates in Effect 10/04			Increase/(Decrease)		Percent of Bills
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
280	\$32.64	\$17.21	\$15.43	\$35.44	\$20.01	\$15.43	\$2.80	8.6%	12%
550	\$61.57	\$33.80	\$27.77	\$67.07	\$39.30	\$27.77	\$5.50	8.9%	16%
1,100	\$122.93	\$67.60	\$55.33	\$133.93	\$78.60	\$55.33	\$11.00	8.9%	25%
1,650	\$185.67	\$101.41	\$84.26	\$202.17	\$117.91	\$84.26	\$16.50	8.9%	37%
2,200	\$248.40	\$135.21	\$113.19	\$270.40	\$157.21	\$113.19	\$22.00	8.9%	14%

Rates in Effect 09/04: A-18

Customer Charge		\$2.52
Transmission Energy Charge (1)	kWh x	\$0.00429
Distribution Energy Charge	kWh x	\$0.03574
Transition Energy Charge	kWh x	\$0.00855
Credit for 1st 750 kWh	kWh x	-\$0.00661
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.05900

Rates in Effect 10/04: A-18

Customer Charge		\$2.52
Transmission Energy Charge (2)	kWh x	\$0.00429
Distribution Energy Charge	kWh x	\$0.03574
Transition Energy Charge	kWh x	\$0.00855
Credit for 1st 750 kWh	kWh x	-\$0.00661
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06860

Note (1): Includes Transmission Adjustment Factor of \$.00042/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00042/kWh.

The Narragansett Electric Company
Calculation of Monthly Typical Bill
Comparison of Rates in Effect 09/30/04 v. 10/01/04
Impact on A-32 Rate Customers

Monthly kWh	Rates in Effect 09/04			Rates in Effect 10/04			Increase/(Decrease)		Percent of Bills
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
2,000	\$214.88	\$122.92	\$91.96	\$234.88	\$142.92	\$91.96	\$20.00	9.3%	41%
2,500	\$266.84	\$153.65	\$113.19	\$291.84	\$178.65	\$113.19	\$25.00	9.4%	13%
3,000	\$318.81	\$184.38	\$134.43	\$348.81	\$214.38	\$134.43	\$30.00	9.4%	10%
4,000	\$422.73	\$245.83	\$176.90	\$462.73	\$285.83	\$176.90	\$40.00	9.5%	14%
5,000	\$526.65	\$307.29	\$219.36	\$576.65	\$357.29	\$219.36	\$50.00	9.5%	8%

Rates in Effect 09/04: A-32

Customer Charge		\$2.30
Meter Charge		\$4.44
Transmission Energy Charge (1)	kWh x	\$0.00434
Distribution Energy Charge	kWh x	\$0.02596
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038
Gross Earnings Tax		4.00%
Standard Offer Charge		\$0.05900

Rates in Effect 10/04: A-32

Customer Charge		\$2.30
Meter Charge		\$4.44
Transmission Energy Charge (2)	kWh x	\$0.00434
Distribution Energy Charge	kWh x	\$0.02596
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06860

Note (1): Includes Transmission Adjustment Factor of \$.00042/kWh.
Note (2): Includes Transmission Adjustment Factor of \$.00042/kWh.

The Narragansett Electric Company
Calculation of Monthly Typical Bill
Comparison of Rates in Effect 09/30/04 v. 10/01/04
Impact on A-60 Rate Customers
Without Control Credit for Water Heater

Monthly kWh	Rates in Effect 09/04			Rates in Effect 10/04			Increase/(Decrease)		Percent of Bills
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
95	\$9.59	\$5.84	\$3.75	\$10.54	\$6.79	\$3.75	\$0.95	9.9%	2.0%
190	\$19.18	\$11.68	\$7.50	\$21.08	\$13.58	\$7.50	\$1.90	9.9%	1.0%
380	\$38.35	\$23.35	\$15.00	\$42.15	\$27.15	\$15.00	\$3.80	9.9%	35.0%
550	\$55.51	\$33.80	\$21.71	\$61.01	\$39.30	\$21.71	\$5.50	9.9%	22.0%
750	\$75.69	\$46.09	\$29.60	\$83.19	\$53.59	\$29.60	\$7.50	9.9%	15.0%

Rates in Effect 09/04: A-60

Customer Charge		\$0.00
Transmission Energy Charge (1)	kWh x	\$0.00380
Distribution Energy Charge	kWh x	\$0.02589
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
FAS 106 Adjustment, & Settlement Cr	kWh x	-\$0.00038
A-60 Rate Credit	kWh x	-\$0.00227
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.05900

Rates in Effect 10/04: A-60

Customer Charge		\$0.00
Transmission Energy Charge (2)	kWh x	\$0.00380
Distribution Energy Charge	kWh x	\$0.02589
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038
A-60 Rate Credit	kWh x	-\$0.00227
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06860

Note (1): Includes Transmission Adjustment Factor of \$.00042/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00042/kWh.

The Narragansett Electric Company
Calculation of Monthly Typical Bill
Comparison of Rates in Effect 09/30/04 v. 10/01/04
Impact on A-60 Rate Customers
With Control Credit for Water Heater

Monthly kWh	Rates in Effect 09/04			Rates in Effect 10/04			Difference		Percent of Bills
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
95	\$8.94	\$5.84	\$3.10	\$9.89	\$6.79	\$3.10	\$0.95	10.6%	1.0%
190	\$17.87	\$11.68	\$6.19	\$19.77	\$13.58	\$6.19	\$1.90	10.6%	2.0%
380	\$35.73	\$23.35	\$12.38	\$39.53	\$27.15	\$12.38	\$3.80	10.6%	20.0%
550	\$51.72	\$33.80	\$17.92	\$57.22	\$39.30	\$17.92	\$5.50	10.6%	19.0%
750	\$70.53	\$46.09	\$24.44	\$78.03	\$53.59	\$24.44	\$7.50	10.6%	17.0%

Rates in Effect 09/04: A-60

Customer Charge		\$0.00
Transmission Energy Charge (1)	kWh x	\$0.00380
Distribution Energy Charge	kWh x	\$0.02589
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
FAS 106 Adjustment, & Settlement Cr	kWh x	-\$0.00038
A-60 Rate Credit	kWh x	-\$0.00227
Credit for 1st 750 kWh	kWh x	-\$0.00661

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05900

Rates in Effect 10/04: A-60

Customer Charge		\$0.00
Transmission Energy Charge (2)	kWh x	\$0.00380
Distribution Energy Charge	kWh x	\$0.02589
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038
A-60 Rate Credit	kWh x	-\$0.00227
Credit for 1st 750 kWh	kWh x	-\$0.00661

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.06860

Note (1): Includes Transmission Adjustment Factor of \$.00042/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00042/kWh.

The Narragansett Electric Company
Calculation of Monthly Typical Bill
Comparison of Rates in Effect 09/30/04 v. 10/01/04
Impact on C-06 Rate Customers

Monthly kWh	Rates in Effect 09/04			Rates in Effect 10/04			Increase/(Decrease)		Percent of Bills
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
255	\$36.31	\$15.67	\$20.64	\$38.86	\$18.22	\$20.64	\$2.55	7.0%	34%
500	\$65.46	\$30.73	\$34.73	\$70.46	\$35.73	\$34.73	\$5.00	7.6%	17%
1,000	\$124.96	\$61.46	\$63.50	\$134.96	\$71.46	\$63.50	\$10.00	8.0%	19%
1,550	\$190.40	\$95.26	\$95.14	\$205.90	\$110.76	\$95.14	\$15.50	8.1%	11%
2,000	\$243.95	\$122.92	\$121.03	\$263.95	\$142.92	\$121.03	\$20.00	8.2%	5%

Rates in Effect 09/04: C-06

Customer Charge		\$5.73
Transmission Energy Charge (1)	kWh x	\$0.00578
Distribution Energy Charge	kWh x	\$0.03898
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.05900

Rates in Effect 10/04: C-06

Customer Charge		\$5.73
Transmission Energy Charge (2)	kWh x	\$0.00578
Distribution Energy Charge	kWh x	\$0.03898
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06860

Note (1): Includes Transmission Adjustment Factor of \$.00042/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00042/kWh.

The Narragansett Electric Company
Calculation of Monthly Typical Bill
Comparison of Rates in Effect 09/30/04 v. 10/01/04
Impact on G-02 Rate Customers

Hours Use: 200

Monthly Power		Rates in Effect 09/04			Rates in Effect 10/04			Increase/(Decrease)		Percent of Bills
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
20	4,000	\$486.74	\$245.83	\$240.91	\$526.74	\$285.83	\$240.91	\$40.00	8.2%	10%
50	10,000	\$1,122.61	\$614.58	\$508.03	\$1,222.61	\$714.58	\$508.03	\$100.00	8.9%	7%
100	20,000	\$2,182.41	\$1,229.17	\$953.24	\$2,382.41	\$1,429.17	\$953.24	\$200.00	9.2%	3%
150	30,000	\$3,242.20	\$1,843.75	\$1,398.45	\$3,542.20	\$2,143.75	\$1,398.45	\$300.00	9.3%	1%

Rates in Effect 09/04: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05900

Rates in Effect 10/04: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.06860

The Narragansett Electric Company
Calculation of Monthly Typical Bill
Comparison of Rates in Effect 09/30/04 v. 10/01/04
Impact on G-02 Rate Customers

Hours Use: 300

Monthly Power		Rates in Effect 09/04			Rates in Effect 10/04			Increase/(Decrease)		Percent of Bills
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
20	6,000	\$653.80	\$368.75	\$285.05	\$713.80	\$428.75	\$285.05	\$60.00	9.2%	13%
50	15,000	\$1,540.28	\$921.88	\$618.40	\$1,690.28	\$1,071.88	\$618.40	\$150.00	9.7%	13%
100	30,000	\$3,017.72	\$1,843.75	\$1,173.97	\$3,317.72	\$2,143.75	\$1,173.97	\$300.00	9.9%	5%
150	45,000	\$4,495.17	\$2,765.63	\$1,729.54	\$4,945.17	\$3,215.63	\$1,729.54	\$450.00	10.0%	1%

Rates in Effect 09/04: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.05900

Rates in Effect 10/04: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06860

The Narragansett Electric Company
Calculation of Monthly Typical Bill
Comparison of Rates in Effect 09/30/04 v. 10/01/04
Impact on G-02 Rate Customers

Hours Use: 400

Monthly Power		Rates in Effect 09/04			Rates in Effect 10/04			Increase/(Decrease)		Percent of Bills
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
20	8,000	\$820.87	\$491.67	\$329.20	\$900.87	\$571.67	\$329.20	\$80.00	9.7%	12%
50	20,000	\$1,957.93	\$1,229.17	\$728.76	\$2,157.93	\$1,429.17	\$728.76	\$200.00	10.2%	12%
100	40,000	\$3,853.03	\$2,458.33	\$1,394.70	\$4,253.03	\$2,858.33	\$1,394.70	\$400.00	10.4%	1%
150	60,000	\$5,748.14	\$3,687.50	\$2,060.64	\$6,348.14	\$4,287.50	\$2,060.64	\$600.00	10.4%	0%

Rates in Effect 09/04: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Rates in Effect 10/04: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.05900

Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06860

The Narragansett Electric Company
Calculation of Monthly Typical Bill
Comparison of Rates in Effect 09/30/04 v. 10/01/04
Impact on G-02 Rate Customers

Hours Use: 500

Monthly Power		Rates in Effect 09/04			Rates in Effect 10/04			Increase/(Decrease)		Percent of Bills
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
20	10,000	\$987.92	\$614.58	\$373.34	\$1,087.92	\$714.58	\$373.34	\$100.00	10.1%	6%
50	25,000	\$2,375.59	\$1,536.46	\$839.13	\$2,625.59	\$1,786.46	\$839.13	\$250.00	10.5%	7%
100	50,000	\$4,688.35	\$3,072.92	\$1,615.43	\$5,188.35	\$3,572.92	\$1,615.43	\$500.00	10.7%	3%
150	75,000	\$7,001.11	\$4,609.38	\$2,391.73	\$7,751.11	\$5,359.38	\$2,391.73	\$750.00	10.7%	1%

Rates in Effect 09/04: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.05900

Rates in Effect 10/04: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06860

The Narragansett Electric Company
Calculation of Monthly Typical Bill
Comparison of Rates in Effect 09/30/04 v. 10/01/04
Impact on G-02 Rate Customers

Hours Use: 600

Monthly Power		Rates in Effect 09/04			Rates in Effect 10/04			Increase/(Decrease)		Percent of Bills
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
20	12,000	\$1,154.99	\$737.50	\$417.49	\$1,274.99	\$857.50	\$417.49	\$120.00	10.4%	2%
50	30,000	\$2,793.24	\$1,843.75	\$949.49	\$3,093.24	\$2,143.75	\$949.49	\$300.00	10.7%	2%
100	60,000	\$5,523.66	\$3,687.50	\$1,836.16	\$6,123.66	\$4,287.50	\$1,836.16	\$600.00	10.9%	1%
150	90,000	\$8,254.07	\$5,531.25	\$2,722.82	\$9,154.07	\$6,431.25	\$2,722.82	\$900.00	10.9%	0%

Rates in Effect 09/04: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Rates in Effect 10/04: G-02

Customer Charge		\$103.41
Transmission Demand Charge-xcs 10 kW	kW x	\$1.40
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge-xcs 10 kW	kW x	\$2.91
Distribution Energy Charge	kWh x	\$0.01030
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05900

Standard Offer Charge kWh x \$0.06860

The Narragansett Electric Company
 Calculation of Monthly Typical Bill
 Comparison of Rates in Effect 09/30/04 v. 10/01/04
 Impact on G-32 Rate Customers

Hours Use: 200

Monthly Power		Rates in Effect 09/04 Standard			Rates in Effect 10/04 Standard			Increase/(Decrease)	
kW	kWh	Total	Offer	"Wires"	Total	Offer	"Wires"	Amount	% of Total
500	100,000	\$10,186.90	\$6,145.83	\$4,041.07	\$11,186.90	\$7,145.83	\$4,041.07	\$1,000.00	9.8%
1,000	200,000	\$20,127.53	\$12,291.67	\$7,835.86	\$22,127.53	\$14,291.67	\$7,835.86	\$2,000.00	9.9%
1,500	300,000	\$30,068.16	\$18,437.50	\$11,630.66	\$33,068.16	\$21,437.50	\$11,630.66	\$3,000.00	10.0%
2,000	400,000	\$40,008.78	\$24,583.33	\$15,425.45	\$44,008.78	\$28,583.33	\$15,425.45	\$4,000.00	10.0%
2,500	500,000	\$49,949.41	\$30,729.17	\$19,220.24	\$54,949.41	\$35,729.17	\$19,220.24	\$5,000.00	10.0%

Rates in Effect 09/04: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge	kW x	\$1.56
Distribution Energy Charge	kWh x	\$0.01139
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.05900

Rates in Effect 10/04: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge	kW x	\$1.56
Distribution Energy Charge	kWh x	\$0.01139
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.06860

The Narragansett Electric Company
 Calculation of Monthly Typical Bill
 Comparison of Rates in Effect 09/30/04 v. 10/01/04
 Impact on G-32 Rate Customers

Hours Use: 300

Monthly Power		Rates in Effect 09/04 Standard			Rates in Effect 10/04 Standard			Increase/(Decrease)	
kW	kWh	Total	Offer	"Wires"	Total	Offer	"Wires"	Amount	% of Total
500	150,000	\$14,420.24	\$9,218.75	\$5,201.49	\$15,920.24	\$10,718.75	\$5,201.49	\$1,500.00	10.4%
1,000	300,000	\$28,594.20	\$18,437.50	\$10,156.70	\$31,594.20	\$21,437.50	\$10,156.70	\$3,000.00	10.5%
1,500	450,000	\$42,768.16	\$27,656.25	\$15,111.91	\$47,268.16	\$32,156.25	\$15,111.91	\$4,500.00	10.5%
2,000	600,000	\$56,942.11	\$36,875.00	\$20,067.11	\$62,942.11	\$42,875.00	\$20,067.11	\$6,000.00	10.5%
2,500	750,000	\$71,116.07	\$46,093.75	\$25,022.32	\$78,616.07	\$53,593.75	\$25,022.32	\$7,500.00	10.5%

Rates in Effect 09/04: G-32

Rates in Effect 10/04: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge	kW x	\$1.56
Distribution Energy Charge	kWh x	\$0.01139
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge	kW x	\$1.56
Distribution Energy Charge	kWh x	\$0.01139
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4%

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.05900

Standard Offer Charge kWh x \$0.06860

The Narragansett Electric Company
Calculation of Monthly Typical Bill
Comparison of Rates in Effect 09/30/04 v. 10/01/04
Impact on G-32 Rate Customers

Hours Use: 400

Monthly Power		Rates in Effect 09/04 Standard			Rates in Effect 10/04 Standard			Increase/(Decrease)	
kW	kWh	Total	Offer	"Wires"	Total	Offer	"Wires"	Amount	% of Total
500	200,000	\$18,653.58	\$12,291.67	\$6,361.91	\$20,653.58	\$14,291.67	\$6,361.91	\$2,000.00	10.7%
1,000	400,000	\$37,060.86	\$24,583.33	\$12,477.53	\$41,060.86	\$28,583.33	\$12,477.53	\$4,000.00	10.8%
1,500	600,000	\$55,468.16	\$36,875.00	\$18,593.16	\$61,468.16	\$42,875.00	\$18,593.16	\$6,000.00	10.8%
2,000	800,000	\$73,875.45	\$49,166.67	\$24,708.78	\$81,875.45	\$57,166.67	\$24,708.78	\$8,000.00	10.8%
2,500	1,000,000	\$92,282.74	\$61,458.33	\$30,824.41	\$102,282.74	\$71,458.33	\$30,824.41	\$10,000.00	10.8%

Rates in Effect 09/04: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge	kW x	\$1.56
Distribution Energy Charge	kWh x	\$0.01139
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.05900

Rates in Effect 10/04: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge	kW x	\$1.56
Distribution Energy Charge	kWh x	\$0.01139
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.06860

The Narragansett Electric Company
Calculation of Monthly Typical Bill
Comparison of Rates in Effect 09/30/04 v. 10/01/04
Impact on G-32 Rate Customers

Hours Use: 500

Monthly Power		Rates in Effect 09/04 Standard			Rates in Effect 10/04 Standard			Increase/(Decrease)	
kW	kWh	Total	Offer	"Wires"	Total	Offer	"Wires"	Amount	% of Total
500	250,000	\$22,886.90	\$15,364.58	\$7,522.32	\$25,386.90	\$17,864.58	\$7,522.32	\$2,500.00	10.9%
1,000	500,000	\$45,527.53	\$30,729.17	\$14,798.36	\$50,527.53	\$35,729.17	\$14,798.36	\$5,000.00	11.0%
1,500	750,000	\$68,168.16	\$46,093.75	\$22,074.41	\$75,668.16	\$53,593.75	\$22,074.41	\$7,500.00	11.0%
2,000	1,000,000	\$90,808.78	\$61,458.33	\$29,350.45	\$100,808.78	\$71,458.33	\$29,350.45	\$10,000.00	11.0%
2,500	1,250,000	\$113,449.41	\$76,822.92	\$36,626.49	\$125,949.41	\$89,322.92	\$36,626.49	\$12,500.00	11.0%

Rates in Effect 09/04: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge	kW x	\$1.56
Distribution Energy Charge	kWh x	\$0.01139
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.05900

Rates in Effect 10/04: G-32

Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge	kW x	\$1.56
Distribution Energy Charge	kWh x	\$0.01139
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.06860

The Narragansett Electric Company
 Calculation of Monthly Typical Bill
 Comparison of Rates in Effect 09/30/04 v. 10/01/04
 Impact on G-32 Rate Customers

Hours Use: 600

Monthly Power		Rates in Effect 09/04 Standard			Rates in Effect 10/04 Standard			Increase/(Decrease)	
kW	kWh	Total	Offer	"Wires"	Total	Offer	"Wires"	Amount	% of Total
500	300,000	\$27,120.24	\$18,437.50	\$8,682.74	\$30,120.24	\$21,437.50	\$8,682.74	\$3,000.00	11.1%
1,000	600,000	\$53,994.20	\$36,875.00	\$17,119.20	\$59,994.20	\$42,875.00	\$17,119.20	\$6,000.00	11.1%
1,500	900,000	\$80,868.16	\$55,312.50	\$25,555.66	\$89,868.16	\$64,312.50	\$25,555.66	\$9,000.00	11.1%
2,000	1,200,000	\$107,742.11	\$73,750.00	\$33,992.11	\$119,742.11	\$85,750.00	\$33,992.11	\$12,000.00	11.1%
2,500	1,500,000	\$134,616.07	\$92,187.50	\$42,428.57	\$149,616.07	\$107,187.50	\$42,428.57	\$15,000.00	11.1%

Rates in Effect 09/04: G-32

Rates in Effect 10/04: G-32

Customer Charge		\$236.43	Customer Charge		\$236.43
Transmission Demand Charge	kW x	\$1.27	Transmission Demand Charge	kW x	\$1.27
Transmission Adjustment Factor	kWh x	\$0.00042	Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge	kW x	\$1.56	Distribution Demand Charge	kW x	\$1.56
Distribution Energy Charge	kWh x	\$0.01139	Distribution Energy Charge	kWh x	\$0.01139
Transition Energy Charge	kWh x	\$0.00855	Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230	C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000	S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038	Settlement Cr.	kWh x	-\$0.00038
Gross Earnings Tax		4%	Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.05900	Standard Offer Charge	kWh x	\$0.06860

The Narragansett Electric Company
 Calculation of Monthly Typical Bill
 Comparison of Rates in Effect 09/30/04 v. 10/01/04
 Impact on G-62 Rate Customers

Hours Use: 200

Monthly Power		Rates in Effect 09/04			Rates in Effect 10/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	600,000	\$70,913.25	\$36,875.00	\$34,038.25	\$76,913.25	\$42,875.00	\$34,038.25	\$6,000.00	8.5%
4,000	800,000	\$88,607.00	\$49,166.67	\$39,440.33	\$96,607.00	\$57,166.67	\$39,440.33	\$8,000.00	9.0%
5,000	1,000,000	\$106,300.75	\$61,458.33	\$44,842.42	\$116,300.75	\$71,458.33	\$44,842.42	\$10,000.00	9.4%
6,000	1,200,000	\$123,994.50	\$73,750.00	\$50,244.50	\$135,994.50	\$85,750.00	\$50,244.50	\$12,000.00	9.7%
7,000	1,400,000	\$141,688.25	\$86,041.67	\$55,646.58	\$155,688.25	\$100,041.67	\$55,646.58	\$14,000.00	9.9%

Rates in Effect 09/04: G-62

Rates in Effect 10/04: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.05900

Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.06860

The Narragansett Electric Company
 Calculation of Monthly Typical Bill
 Comparison of Rates in Effect 09/30/04 v. 10/01/04
 Impact on G-62 Rate Customers

Hours Use: 300

Monthly Power		Rates in Effect 09/04			Rates in Effect 10/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	900,000	\$94,110.13	\$55,312.50	\$38,797.63	\$103,110.13	\$64,312.50	\$38,797.63	\$9,000.00	9.6%
4,000	1,200,000	\$119,536.17	\$73,750.00	\$45,786.17	\$131,536.17	\$85,750.00	\$45,786.17	\$12,000.00	10.0%
5,000	1,500,000	\$144,962.21	\$92,187.50	\$52,774.71	\$159,962.21	\$107,187.50	\$52,774.71	\$15,000.00	10.3%
6,000	1,800,000	\$170,388.25	\$110,625.00	\$59,763.25	\$188,388.25	\$128,625.00	\$59,763.25	\$18,000.00	10.6%
7,000	2,100,000	\$195,814.29	\$129,062.50	\$66,751.79	\$216,814.29	\$150,062.50	\$66,751.79	\$21,000.00	10.7%

Rates in Effect 09/04: G-62

Rates in Effect 10/04: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.05900

Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.06860

The Narragansett Electric Company
 Calculation of Monthly Typical Bill
 Comparison of Rates in Effect 09/30/04 v. 10/01/04
 Impact on G-62 Rate Customers

Hours Use: 400

Monthly Power		Rates in Effect 09/04			Rates in Effect 10/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	1,200,000	\$117,307.00	\$73,750.00	\$43,557.00	\$129,307.00	\$85,750.00	\$43,557.00	\$12,000.00	10.2%
4,000	1,600,000	\$150,465.33	\$98,333.33	\$52,132.00	\$166,465.33	\$114,333.33	\$52,132.00	\$16,000.00	10.6%
5,000	2,000,000	\$183,623.67	\$122,916.67	\$60,707.00	\$203,623.67	\$142,916.67	\$60,707.00	\$20,000.00	10.9%
6,000	2,400,000	\$216,782.00	\$147,500.00	\$69,282.00	\$240,782.00	\$171,500.00	\$69,282.00	\$24,000.00	11.1%
7,000	2,800,000	\$249,940.33	\$172,083.33	\$77,857.00	\$277,940.33	\$200,083.33	\$77,857.00	\$28,000.00	11.2%

Rates in Effect 09/04: G-62

Rates in Effect 10/04: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.05900

Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.06860

The Narragansett Electric Company
 Calculation of Monthly Typical Bill
 Comparison of Rates in Effect 09/30/04 v. 10/01/04
 Impact on G-62 Rate Customers

Hours Use: 500

Monthly Power		Rates in Effect 09/04			Rates in Effect 10/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	1,500,000	\$140,503.88	\$92,187.50	\$48,316.38	\$155,503.88	\$107,187.50	\$48,316.38	\$15,000.00	10.7%
4,000	2,000,000	\$181,394.50	\$122,916.67	\$58,477.83	\$201,394.50	\$142,916.67	\$58,477.83	\$20,000.00	11.0%
5,000	2,500,000	\$222,285.12	\$153,645.83	\$68,639.29	\$247,285.12	\$178,645.83	\$68,639.29	\$25,000.00	11.2%
6,000	3,000,000	\$263,175.75	\$184,375.00	\$78,800.75	\$293,175.75	\$214,375.00	\$78,800.75	\$30,000.00	11.4%
7,000	3,500,000	\$304,066.38	\$215,104.17	\$88,962.21	\$339,066.38	\$250,104.17	\$88,962.21	\$35,000.00	11.5%

Rates in Effect 09/04: G-62

Rates in Effect 10/04: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.05900

Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.06860

The Narragansett Electric Company
Calculation of Monthly Typical Bill
Comparison of Rates in Effect 09/30/04 v. 10/01/04
Impact on G-62 Rate Customers

Hours Use: 600

Monthly Power		Rates in Effect 09/04			Rates in Effect 10/04			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	1,800,000	\$163,700.75	\$110,625.00	\$53,075.75	\$181,700.75	\$128,625.00	\$53,075.75	\$18,000.00	11.0%
4,000	2,400,000	\$212,323.67	\$147,500.00	\$64,823.67	\$236,323.67	\$171,500.00	\$64,823.67	\$24,000.00	11.3%
5,000	3,000,000	\$260,946.58	\$184,375.00	\$76,571.58	\$290,946.58	\$214,375.00	\$76,571.58	\$30,000.00	11.5%
6,000	3,600,000	\$309,569.50	\$221,250.00	\$88,319.50	\$345,569.50	\$257,250.00	\$88,319.50	\$36,000.00	11.6%
7,000	4,200,000	\$358,192.42	\$258,125.00	\$100,067.42	\$400,192.42	\$300,125.00	\$100,067.42	\$42,000.00	11.7%

Rates in Effect 09/04: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Rates in Effect 10/04: G-62

Customer Charge		\$17,118.72
Transmission Demand Charge	kW x	\$1.39
Transmission Adjustment Factor	kWh x	\$0.00042
Distribution Demand Charge	kW x	\$0.75
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00434
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4%

Gross Earnings Tax 4%

Standard Offer Charge kWh x \$0.05900

Standard Offer Charge kWh x \$0.06860

The Narragansett Electric Company
 Calculation of Monthly Typical Bill
 Comparison of Rates in Effect 09/30/04 v. 10/01/04
 Impact on T-06 Rate Customers

Monthly kWh	Rates in Effect 09/04			Rates in Effect 10/04			Increase/(Decrease)		Percent of Bills
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
1,800	\$188.83	\$110.63	\$78.20	\$206.83	\$128.63	\$78.20	\$18.00	9.5%	75%
3,600	\$369.48	\$221.25	\$148.23	\$405.48	\$257.25	\$148.23	\$36.00	9.7%	16%
7,000	\$710.72	\$430.21	\$280.51	\$780.72	\$500.21	\$280.51	\$70.00	9.8%	5%
11,000	\$1,112.18	\$676.04	\$436.14	\$1,222.18	\$786.04	\$436.14	\$110.00	9.9%	1%
14,000	\$1,413.27	\$860.42	\$552.85	\$1,553.27	\$1,000.42	\$552.85	\$140.00	9.9%	1%
20,000	\$2,015.46	\$1,229.17	\$786.29	\$2,215.46	\$1,429.17	\$786.29	\$200.00	9.9%	1%

Rates in Effect 09/04: T-06

Customer Charge		\$7.84
Transmission Energy Charge (1)	kWh x	\$0.00403
Distribution Energy Charge	kWh x	\$0.02285
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.05900

Rates in Effect 10/04: T-06

Customer Charge		\$7.84
Transmission Energy Charge (2)	kWh x	\$0.00403
Distribution Energy Charge	kWh x	\$0.02285
Transition Energy Charge	kWh x	\$0.00855
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.06860

Note (1): Includes Transmission Adjustment Factor of \$.00042/kWh.

Note (2): Includes Transmission Adjustment Factor of \$.00042/kWh.

The Narragansett Electric Company
Calculation of Monthly Typical Bill
Comparison of Rates in Effect 09/30/04 v. 10/01/04
Impact on V-02 Rate Customers

Hours Use: 300

Monthly Usage kWh	kW	Rates in Effect 09/04			Rates in Effect 10/04			Increase/(Decrease)		Percent of Bills
		Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
3,000	10	\$339.81	\$184.38	\$155.43	\$369.81	\$214.38	\$155.43	\$30.00	8.8%	79%
6,000	20	\$671.43	\$368.75	\$302.68	\$731.43	\$428.75	\$302.68	\$60.00	8.9%	11%
15,000	50	\$1,666.31	\$921.88	\$744.43	\$1,816.31	\$1,071.88	\$744.43	\$150.00	9.0%	7%
30,000	100	\$3,324.43	\$1,843.75	\$1,480.68	\$3,624.43	\$2,143.75	\$1,480.68	\$300.00	9.0%	2%
45,000	150	\$4,982.56	\$2,765.63	\$2,216.93	\$5,432.56	\$3,215.63	\$2,216.93	\$450.00	9.0%	0%

<u>Rates in Effect 09/04:</u>			V-02	<u>Rates in Effect 10/04:</u>			V-02
Customer Charge			\$7.85	Customer Charge			\$7.85
Transmission Energy Charge (1)	kWh x	\$0.00589		Transmission Energy Charge (2)	kWh x	\$0.00589	
Distribution Energy Charge	kWh x	\$0.03076		Distribution Energy Charge	kWh x	\$0.03076	
Transition Energy Charge	kWh x	\$0.00855		Transition Energy Charge	kWh x	\$0.00855	
C&LM Adjustment	kWh x	\$0.00230		C&LM Adjustment	kWh x	\$0.00230	
S.O. Adj.	kWh x	\$0.00000		S.O. Adj.	kWh x	\$0.00000	
Settlement Cr.	kWh x	-\$0.00038		Settlement Cr.	kWh x	-\$0.00038	
Gross Earnings Tax			4.00%	Gross Earnings Tax			4.00%
Standard Offer Charge	kWh x	\$0.05900		Standard Offer Charge	kWh x	\$0.06860	

Note (1): Includes Transmission Adjustment Factor of \$.00042/kWh.
Note (2): Includes Transmission Adjustment Factor of \$.00042/kWh.

Testimony of
Michael J. Hager

THE NARRAGANSETT ELECTRIC COMPANY
Re: Standard Offer Rate Adjustment Filing
Witness: Hager

DIRECT TESTIMONY
OF
MICHAEL J. HAGER

1 **I. Introduction**

2 Q. Please state your name and business address.

3 A. Michael J. Hager, 55 Bearfoot Road, Northborough, Massachusetts 01532.

4

5 Q. Please state your position.

6 A. I am the Vice President, Energy Supply – New England for National Grid USA Service
7 Company. I am responsible for, among other things, all power procurement and related
8 activities for the distribution companies of National Grid USA (formerly the New
9 England Electric System) including The Narragansett Electric Company (“Narragansett”
10 or “Company”). These activities include the procurement of power for Standard Offer
11 Service and Last Resort Service.

12

13 Q. Will you describe your educational background and training?

14 A. In 1982, I graduated from the University of Hartford with a Bachelor of Science degree
15 in Mechanical Engineering. In 1986, I received a Master of Science degree in
16 Mechanical Engineering from Northeastern University. I am a Licensed Professional
17 Engineer in the Commonwealth of Massachusetts.

18

19 Q. What is your professional background?

20 A. From 1982 to 1992, I was employed by New England Power Service Company in various
21 engineering positions. In these positions, I provided support to New England Power
22 Company’s (“NEP”) thermal and hydroelectric generating plants with overall

1 responsibility for the management and control of studies and projects from initiation to
2 completion.

3
4 From 1992 to 1997, I was employed by NEP where I conducted wholesale and retail
5 power marketing activities involving the sale and purchase of generation resources to and
6 from investor-owned utilities, municipalities, independent power producers, government
7 agencies, brokers, marketers, and end-use retail customers.

8
9 In June 1997, I was promoted to the position of Standard Offer Portfolio Manager for
10 New England Power Service Company (now National Grid USA Service Company). In
11 November 2000, my title was changed to Manager, Distribution Energy Services to more
12 fully reflect the scope of work performed by my department.

13
14 In April 2002, I was promoted to the position of Director, Energy Supply – New
15 England. In December 2002, I was promoted to the position of Vice President, Energy
16 Supply – New England.

17
18 Q. Have you previously testified before the Rhode Island Public Utilities Commission
19 (“Commission”)?

20 A. Yes.

1 **II. Purpose of Testimony**

2 Q. What is the purpose of your testimony?

3 A. The purpose of my testimony is to provide an estimate of the costs Narragansett expects
4 to incur under its Standard Offer supply contracts for the period June 2004 through
5 December 2005.

6

7 **III. Description of Fuel Index Adjustment Provision**

8 Q. What are the Company's current arrangements for procurement of Standard Offer
9 Service?

10 A. The Company has contracts with three suppliers to serve the load within its pre-merger
11 service territory ("Narragansett Zone"). The Company also has three contracts with
12 suppliers to serve the load within the service territory of the former Blackstone Valley
13 Electric Company and Newport Electric Corporation ("EUA Zone"). All of the
14 Company's contracts run through December 31, 2009.

15

16 Q. Please describe the costs that Narragansett incurs under the Standard Offer supply
17 contracts.

18 A. All of the Standard Offer supply contracts include two basic price components – a base
19 price and a fuel index adjustment provision.

20

1 Q. What is the base price in effect for calendar year 2004 and 2005?

2 A. The base price for calendar year 2004 is 5.1 ¢/kWh. The base price for calendar year
3 2005 is 5.5¢/kWh.

4

5 Q. Can you describe the fuel index adjustment provision that is contained in the Standard
6 Offer contracts?

7 A. Yes. The Company's contracts with its Standard Offer suppliers contain a fuel index
8 adjustment provision that provides additional payments to those suppliers in the event of
9 substantial increases in the market price of No. 6 residual fuel oil (1% sulphur) and
10 natural gas. In short, the provision compares the sum of the six-month and twelve-month
11 rolling average of oil and natural gas prices to a preset trigger point. (The six-month
12 rolling average is used for Standard Offer load in the EUA Zone while the twelve-month
13 rolling average is used for Standard Offer load in the Narragansett Zone.) If the sum of
14 the fuel index values exceeds the trigger point in a given month then the Company makes
15 additional payments to the suppliers in that month. If the sum of the fuel index values is
16 less than or equal to the trigger point in a given month, no additional payments are made
17 in that month. Comparisons are made each month and thus payments may be made in
18 some months and not in others. The text of the fuel index adjustment provision that is
19 applicable to each of the Standard Offer contracts is provided as Exhibit MJH-1.

20

21

22

1 **IV. Fuel Index Estimate for the Period June 2004 through December 2005**

2 Q. Has the Company conducted an estimate of expected costs under the fuel index
3 adjustment provisions for the period June 2004 through December 2005?

4 A. Yes. The Company has estimated its expected costs under the fuel index adjustment
5 provisions using average natural gas and crude oil prices as reported in "The Wall Street
6 Journal" on June 23, 2004, June 24, 2004 and June 25, 2004.

7
8 Q. What natural gas and oil prices were used in the current estimate?

9 A. Exhibit MJH-2 provides the natural gas and oil values used in the analysis.

10

11 Q. What were the resulting fuel index trigger payments?

12 A. Exhibit MJH-3 provides the resulting fuel index adjustment payments from the analysis.

13 The analysis shows that the Company would pay an arithmetic average fuel index
14 adjustment payment for the period June 2004 through December 2004 of 1.427¢/kWh for
15 the Narragansett Zone load and would pay an arithmetic average fuel index adjustment
16 payment for the same period of 1.699¢/kWh for the EUA Zone load. This equates to a
17 total Standard Offer cost of 6.527¢/kWh and 6.800¢/kWh, respectively.

18

19 For the period January 2005 through December 2005, the analysis indicated that the

20 Company would pay an arithmetic average fuel index adjustment payment of

21 1.520¢/kWh for the Narragansett Zone load. The fuel index adjustment is not applicable

1 for the EUA Zone load in 2005. This equates to a total Standard Offer cost of
2 7.020¢/kWh and 5.500¢/kWh, respectively.

3
4 Q. How do the natural gas and oil prices used in the current analysis compare to prices from
5 a month ago?

6 A. The natural gas and oil prices used in the current analysis are lower than the prices from
7 the previous month. For example, the Gas Index value for July 2004 and August 2004 in
8 the current analysis is \$6.402 per mmBtu and \$6.468 per mmBtu respectively. These
9 values are approximately 5% lower than the values based on oil prices for the May 23,
10 2004, May 24, 2004 and May 26, 2004 period (\$6.746 per mmBtu and \$6.774 per mmBtu
11 respectively). The Oil Index value for July 2004 and August 2004 in the current analysis
12 is \$4.79 per mmBtu and \$4.76 per mmBtu respectively. These values are approximately
13 9% lower than the values based on oil prices for the May 23, 2004, May 24, 2004 and
14 May 26, 2004 period (\$5.24 per mmBtu and \$5.19 per mmBtu respectively).

15
16 Q. How do these costs compare to current market costs for power?

17 A. The Company's market cost proxy for comparable service is the cost it incurs to procure
18 its Last Resort Service requirements or the cost its affiliates incur to procure their Default
19 Service requirements. In January 2004, the Company procured Last Resort Service for
20 the period March 2004 through September 2004 at an arithmetic average rate of
21 6.645¢/kWh.

22

1 In March 2004, the Company's affiliate in Massachusetts procured its Default Service
2 requirements for the period May 2004 through October 2004 at an average rate of
3 6.018¢/kWh for residential customers, 6.221¢/kWh for small commercial customers for
4 the period May 2004 through July 2004 at 7.155¢/kWh, 6.933¢/kWh and 6.602¢/kWh
5 for industrial customers in the NEMA, WCMA and SEMA load zones.
6

7 Q. Can you provide the details of the current fuel index adjustment provision calculations?

8 A. Yes. Detailed calculations are provided in Exhibit MJH-4.
9

10 Q. Does this conclude your testimony?

11 A. Yes, it does.

Exhibits of
Michael J. Hager

Standard Offer Fuel Index Adjustment Provision

In the event of substantial increases in the market prices of No. 6 residual fuel oil (1% sulphur) and natural gas after 1999, NECO will pay additional amounts to Seller in accordance with this Standard Offer Fuel Index Adjustment Provision, which is calculated as follows:

The Stipulated Price that is in effect for a given billing month is multiplied by a “Fuel Index Adjustment” that is set equal to 1.0 and thus has no impact on the rate paid unless the “Market Gas Price” plus “Market Oil Price” for the billing month exceeds the “Fuel Trigger Point” then in effect, where:

The Stipulated Price is the following predetermined, flat rate, for energy consumed at the customer meter point:

<u>Calendar Year</u>	<u>Price per Kilowatt hour</u>
1998	3.2 cents
1999	3.5 cents
2000	3.8 cents
2001	3.8 cents
2002	4.2 cents
2003	4.7 cents
2004	5.1 cents
2005	5.5 cents
2006	5.9 cents
2007	6.3 cents
2008	6.7 cents
2009	7.1 cents

Seller will be paid the difference between the Stipulated Price as adjusted in accordance with this Standard Offer Fuel Adjustment Provision and the Stipulated Price for each kilowatt-hour it provides in the applicable month.

Market Gas Price is the average of the values of “Gas Index” for the most recent available twelve months (six months for Standard Offer load in the EUA Zone), where:

Gas Index is the average of the daily settlement prices for the last three days that the NYMEX Contract (as defined below) for the month of delivery trades as reported in “The Wall Street Journal,” expressed in dollars per MMBtu. NYMEX Contract shall mean the New York Mercantile Exchange Natural Gas Futures Contract as approved by the Commodity Futures Trading Commission for the purchase and sale of natural gas at Henry Hub;

Market Oil Price is the average of the values of “Oil Index” for the most recent available twelve months (six months for Standard Offer load in the EUA Zone), where:

Oil Index is the average for the month of the daily low quotations for cargo delivery of 1.0% sulphur No. 6 residual fuel oil into New York harbor, as reported in “Platt’s Oilgram U.S. Marketscan” in dollars per barrel and converted to dollars per MMBtu by dividing by 6.3; and

If the indices referred to above should become obsolete or no longer suitable, NECO shall file alternate indices with the RIPUC.

Fuel Trigger Point is the following amounts, expressed in dollars per MMBtu, applicable for all months in the specified calendar year:

2000	\$5.35/MMBtu
2001	\$5.35
2002	\$6.09
2003	\$7.01
2004	\$7.74
2005 *	\$8.48
2006 *	\$9.22
2007 *	\$9.95
2008 *	\$10.69
2009 *	\$11.42

* For Narragansett Zone only

In the event that the Fuel Trigger Point is exceeded, the Fuel Adjustment value for the billing month is determined based according to the following formula:

$$\text{Fuel Adjustment} = \frac{(\text{Market Gas Price} + \$0.60/\text{MMBtu}) + (\text{Market Oil Price} + \$0.04/\text{MMBtu})}{\text{Fuel Trigger Point} + \$0.60 + \$0.04/\text{MMBtu}}$$

Where:

Market Gas Price, Market Oil Price and Fuel Trigger Point are as defined above. The values of \$.60 and \$.04/MMBtu represent for gas and oil respectively, estimated basis differentials or market costs of transportation from the point where the index is calculated to a proxy power plant in the New England market.

For example if at a point in the year 2002 the Market Gas Price and Market Oil Price total \$6.50 (\$.50/MMBtu plus \$3.00/MMBtu respectively), the Fuel Trigger Point of 6.09 would be exceeded. In this case the Fuel Adjustment value would be:

$$\frac{(\$3.50 + \$0.60/\text{MMBtu}) + (\$3.00 + \$0.04/\text{MMBtu})}{\$6.09 + \$0.60 + \$0.04/\text{MMBtu}} = 1.0609$$

The Stipulated Price is increased by this Fuel Adjustment factor for the billing month, becoming 4.45484/kWh (4.2 x 1.0609).

In subsequent months the same comparisons are made and, if applicable, a Fuel Adjustment determined.

**Gas and Oil Values
used in Company's Analyses
(\$/mmBtu)**

Month	Gas Index	Oil Index
Jun-04	6.690	4.49
Jul-04	6.402	4.79
Aug-04	6.468	4.76
Sep-04	6.483	4.77
Oct-04	6.504	4.74
Nov-04	6.718	4.71
Dec-04	6.929	4.67
Jan-05	7.049	4.62
Feb-05	6.999	4.57
Mar-05	6.836	4.56
Apr-05	6.097	4.53
May-05	5.924	4.51
Jun-05	5.929	4.42
Jul-05	5.964	4.41
Aug-05	5.977	4.41
Sep-05	5.962	4.34
Oct-05	5.978	4.34
Nov-05	6.138	4.34
Dec-05	6.303	4.27

**Summary of Additional Payments Estimated to be
Made Pursuant to the Fuel Index Adjustment Provisions
(Cents/kWh)**

Month	Narragansett Zone	EUA Zone
Jun-04	1.108	1.212
Jul-04	1.172	1.454
Aug-04	1.282	1.509
Sep-04	1.399	1.646
Oct-04	1.533	1.874
Nov-04	1.675	2.059
Dec-04	1.818	2.139
Jan-05	1.406	n/a
Feb-05	1.491	n/a
Mar-05	1.611	n/a
Apr-05	1.672	n/a
May-05	1.661	n/a
Jun-05	1.620	n/a
Jul-05	1.579	n/a
Aug-05	1.536	n/a
Sep-05	1.489	n/a
Oct-05	1.442	n/a
Nov-05	1.395	n/a
Dec-05	1.343	n/a

Prices published in WSJ on: **23-Jun-04 24-Jun-04 25-Jun-05**

**The Narragansett Electric Company
DETERMINATION OF MARKET GAS PRICE**

(Col. A)	(Col. B)	(Col. C)	(Col. D)	(Col. E)	(Col. F)	(Col. G)	(Col. H)	(Col. I)
Contract Month	Last Month of Trading	Settlement Prices (\$/mmBtu)			Gas Index	NGrid's Market Gas Price	EUA's Market Gas Price	SOS Delivery Month
		3rd Last	2nd Last	Last				
Feb-03	Jan-03	\$5.396	\$5.444	\$5.660	\$5.500	\$3.731	\$3.901	Feb-03
Mar-03	Feb-03	\$9.137	\$9.577	\$9.133	\$9.282	\$4.306	\$4.328	Mar-03
Apr-03	Mar-03	\$5.077	\$5.097	\$5.146	\$5.107	\$4.446	\$5.298	Apr-03
May-03	Apr-03	\$5.474	\$5.477	\$5.123	\$5.358	\$4.615	\$5.542	May-03
Jun-03	May-03	\$6.119	\$5.900	\$5.945	\$5.988	\$4.835	\$5.750	Jun-03
Jul-03	Jun-03	\$5.697	\$5.757	\$5.291	\$5.582	\$5.018	\$6.045	Jul-03
Aug-03	Jul-03	\$4.706	\$4.700	\$4.693	\$4.700	\$5.165	\$6.136	Aug-03
Sep-03	Aug-03	\$5.083	\$5.038	\$4.927	\$5.016	\$5.295	\$6.003	Sep-03
Oct-03	Sep-03	\$4.588	\$4.542	\$4.430	\$4.520	\$5.368	\$5.292	Oct-03
Nov-03	Oct-03	\$4.512	\$4.486	\$4.459	\$4.486	\$5.399	\$5.194	Nov-03
Dec-03	Nov-03	\$4.634	\$4.682	\$4.860	\$4.725	\$5.441	\$5.049	Dec-03
Jan-04	Dec-03	\$6.143	\$6.379	\$6.150	\$6.224	\$5.541	\$4.838	Jan-04
Feb-04	Jan-04	\$5.727	\$5.716	\$5.775	\$5.739	\$5.561	\$4.945	Feb-04
Mar-04	Feb-04	\$5.127	\$5.077	\$5.150	\$5.118	\$5.214	\$5.118	Mar-04
Apr-04	Mar-04	\$5.336	\$5.395	\$5.365	\$5.365	\$5.235	\$5.135	Apr-04
May-04	Apr-04	\$5.764	\$5.874	\$5.935	\$5.858	\$5.277	\$5.276	May-04
Jun-04	May-04	\$6.705	\$6.684	\$6.680	\$6.690	\$5.335	\$5.505	Jun-04
Jul-04	Jun-04	\$6.412	\$6.310	\$6.485	\$6.402	\$5.404	\$5.832	Jul-04
Aug-04	Jul-04	\$6.487	\$6.380	\$6.538	\$6.468	\$5.551	\$5.862	Aug-04
Sep-04	Aug-04	\$6.497	\$6.400	\$6.553	\$6.483	\$5.673	\$5.984	Sep-04
Oct-04	Sep-04	\$6.515	\$6.425	\$6.571	\$6.504	\$5.839	\$6.211	Oct-04
Nov-04	Oct-04	\$6.727	\$6.640	\$6.788	\$6.718	\$6.025	\$6.401	Nov-04
Dec-04	Nov-04	\$6.937	\$6.850	\$7.000	\$6.929	\$6.208	\$6.544	Dec-04
Jan-05	Dec-04	\$7.062	\$6.960	\$7.125	\$7.049	\$6.277	n/a	Jan-05
Feb-05	Jan-05	\$7.002	\$6.930	\$7.065	\$6.999	\$6.382	n/a	Feb-05
Mar-05	Feb-05	\$6.837	\$6.770	\$6.900	\$6.836	\$6.525	n/a	Mar-05
Apr-05	Mar-05	\$6.087	\$6.060	\$6.145	\$6.097	\$6.586	n/a	Apr-05
May-05	Apr-05	\$5.912	\$5.885	\$5.975	\$5.924	\$6.592	n/a	May-05
Jun-05	May-05	\$5.912	\$5.895	\$5.980	\$5.929	\$6.528	n/a	Jun-05
Jul-05	Jun-05	\$5.947	\$5.930	\$6.015	\$5.964	\$6.492	n/a	Jul-05
Aug-05	Jul-05	\$5.957	\$5.950	\$6.025	\$5.977	\$6.451	n/a	Aug-05
Sep-05	Aug-05	\$5.932	\$5.950	\$6.003	\$5.962	\$6.407	n/a	Sep-05
Oct-05	Sep-05	\$5.950	\$5.960	\$6.025	\$5.978	\$6.364	n/a	Oct-05
Nov-05	Oct-05	\$6.115	\$6.110	\$6.190	\$6.138	\$6.315	n/a	Nov-05
Dec-05	Nov-05	\$6.280	\$6.275	\$6.355	\$6.303	\$6.263	n/a	Dec-05

Notes:

Col. A - Contract refers to the NYMEX Natural Gas Futures Contract, as approved by the CFTC, for the purchase and sale of natural gas at Henry Hub.

Col. B - Month that trading for the Contract ends (the month before the delivery month)

Col. C - Settlement price for the third last trading day as reported in the Wall Street Journal. (Jan-99 - Jun-05)

- Settlement price as reported in the Wall Street Journal on 23-Jun-04. (Jul-04 Dec-05)

Col. D - Settlement price for the second last trading day as reported in the Wall Street Journal. (Jan-99 - Jun-05)

- Settlement price as reported in the Wall Street Journal on 24-Jun-04. (Jul-04 Dec-05)

Col. E - Settlement price for the last trading day as reported in the Wall Street Journal. (Jan-99 - Jun-05)

- Settlement price as reported in the Wall Street Journal on 25-Jun-04. (Jul-04 Dec-05)

Col. F - Average value of Col. C, Col. D and Col. E (=AVERAGE(Col. C..Col. E))

Col. G - Average of the most recent twelve months of values in Col. F (including current SOS delivery month)

Col. H - Average of the most recent six months of values in Col. F (ending month prior to SOS delivery month)

Col. I - month in which SOS was delivered at wholesale.

The Narragansett Electric Company
DETERMINATION OF MARKET OIL PRICE

SOS Delivery Month	Trading Month	Daily low quotation, cargo delivery, 1.0% S, No. 6, residual fuel oil, NY Harbor (\$ / barrel)																															Sum of Values	# of Values	Conversion Factor	Oil Index (\$/mmBtu)	NY's Market Oil Price	EIA's Market Oil Price	Prices published in WSJ on:							
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31							Average	23-Jun-04	24-Jun-04	25-Jun-05				
Jan-03	Jan-03	28.55	29.00				28.90	28.30	27.95	28.75	29.25				30.00	30.75	31.75	32.25	32.15				32.15	32.25	32.10	32.75				33.00	33.35	34.50	35.75	35.50	658.95	21	6.3	4.98	3.74	3.97	30.1000	30.10	30.10	30.10	<=January closing from WSJ on 12/20/03	
Feb-03	Feb-03						33.85	33.00	32.90	32.60	33.15				33.15	33.50	33.00	33.00				33.25	34.50	34.50	34.75				35.75	37.50	38.25	41.25	41.25	662.40	19	6.3	5.53	4.01	4.20	34.6100	34.61	34.61	34.61	<=February closing from WSJ on 1/22/04		
Mar-03	Mar-03						40.75	38.75	36.00	33.75	30.75				29.75	26.00	25.00	24.75	23.50				24.00	23.00	23.15	24.50	24.50		24.00	23.00	23.15	24.50	24.50	662.38	21	6.3	5.01	4.17	4.46	36.7900	36.79	36.79	36.79	<=March closing from WSJ on 2/21/03		
Apr-03	Apr-03	23.85	23.00	23.00	23.00										22.75	23.00	23.25	22.90	23.25				23.25	24.00	24.50	25.00				25.35	25.10	24.60	24.50	24.10	499.30	21	6.3	3.77	4.20	4.61	28.6100	28.61	28.61	28.61	<=April closing from WSJ on 3/20/03	
May-03	May-03	23.65	23.65				24.40	24.40	24.65	24.75					24.75	25.20	25.60	25.35	25.35				25.00	24.85	24.15	23.40	23.60				24.00	23.10	23.45	23.90	23.50	511.50	21	6.3	3.87	4.21	4.54	29.9100	29.91	29.91	29.91	<=May closing from WSJ on 5/22/03
Jun-03	Jun-03						24.20	24.50	24.20	24.50	24.15				24.75	25.15	25.15	23.60	23.00				23.75	24.10	24.25	24.40	25.75				25.75	25.85	26.75	26.85	27.15	525.60	21	6.3	3.97	4.24	4.56	29.2800	29.28	29.28	29.28	<=June closing from WSJ on 5/22/03
Jul-03	Jul-03						27.80	28.25	28.50						28.10	27.90	28.10	28.35	28.90				28.50	28.50	27.50	27.25	27.35				27.35	26.20	26.20	25.90	25.90	602.35	22	6.3	4.35	4.31	4.52	30.8200	30.82	30.82	30.82	<=July closing from WSJ on 6/23/03
Aug-03	Aug-03						26.6								26.75	27.00	27.35	27.85	28.10				28.00	27.75	27.10	27.10	27.75				27.40	27.35	27.25	27.80	27.90	579.08	21	6.3	4.38	4.34	4.42	30.1900	30.19	30.19	30.19	<=Aug closing from WSJ on 7/23/03
Sep-03	Sep-03						27.50	27.00	26.35	25.25					25.50	25.50	25.50	26.00	27.00				27.35	27.35	27.20	26.85	25.75				25.50	25.50	25.50	25.70	25.65	518.95	21	6.3	3.92	4.33	4.22	30.9500	30.95	30.95	30.95	<=Sept closing from WSJ on 8/21/03
Oct-03	Oct-03						24.20	24.50	25.45						25.50	25.50	25.50	26.00	27.00				27.35	27.35	27.20	26.85	25.75				25.50	25.50	25.50	25.70	25.65	592.50	23	6.3	4.09	4.32	4.04	26.9600	26.96	26.96	26.96	<=Oct closing from WSJ on 9/23/03
Nov-03	Nov-03						25.30	25.30	26.20	26.20	26.45				26.65	26.90	26.70	26.60	26.70				26.15	26.50	26.10	25.45	25.65				24.85	25.10	25.25	468.10	18	6.3	4.13	4.35	4.10	30.1800	30.18	30.18	30.18	<=Nov closing from WSJ on 10/22/03		
Dec-03	Dec-03						23.90	24.20	24.15	24.30	24.60				25.60	25.60	25.45	25.50	25.50				25.75	26.00	26.75	27.20	27.00				26.00	25.75	26.25	537.60	21	6.3	4.06	4.34	4.14	32.8600	32.86	32.86	32.86	<=Dec closing from WSJ on 11/21/03		
Jan-04	Jan-04						27.75	28.15	27.85	27.95					28.05	28.00	28.00	28.00	28.00				28.05	28.00	27.75	27.90	27.85				27.90	28.00	28.00	530.40	19	6.3	4.43	4.29	4.15	33.0200	33.02	33.02	33.02	<=Jan closing from WSJ on 12/19/03		
Feb-04	Feb-04						28.50	29.00	27.80	27.35	27.00				26.00	25.90	25.75	25.10	25.75				25.75	25.75	25.00				25.00	25.00	25.00	25.00	24.50	494.90	19	6.3	4.13	4.18	4.17	36.2000	36.20	36.20	36.20	<=Feb closing from WSJ on 01/20/04		
Mar-04	Mar-04						24.50	24.50	24.40	24.60	24.60				24.40	24.30	24.30	24.50	24.15				24.30	24.40	24.60	24.50	24.60				24.50	24.50	24.40	24.65		564.10	23	6.3	3.89	4.08	4.13	35.6000	35.60	35.60	35.60	<=Mar closing from WSJ on 02/20/04
Apr-04	Apr-04						23.50	23.25							22.90	23.65	24.95	24.90				25.00	25.05	25.55	26.30	26.30				26.00	25.80	25.75	26.50	26.40	535.55	21	6.3	4.05	4.11	4.12	37.1100	37.11	37.11	37.11	<=Apr closing from WSJ on 03/22/04	
May-04	May-04						27.35	28.10	29.00	29.60	29.75				29.40				29.40				29.30	30.30	30.40	30.50				30.40	30.35	31.10	30.85	30.75	603.20	20	6.3	4.79	4.18	4.12	37.6000	37.60	37.60	37.60	<=May closing from WSJ on 04/20/04	
Jun-04	Jun-04						32.75	31.75	31.00	30.70					30.80	30.15	30.00	30.00																		509.30	18	6.3	4.49	4.23	4.23	40.9200	40.92	40.92	40.92	<=June closing from WSJ on 05/20/04
Jul-04	Jul-04																																			38.11	18	6.3	4.79	4.26	4.30	38.1100	38.11	38.11	38.11	<=July closing from WSJ on 06/23/04
Aug-04	Aug-04																																			37.92	18	6.3	4.79	4.26	4.30	37.9167	38.25	37.57	37.93	
Sep-04	Sep-04																																		37.97	18	6.3	4.77	4.37	4.46	37.9700	38.25	37.64	38.02		
Oct-04	Oct-04																																		37.73	18	6.3	4.74	4.42	4.61	37.7333	38.00	37.41	37.79		
Nov-04	Nov-04																																		37.47	18	6.3	4.71	4.47	4.72	37.4667	37.71	37.16	37.53		
Dec-04	Dec-04																																		37.16	18	6.3	4.67	4.52	4.71	37.1567	37.39	36.86	37.22		
Jan-05	Jan-05																																		36.77	18	6.3	4.62	4.53	n/a	36.7700	36.97	36.49	36.85		
Feb-05	Feb-05																																		36.41	18	6.3	4.57	4.57	n/a	36.4067	36.58	36.14	36.50		
Mar-05	Mar-05																																		36.30	18	6.3	4.56	4.63	n/a	36.3000	36.58	35.82	36.50		
Apr-05	Apr-05																																		36.09	18	6.3	4.53	4.67	n/a	36.0933	36.58	35.82	35.88		
May-05	May-05																																		35.90	18	6.3	4.51	4.64	n/a	35.8967	36.58	35.23	35.88		
Jun-05	Jun-05																																		35.22	18	6.3	4.42	4.64	n/a	35.2200	35.36	34.98	35.32		
Jul-05	Jul-05																																		35.14	18	6.3	4.41	4.61	n/a	35.1400	35.36	34.98	35.08		
Aug-05</																																														

The Narragansett Electric Company
DETERMINATION OF FUEL ADJUSTMENT VALUE

(Col. A)	(Col. B)	(Col. C)	(Col. D)	(Col. E)	(Col. F)	(Col. G)	(Col. H)	(Col. I)	(Col. J)	(Col. K)	(Col. L)	(Col. M)	(Col. N)
SOS Delivery Month	NGrid's Market Gas Price	NGrid's Market Oil Price	NGrid's Fuel Value	NGrid's Fuel Trigger	NGrid's Adjustment Value	EUA's Market Gas Price	EUA's Market Oil Price	EUA's Fuel Value	EUA's Fuel Trigger	EUA's Adjustment Value	Ngrid Adjustment e/kWh	EUA Adjustment e/kWh	Weighted Adjustment e/kWh
Jan-03	\$3.4375	\$3.7437	\$7.1812	\$7.01	1.02238	\$3.6262	\$3.9658	\$7.5920	\$7.01	1.07608	0.105	0.358	0.171
Feb-03	\$3.7305	\$4.0107	\$7.7412	\$7.01	1.09559	\$3.9006	\$4.2037	\$8.1043	\$7.01	1.14305	0.449	0.672	0.507
Mar-03	\$4.3056	\$4.1730	\$8.4786	\$7.01	1.19197	\$4.3276	\$4.4587	\$8.7863	\$7.01	1.23219	0.902	1.091	0.951
Apr-03	\$4.4463	\$4.1958	\$8.6421	\$7.01	1.21335	\$5.2976	\$4.6092	\$9.9068	\$7.01	1.37866	1.003	1.780	1.205
May-03	\$4.6154	\$4.2112	\$8.8266	\$7.01	1.23747	\$5.5419	\$4.5442	\$10.0861	\$7.01	1.40210	1.116	1.890	1.317
Jun-03	\$4.8354	\$4.2441	\$9.0794	\$7.01	1.27051	\$5.7499	\$4.5618	\$10.3117	\$7.01	1.43160	1.271	2.029	1.468
Jul-03	\$5.0184	\$4.3101	\$9.3285	\$7.01	1.30307	\$6.0445	\$4.5223	\$10.5668	\$7.01	1.46495	1.424	2.185	1.622
Aug-03	\$5.1652	\$4.3412	\$9.5063	\$7.01	1.32632	\$6.1361	\$4.4165	\$10.5526	\$7.01	1.46309	1.534	2.177	1.701
Sep-03	\$5.2946	\$4.3261	\$9.6207	\$7.01	1.34127	\$6.0027	\$4.2237	\$10.2264	\$7.01	1.42045	1.604	1.976	1.701
Oct-03	\$5.3679	\$4.3199	\$9.6877	\$7.01	1.35003	\$5.2917	\$4.0430	\$9.3347	\$7.01	1.30388	1.645	1.428	1.589
Nov-03	\$5.3992	\$4.3505	\$9.7497	\$7.01	1.35813	\$5.1939	\$4.0956	\$9.2894	\$7.01	1.29797	1.683	1.400	1.610
Dec-03	\$5.4413	\$4.3383	\$9.7796	\$7.01	1.36204	\$5.0485	\$4.1392	\$9.1877	\$7.01	1.28466	1.702	1.338	1.607
Jan-04	\$5.5406	\$4.2925	\$9.8331	\$7.74	1.24977	\$4.8381	\$4.1543	\$8.9923	\$7.74	1.14944	1.274	0.762	1.141
Feb-04	\$5.5606	\$4.1759	\$9.7364	\$7.74	1.23824	\$4.9451	\$4.1685	\$9.1136	\$7.74	1.16391	1.215	0.836	1.116
Mar-04	\$5.2135	\$4.0831	\$9.2966	\$7.74	1.18576	\$5.1184	\$4.1281	\$9.2465	\$7.74	1.17977	0.947	0.917	0.939
Apr-04	\$5.2351	\$4.1059	\$9.3410	\$7.74	1.19105	\$5.1354	\$4.1232	\$9.2586	\$7.74	1.18121	0.974	0.924	0.961
May-04	\$5.2767	\$4.1827	\$9.4594	\$7.74	1.20518	\$5.2763	\$4.1163	\$9.3926	\$7.74	1.19721	1.046	1.006	1.036
Jun-04	\$5.3352	\$4.2259	\$9.5611	\$7.74	1.21731	\$5.5049	\$4.2262	\$9.7312	\$7.74	1.23761	1.108	1.212	1.135
Jul-04	\$5.4036	\$4.2627	\$9.6663	\$7.74	1.22986	\$5.8323	\$4.2975	\$10.1298	\$7.74	1.28518	1.172	1.454	1.246
Aug-04	\$5.5510	\$4.2949	\$9.8458	\$7.74	1.25129	\$5.8621	\$4.3569	\$10.2189	\$7.74	1.29582	1.282	1.509	1.341
Sep-04	\$5.6733	\$4.3655	\$10.0387	\$7.74	1.27431	\$5.9836	\$4.4616	\$10.4452	\$7.74	1.32282	1.399	1.646	1.463
Oct-04	\$5.8386	\$4.4197	\$10.2583	\$7.74	1.30051	\$6.2111	\$4.6078	\$10.8189	\$7.74	1.36741	1.533	1.874	1.621
Nov-04	\$6.0246	\$4.4679	\$10.4925	\$7.74	1.32846	\$6.4008	\$4.7231	\$11.1239	\$7.74	1.40381	1.675	2.059	1.775
Dec-04	\$6.2083	\$4.5183	\$10.7265	\$7.74	1.35639	\$6.5443	\$4.7096	\$11.2539	\$7.74	1.41932	1.818	2.139	1.901
Jan-05	\$6.2770	\$4.5339	\$10.8109	\$8.48	1.25558	n/a	n/a	n/a	n/a	n/a	1.406	n/a	1.040
Feb-05	\$6.3820	\$4.5705	\$10.9525	\$8.48	1.27110	n/a	n/a	n/a	n/a	n/a	1.491	n/a	1.103
Mar-05	\$6.5251	\$4.6261	\$11.1512	\$8.48	1.29289	n/a	n/a	n/a	n/a	n/a	1.611	n/a	1.192
Apr-05	\$6.5861	\$4.6666	\$11.2527	\$8.48	1.30402	n/a	n/a	n/a	n/a	n/a	1.672	n/a	1.237
May-05	\$6.5916	\$4.6434	\$11.2350	\$8.48	1.30209	n/a	n/a	n/a	n/a	n/a	1.661	n/a	1.229
Jun-05	\$6.5283	\$4.6378	\$11.1661	\$8.48	1.29452	n/a	n/a	n/a	n/a	n/a	1.620	n/a	1.199
Jul-05	\$6.4917	\$4.6067	\$11.0984	\$8.48	1.28711	n/a	n/a	n/a	n/a	n/a	1.579	n/a	1.169
Aug-05	\$6.4508	\$4.5769	\$11.0277	\$8.48	1.27935	n/a	n/a	n/a	n/a	n/a	1.536	n/a	1.137
Sep-05	\$6.4073	\$4.5411	\$10.9484	\$8.48	1.27066	n/a	n/a	n/a	n/a	n/a	1.489	n/a	1.102
Oct-05	\$6.3636	\$4.5078	\$10.8713	\$8.48	1.26221	n/a	n/a	n/a	n/a	n/a	1.442	n/a	1.067
Nov-05	\$6.3152	\$4.4772	\$10.7925	\$8.48	1.25356	n/a	n/a	n/a	n/a	n/a	1.395	n/a	1.032
Dec-05	\$6.2631	\$4.4438	\$10.7069	\$8.48	1.24417	n/a	n/a	n/a	n/a	n/a	1.343	n/a	0.994

Notes:
Forecast of fuel prices based on NYMEX futures as reported in the Wall Street Journal on June 23, 24 & 25, 2004

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