

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: NARRAGANSETT ELECTRIC :  
COMPANY COMPREHENSIVE : DOCKET NO. 3617  
DISTRIBUTION RATE SETTLEMENT :

**REPORT AND ORDER**

**Table of Contents**

I.	Background.....	Page 1
II.	Proposed Settlement.....	Page 5
III.	August 19, 2004 Open Meeting.....	Page 13
IV.	Technical Session.....	Page 13
V.	September 10, 2004 Open Meeting.....	Page 20
VI.	Narragansett's Testimony.....	Page 21
VII.	Division's Testimony.....	Page 27
VIII.	Statements and Testimony of Other Signatories to the Settlement....	Page 30
IX.	Statement and Testimony of Non-Signatories to the Settlement.....	Page 31
X.	Amended Settlement.....	Page 32
XI.	Hearings.....	Page 34
XII.	Commission Findings.....	Page 40

**I. Background**

Under the Utility Restructuring Act of 1996 ("URA"), as amended, Narragansett Electric Company ("Narragansett" or "Company") divested its generation units and whereas it used to be a "fully integrated utility" owning generation, transmission and distribution facilities, it now owns only distribution and intrastate transmission facilities. Generation rates are set through contract and are subject to the wholesale energy market. Transmission rates are set through federal tariffs approved by the Federal Energy Regulatory Commission ("FERC"). Under Rhode Island State law, the Commission regulates the distribution portion of Narragansett's rates, including the customer charge. Narragansett is allowed a return on equity on the distribution charge.<sup>1</sup> Since the 2000 merger, Narragansett's distribution rates have remained at or below the level in effect by

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<sup>1</sup> Certain transmission revenue impacts Narragansett's earnings allocated to interstate activity.

Narragansett, Blackstone Valley Electric Corporation (“BVE”) and Newport Electric Corporation (“Newport Electric”) prior to the merger.<sup>2</sup>

As an overview, a Narragansett Electric bill is made up of the following components:

<u>Type of Charge</u>	<u>Approved/Imposed by</u>	<u>Description</u>
Customer Charge	Approved by Commission	Fixed costs not driven by usage <sup>3</sup>
Distribution Charge	Approved by Commission	Delivering energy to the customer <sup>4</sup>
Transmission Charge	Approved by FERC	Transmitting energy from generator to Narragansett’s service territory
Transition Charge	Allowed by General Assembly	Stranded costs associated with restructuring
Conservation Charge	Imposed by General Assembly	Energy Efficiency Programs
Gross Earnings Tax (4%)	Imposed by General Assembly	Funds State General Fund
Energy Charge	The cost of energy – set by contract between the utility and suppliers or per agreement between the customer and the supplier – impacted by the wholesale energy market	

On March 14, 2000, the Public Utilities Commission (“Commission”) approved the Third Amended Stipulation and Settlement (“2000 Settlement”), setting the rates for Narragansett following the merger of Narragansett, BVE and Newport Electric. The effect of the 2000 Settlement was the implementation of a distribution rate freeze through December 31, 2004 (“Original Rate Freeze Period”) on Narragansett’s distribution rates and a \$13.1 million revenue reduction. The revenue reduction included an annual customer savings of \$8 million, an annual reduction of \$734,000 to the Navy, \$600,000 savings to low income customers from the expansion of the low income rate, \$2.7 million Settlement Credit, \$400,000 in credits to Newport Electric and BVE customers’ bills to ensure no customer receive rate increases through the end of the rate freeze period, and

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<sup>2</sup> Order No. 16200 (issued March 24, 2000); Third Amended Stipulation and Settlement.

<sup>3</sup> Although low-income customers on the A-60 rate have the same cost to serve as an A-16 standard residential customer, the A-60 customer pays no customer charge.

<sup>4</sup> The low income A-60 rate is discounted off of the A-16 standard residential rate.

an annual reduction of \$700,000 in the contract termination charge (“CTC”) expenses to BVE and Newport Electric customers.<sup>5</sup>

Narragansett’s rates were set under performance based ratemaking principles (“PBR”). The goal of performance based ratemaking is to provide incentive to the utility, a monopoly, to operate more efficiently. In the event the utility can reduce its costs or keep its costs from increasing, the utility is allowed to share in earnings above its allowed return on equity (“ROE”). This differs from traditional ratemaking principles under which the Commission is concerned primarily in not allowing the utility to earn in excess of its ROE, with efficiency a secondary consideration. However, in order to ensure that efficiencies are not implemented at the expense of reliability or quality of service, performance based ratemaking includes a service quality plan (“SQP”) which provides for a monetary penalty in the event the Company does not meet approved measures.

Under the 2000 Settlement, Narragansett’s distribution rates have remained fixed and earnings above 12% have accrued for the benefit of ratepayers and shareholders. As the Commission has noted previously, the “purpose of performance-based ratemaking for ratepayers is not excess earnings, but rate stability by incenting the utility to be efficient.” While earning sharing is a positive byproduct and safety valve for the ratepayers in the event of a situation of excess earnings, “it is not the goal of performance-based ratemaking.”<sup>6</sup>

Under the 2000 Settlement, Narragansett had two choices at the end of the Original Rate Freeze Period: (1) to file a cost of service rate case to change distribution rates for usage on or after January 1, 2005, if the Company believed that it would have a

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<sup>5</sup> Order No. 16200 (issued March 24, 2000), pp. 10-11.

<sup>6</sup> Order No. 17971 (issued August 23, 2004), p.21.

revenue deficiency for the applicable rate year; or (2) to file on or before June 1, 2004 a fully allocated cost of service study to address the appropriate rate design to take effect for usage on and after January 1, 2005. Similarly, in the event Narragansett did not file a rate case, any of the other parties to the 2000 Settlement would have the right to file a complaint with the Commission requesting the Commission require a cost of service review to reduce distribution rates on or after January 1, 2005 if the parties believed that the Company would have a revenue excess. In any event, the Company would have the right to include an allowance for its share of proven merger savings, an amount to have already been approved by the Commission.<sup>7</sup>

Regardless of the path chosen by the parties to the 2000 Settlement, certain revenue adjustments were to be made at the end of the Original Rate Freeze period, including elimination of the \$400,000 credit to Newport and BVE customers, elimination of the Company's portion of the low-income subsidy in the amount of \$640,000, implementation of a reconciling factor to recover the deferred costs associated with the expansion of the low-income rate, and if Narragansett's ROE for 2003 had been below 10.5%, elimination of the \$2.7 million Settlement Credit. Additionally, in calculating its ROE after the Original Rate Freeze period (starting with calculation of 2005 earnings), the Company would have been able to expense its portion of the proven merger savings.<sup>8</sup> Furthermore, after the expiration of the Original Rate Freeze period, customers would be entitled to their share of any excess earnings that may have accrued plus any service

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<sup>7</sup> Third Amended Stipulation and Settlement, Part 6(D).

<sup>8</sup> *Id.* at Parts 2, 6(D), 8, 11(B), 20.

quality penalties that may have accrued, both to be distributed in a manner approved by the Commission.<sup>9</sup>

Had the parties chosen any of the alternatives in the 2000 Settlement, the terms of that Settlement would have remained in full force and effect unless the Commission had declared it void or superseded after an investigation into the rates.<sup>10</sup>

On June 27, 2003, Narragansett Electric filed its first proof of merger savings, claiming \$15.767 million of merger savings, of which, its 50% share was \$7.88 million. After a hearing, a technical conference, and numerous data requests, on June 23, 2004, the date of the final hearing in the docket, Narragansett Electric filed a letter with the Commission indicating that it had reached a settlement that reduced Narragansett Electric's share of merger savings to \$5 million. During the hearing, the Commission and its staff raised a series of questions regarding Narragansett Electric's 2002 pension income. As a result, on June 29, 2004, Narragansett Electric filed a letter with the Commission indicating that its share of merger savings would be \$4.645, which excludes from the merger savings calculation, the increase in pension income from the benchmark year to the 2002 measurement year.

## **II. Proposed Settlement**

On June 29, 2004, Narragansett filed a Distribution Rate Plan Stipulation and Settlement ("Proposed Settlement") entered into with the Division of Public Utilities and Carriers ("Division"), the Department of the Attorney General ("Attorney General"), the Energy Council of Rhode Island ("TEC-RI"), and the United States Department of the

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<sup>9</sup> *Id.* at Parts 11, 19 and Exhibit 7.

<sup>10</sup> In response to a Commission Ruling, Narragansett made its fully allocated cost of service filing on June 7, 2004. Narragansett had originally requested the Commission Extend the Filing Date of Allocated Cost of Service Study until July 15, 2004. See Commission Open Meeting Minutes May 28, 2004.

Navy ("Navy") (collectively, "Parties to the Proposed Settlement"). The purpose of the Proposed Settlement was to supersede the 2000 Settlement in its entirety and to resolve other pending matters before the Commission.<sup>11</sup>

The result of the filing would be a decrease in Narragansett's revenues by \$10.243 million, measured based on a pro forma rate year 2005 and a requirement that the rates to remain at that level through 2009, absent the occurrence of certain exogenous events ("New Rate Freeze Period").<sup>12</sup> The \$10.243 million is made up of the \$5 million customer share of merger savings and load growth since 2000. The settled Cost of Service ("COS") upon which rates are based for rate year 2005 is \$215,604,000.<sup>13</sup> The Proposed Settlement also provides that Narragansett will not seek to increase rates to eliminate the \$2.7 million Settlement Credit from the 2000 Settlement because, despite the fact that according to Narragansett Electric, the Company earned less than 10.5% in 2003, it earned over 10.5% when the costs of the 2003 Voluntary Early Retirement Offer ("VERO") are amortized over ten years. Narragansett has also agreed not to recover the estimated annual cost of \$2.6 million associated with the expansion of the low income credit.<sup>14</sup>

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<sup>11</sup> Distribution Rate Plan Stipulation and Settlement, p. 1.

<sup>12</sup> The Company is only allowed to increase rates as the result of an exogenous event if the average intrastate ROE for the period January 1, 2005 through the last quarter prior to the date of filing for such an adjustment is below 10.5%. *Id.* at 6-7. Narragansett is not precluded during the New Rate Freeze Period from proposing to change non-rate related provisions of its terms and conditions or increase non-rate charges, including pole attachment fees, line extension fees and policies, and nonregulated power producer ("NPP") fees. All such changes would be subject to Commission review and approval and would be reflected above the line in the calculation of Narragansett's annual earnings reports. *Id.* at 8-9.

<sup>13</sup> *Id.* at Exhibit 1, p. 1 of 3. Consistent with the 2000 Settlement, the amortization of acquisition premiums and transaction costs from the mergers shall be excluded from rates and all unamortized acquisition premiums and transaction costs shall be excluded from Narragansett's rate base which shall continue to be based on original cost of plant devoted to public service less depreciation. *Id.* at 9.

<sup>14</sup> *Id.* at 1-3; Narragansett Response to Commission Data Request 4-2.

The Proposed Settlement addresses earning sharing by setting the level of the ratepayers' share of earnings at \$22.8 million, subject to reconciliation through 2004.<sup>15</sup> The \$22.8 million includes an estimated \$21.036 million of shared earnings between January 1, 2000 and December 31, 2004, a \$1.774 million adjustment in favor of ratepayers for accrued Service Quality Penalties through December 31, 2003, a \$1.320 million negative adjustment to account for recovery of 25% of the Company's share of the low income expansion through 2004, and a \$1.279 million adjustment in favor of customers to account for a Bonus Tax Depreciation Revenue Requirement Benefit.<sup>16</sup> The Proposed Settlement requires the earnings accrued during the Original Rate Freeze Period to be returned over the first twelve month period after the Effective Date of the Proposed Settlement in the form of a Customer Credit.<sup>17</sup> The revenue reduction and Customer Credit are allocated among Narragansett's rate classes based fifty percent on kilowatt-hour ("kWh") deliveries and fifty percent on the normalized distribution service revenues of each class in the rate year.<sup>18</sup>

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<sup>15</sup> *Id.* at 15. For purposes of reconciling the earning sharing level for the Original Rate Freeze Period, the parties have agreed to use the levels set in the 2000 Settlement. In other words, "Narragansett will continue to evaluate its return through December 31, 2004 using the sharing provisions of the Third Amended Stipulation and Settlement using a 12.0% return on equity and without a shared savings allowance, but revenue will be lower because of the rate reduction implemented in this [Proposed] Settlement. The new sharing provisions under this [Proposed] Settlement will become effective on January 1, 2005 and continue for the balance of the Settlement Period." *Id.* at 15, n.7.

<sup>16</sup> Distribution Rate Plan Stipulation and Settlement, p. 18. The adjustment of the costs of the low income expansion during the Original Rate Freeze period reflect the fact that had Narragansett collected the funds through rates and then calculated its earnings, under optimal circumstances, ratepayers would receive a credit of 75% of the costs and Narragansett 25%. *Id.* at 2.

<sup>17</sup> The Proposed Settlement allows for the Cities of Providence and East Providence to waive their ratepayers' share of the \$22.8 million. *Id.* at 19. On July 2, 2004, P.L. 2004, ch. 332 § 1, R.I.G.L. § 42-98-1.1 was enacted requiring the Commission to approve such a measure if the City councils passed Resolutions to the same effect.

<sup>18</sup> Distribution Rate Plan Stipulation and Settlement, p. 2. The Navy's Credit has been adjusted in accordance with the approved Settlement in Docket No. 3551; Order No. 17644 (issued December 23, 2003). *Id.* Unlike the 2000 Settlement, which left open the manner in which rates would be adjusted, the parties to the instant docket have agreed to adjust rates pursuant to any exogenous events in the same manner described for the allocation of the revenue reduction and Customer Credit. The Proposed

The Proposed Settlement requires Narragansett to file annual earnings reports by May 1 of each year during the New Rate Freeze Period. However, according to the Proposed Settlement, “[t]he determination of whether the Company has exceeded its allowed rate of return on equity will be made at the end of the Rate Freeze Period.”<sup>19</sup> Narragansett’s May 1, 2010 earnings report shall have the calculation of the five year average return on equity on intrastate earnings for the period January 1, 2005 through December 31, 2009.<sup>20</sup> According to the Proposed Settlement, the customers’ share of any accrued earnings during the period January 1, 2005 through December 31, 2009 will be returned to customers in a manner approved by the Commission.<sup>21</sup> Additionally, Narragansett may decide to propose to return ratepayers their share of earnings that may be realized during the period January 1, 2005 through December 31, 2009, subject to Commission approval.<sup>22</sup> Beginning with 2010, Narragansett shall continue to file annual earnings reports with the Commission. The Proposed Settlement is silent as to the issue of what happens to any earnings in excess of the ROE each year beginning with 2010.<sup>23</sup>

For purposes of calculating its return and income taxes for ratemaking purposes, including earnings reports and triggers for Exogenous Events, the parties have agreed to the use of an imputed capital structure for the New Rate Freeze Period. The imputed capital structure and costs shall be as follows:

Debt	45%	7.57%
Preferred Stock	5%	4.58%

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Settlement also provides for interest to accrue in the Company’s favor in the event the Commission suspends the effective date of an increase as the result of an exogenous event. Id. at 6.

<sup>19</sup> Id. at 15.

<sup>20</sup> Id.

<sup>21</sup> Id. at 19.

<sup>22</sup> Id. at 19-20.

<sup>23</sup> Id. at 17-18.



Common Equity      50%      10.50%<sup>24</sup>

Similar to the 2000 Settlement, at the end of the New Rate Freeze Period, Narragansett will have the option to file a cost of service rate case to change distribution rates for usage on or after January 1, 2010, if the Company believes that it will have a revenue deficiency for the applicable rate year. Likewise, in the event Narragansett does not file a rate case, any of the other parties to the Proposed Settlement will have the right to file a complaint with the Commission requesting the Commission require a cost of service review to reduce distribution rates on or after January 1, 2010 if the parties believe that the Company will have a revenue excess. Alternatively, the Commission could initiate its own investigation. In any event, the Company will have the right to include an allowance for its share of proven merger savings absent a request for a rate increase that exceeds a pre-set threshold level.<sup>25</sup>

In addition to an ESM, the parties state in the Proposed Settlement, that “[a] properly structured incentive plan can align the interests of the Company and its customer by establishing appropriate incentives to maximize savings for the benefit of the Company and its customers. To that end, the Parties agree that proven cost savings achieved by the Company shall be shared between the Company and customers...subject to the reopener provisions...” (“Merger Savings”).<sup>26</sup> As alluded to previously, under the Proposed Settlement, Narragansett shall be authorized to include in its earnings reports and future COS analyses to determine its revenue requirement through the Settlement Period ending December 31, 2019, shared savings equal to \$4.645 million annually. This agreement, according to the Proposed Settlement, represents the “Second Savings

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<sup>24</sup> Id. at 9-10.

<sup>25</sup> Id. at 7-8.

<sup>26</sup> Id. at 10.

Verification” required under the 2000 Settlement.<sup>27</sup> However, the ability to take this paper expense is not without limitation as the Proposed Settlement contains a Reopener on Proof of Savings provision. In the event Narragansett’s rates rise above certain inflation-based thresholds, previously determined under the 2000 Settlement and revised in the Proposed Settlement, Narragansett will either be required to “re-prove” savings or will be denied the savings altogether. The inflationary index used in the determination of whether or not Narragansett’s rates exceed the preset thresholds is the Gross Domestic Product Implicit Price Deflator (“GDPIPD”).<sup>28</sup>

The Proposed Settlement maintains the increased level of contributions to the Environmental Response Fund (“ERF”) in the amount of \$3,078,000 per year as set in Order No. 17354 (issued January 29, 2003). Narragansett agrees to waive its right under that Order to reduce funding by \$2.2 million per year in the event that its total property tax bill for real and intangible property in the City of Providence is greater than \$6.3 million per year.<sup>29</sup> Interest shall accrue, for the benefit of customers on any credit

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<sup>27</sup> The Commission did not rule on the First Proof of Savings filing made on June 27, 2003. Narragansett proffered testimony in support of approximately \$16 million in merger savings, 50% of which would be approximately \$8 million. On June 23, 2004, the date of the hearing in Docket No. 2930, Narragansett Electric filed a letter with the Commission indicating that it would file a proposed settlement that would allow Narragansett Electric to return \$5 million from the “First Look” at merger savings. After the hearing in Docket No. 2930, on June 29, 2004, Narragansett reduced its share of merger savings to \$4.645 million. This was based on the exclusion of \$6.477 million which is based on the pension income in 2002 of \$6,612,498 less the pension income in the benchmark year of \$135,501. See Docket No. 2930 – Post Merger Requirements.

<sup>28</sup> Id. at 11-14.

<sup>29</sup> Id. at 21. On March 28, 2002, Narragansett filed with the Commission a certification that to the best of its knowledge, no exogenous events occurred in 2001. On that same date, Narragansett also filed a letter agreement between itself and the Division which indicated that two events occurred in 2001 which resulted in a reduction of Narragansett’s tax liability to the City of Providence, Rhode Island. According to the letter agreement, one event could be interpreted as an exogenous event and the other could be interpreted as falling within the provision regarding exceptions to an exogenous event. Therefore, the letter agreement explained that rather than litigate the issue of whether the two events constituted an exogenous event, the parties agreed to interpret the events as not exogenous, but to treat the tax savings in a manner that would have the same overall effect as if the events were treated as exogenous. In approving application of the agreed-upon savings of \$2.2 million to the ERF as opposed to a *de minimus* rate decrease, the Commission found that “[t]he Agreement locks in a savings of \$2.2 million per year through the rate freeze period and,

balances in the fund, but not on any debit balances.<sup>30</sup> Narragansett will continue filing annual reports with the Commission providing a summary and accounting of all costs incurred during the reporting year. All costs are subject to challenge by the Parties to the Proposed Settlement.<sup>31</sup>

The Proposed Settlement continues annual funding of Narragansett's Storm Contingency Fund ("Storm Fund") at \$1,041,000 plus a certain portion of attachment and other telecommunication company fees. The Storm Fund will have a threshold of \$638,000 for 2003 escalating in accordance with Commission Rules and a deductible of \$375,000.<sup>32</sup>

The Proposed Settlement addresses two other matters, the appropriate treatment of disputed charges between Narragansett and wholesale standard offer suppliers that were deferred ("Uplift Costs") pending the outcome of arbitration, a matter currently pending before the Commission in Docket No. 3616 and the design of Backup Rates as required under R.I.G.L. § 39-2-1.4 as amended 2002. With regard to the Uplift Costs for which Narragansett was found to be responsible in arbitration, the parties agreed that 25 percent shall be disallowed from recovery and from Narragansett's earnings reports and the remainder, equal to \$5.6 million, shall be recovered over three years commencing after the Effective Date of the Proposed Settlement through the Transmission Service Cost Adjustment Factor ("TAF"). The remaining future Uplift Costs would be assessed 100% to customers through the TAF.<sup>33</sup>

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under the Supplemental Agreement reached on September 20, 2002, potentially beyond the rate freeze period if total taxes in the City of Providence do not exceed \$6.3 million." Order No. 17354 (issued January 29, 2003), pp. 1, 15-16.

<sup>30</sup> Distribution Rate Plan Stipulation and Settlement, p. 21.

<sup>31</sup> Id. at 22.

<sup>32</sup> Id. at 22, 24.

<sup>33</sup> Id. at 23.

The parties to the Proposed Settlement agreed to new backup and supplemental service rates B-32 and B-62. They specifically agreed that the “Rates B-32 and B-62, as set forth in Exhibit 2, are cost-based, just and reasonable, and not unduly discriminatory under G.L. 39-2-1.4(b).”<sup>34</sup> Furthermore, the parties to the Proposed Settlement agreed that because the rates are cost-based, they are not discounted and not based on considerations of reduced environmental impacts, increased energy efficiency, reduced transmission losses and congestions, or effects on electric system reliability. However, the parties to the Proposed Settlement indicated that they were not precluded from proposing amended rates during the New Rate Freeze Period. Additionally, the Proposed Settlement contained language to reflect the R.I.G.L. § 39-2-1.4(c) provisions which allow a customer to petition for a discounted rate, recovery of which would be assessed to all customers.<sup>35</sup>

With regard to a SQP, the parties to the Proposed Settlement agreed to standards which would be in effect until the Commission completes its review of Narragansett’s Service Quality Proposal in Docket No. 3628. However, the parties to the Proposed Settlement agreed that the Commission may not consider changes to the maximum penalty or the offset mechanisms approved in the SQP of Docket No. 2930. Furthermore, the parties to the Proposed Settlement agreed that the Service Quality Standards shall continue to be derived using historical performance. The parties to the Proposed Settlement also agreed to maintain the provisions from the SQP approved in Docket No.

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<sup>34</sup> Id. at 27.

<sup>35</sup> Id.

2930 designed to protect against “a significant and persistent deterioration in service quality”, including the potential doubling of penalties and loss of merger savings.<sup>36</sup>

Additionally, approval of the Proposed Settlement would resolve rate design issues for five years, would consolidate rates that have previously been closed with a phase-in provision, and encourage A-60 rate class customers to conserve through a redesign of the rate.

### **III. August 19, 2004 Open Meeting**

On August 19, 2004, after reviewing Narragansett’s responses to over 100 Commission-issued data requests covering over twenty areas of concern and the Division and Attorney General’s responses to over 50 Commission-issued data requests, the Commission conferred at an open meeting during which it noted many areas of concerns had been adequately addressed by the parties in their data responses. However, the Commission also took the opportunity to discuss areas of continued concern.

Concern was expressed with the argument regarding the appropriateness of a five year earning sharing review as opposed to an annual review. The Commission also engaged in a discussion of applying interest on any over earnings.

Addressing the argument regarding a five year service quality review as opposed to an annual review, there was concern with offsets. There was indication that the Commission may be willing to reduce the maximum penalty to 1% and remove the doubling provision.

There was discussion as to whether or not customer benefit account balances, such as the Storm Fund should be capped. The Commission also discussed whether or not Narragansett could add another line on its bill in the event the City Councils of

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<sup>36</sup> Id. at 25.

Providence and East Providence waive their portion of earnings sharing. The Commission discussed whether the elimination of the customer credit needs to be clearly shown to customers on their bill.

The Commission unanimously indicated that because so many of the areas of concern had been satisfactorily addressed in data responses the Technical Session scheduled on September 21, 2004 would be an evidentiary hearing instead. However, on or about August 30, 2004, a Commissioner requested the Commission conduct a Technical Session. A pre-hearing conference was conducted on August 30, 2004 to re-schedule the filing of intervenor testimony. Every party had a representative present and agreed to a revised schedule. The parties also agreed to a Technical Session to be held on September 1, 2004.

#### **IV. Technical Session**

During the Technical Session, the parties discussed the following issues: (1) the allocation of merger savings between customers and the Company; (2) the operation of the ESM; (3) a comparison of rates under PBR with an ESM and rates under traditional COS; (4) the Second Proof of Savings; (5) the validity of using GDPIPD as a measure of inflation; (6) the operation of the reopener provision related to merger savings; (7) amortization of the 2003 VERO; (8) exogenous events; (9) recovery of the A-60 rate subsidy going forward; and (10) Net Metering. The participants from the Company were Jeanne Lloyd, Michael Laflamme, Al Morrissey, Carlos Gavilondo and Robert McLaren. Stephen Scialabba and David Effron participated on behalf of the Division.

Addressing the allocation of merger savings between customers and the Company, Mr. Gavilondo, Mr. Effron and Mr. Scialabba explained that, unlike the

provision in the 2000 Settlement allowing Narragansett to expense half of the proven merger savings on their books for purposes of determining earnings, there was no explicit provision setting forth the manner in which customers would realize their benefit of merger savings. There was no requirement that rates change on January 1, 2005 to account for merger savings. Therefore, what the Proposed Settlement does, according to the participants, is replicate customers' expectations under the best circumstances in the event a complaint was filed to reduce rates by guaranteeing ratepayers their \$5 million share for five years. The participants explained that even if a rate case was filed and rates were set based on traditional ratemaking principles and ratepayers received their share during the resulting rate year, it would not have been guaranteed for five years, but only until the next rate case. Absent a rate freeze period, there would not be a prohibition on the Company filing a rate case within a certain amount of time.<sup>37</sup>

With regard to the earning sharing provision from the 2000 Settlement that gave rise to the \$22.8 million proposed to be returned over the first twelve month period following the Effective Date of the Proposed Settlement, the parties explained that the agreement between the parties provides the benefit of the over-earnings earlier than what had been provided for in the 2000 Settlement. Finally, the agreement settles the disposition of the costs associated with the 2003 VERO. Mr. Effron also pointed out that, had the VERO costs not been normalized for ratemaking purposes, Narragansett would have been entitled to make an argument that because its actual ROE for 2003 was less than 9.5%, the \$2.7 million Settlement credit should have been eliminated rather than

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<sup>37</sup> Tr. 9/1/04, pp. 5-21.

being made permanent. The parties agreed that the argument would have been weak, at best.<sup>38</sup>

Responding to a concern that earnings above 10.5% do not earn interest for the benefit of ratepayers, the Company's participants, including Mr. Robinson, expressed concern that, in the event there are not earnings in excess of 10.5% every year, application of interest on both earnings in excess of 10.5% and less than 10.5% would add an extra layer of complexity to the calculation of the earning sharing. Mr. LaFlamme added that the earning sharing is "a unilateral customer benefit. There is no opportunity for the Company to surcharge in the event that it was earning less than 10-and-a-half percent..."<sup>39</sup> Mr. Effron noted, as an example, that in the first year following the implementation of rates under the 2000 Settlement, Narragansett earned less than 10.5%. As Mr. LaFlamme explained, had the Company not earned in excess of its allowed ROE in the later years, it would not have been able to recover that amount through a surcharge to customers. Furthermore, if earning sharing was reviewed each year without the ability to average the earnings over the New Rate Freeze Period, ratepayers would receive a benefit even if the cumulative earnings did not exceed 10.5%, something that would be a shift of the balance of risk between the Company and the ratepayers from that set forth in the Proposed Settlement.<sup>40</sup> However, the Proposed Settlement has a provision that would allow Narragansett to return accrued earnings in excess of 10.5% during the New Rate Freeze Period. The Proposed Settlement did not address parameters upon which to base the decision and because Narragansett posited that there are no earnings to be shared until

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<sup>38</sup> Id. at 22-27.

<sup>39</sup> Id. at 31.

<sup>40</sup> Id. at 28-33, 77-82.



the end of the New Rate Freeze Period, the Company agreed to address parameters prior to the hearing.<sup>41</sup>

With regard to the benefit of an earning sharing provision as opposed to traditional ratemaking concepts, Mr. LaFlamme explained that under both principles of ratemaking, the Company is allowed the opportunity to earn a set ROE. However, under traditional ratemaking, if a Company earned in excess of its allowed ROE, “the remedy was for somebody to file a complaint and go through a litigated rate case and the time delay in order for those benefits to get back to customers.”<sup>42</sup> Under an ESM, the benefits to ratepayers are automatic.<sup>43</sup>

Mr. McLaren discussed other benefits that he has experienced under a PBR with a rate freeze and ESM. He noted that he has been employed with the Company for many years and has never seen such a focus on efficiency. In the past, the Company operated on more of a “cost plus” theory and filed rate cases on a regular basis. Because of the recent focus on efficiency, Mr. McLaren stated that “we’ve got the mechanism here that creates a win/win opportunity for customers and the company and the measures of service quality and the attendant potential penalties that make sure that we keep our eye on the ball.” He maintained that it is a better system than under traditional rate making.<sup>44</sup>

Responding to a concern that it appeared the Second Proof of Merger Savings, required in the 2000 Settlement, had been eliminated, Mr. Robinson indicated that the Savings Proof contained in the Proposed Settlement represents the Second Proof of Savings because it was measured by a different measurement year than in the first Proof

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<sup>41</sup> Id. at 83-88.

<sup>42</sup> Id. at 69-70.

<sup>43</sup> Id. at 68-70.

<sup>44</sup> Id. at 72-73.

of Savings. Likewise, Mr. Effron maintained that the Second Proof “was not waived and the company was not absolved from this second look” because the Division analyzed the 2005 COS very carefully in anticipation that it would be used for the Second Proof of Savings.<sup>45</sup> The parties did concede that the methodology is different in that the First Proof of Savings compared the actual COS from 2003 to the “stepped-up” benchmark year whereas the Second Proof compares the forecasted 2005 COS to the “stepped-up” benchmark year.<sup>46</sup>

In response to a question from the Commission regarding the validity of using GDPIP as the appropriate measure of inflation for purposes of measuring continued merger savings, Mr. Morrissey explained that GDPIP measures inflation in the overall economy based on the gross domestic product (“GDP”). It is a measure of inflation and all goods and services produced in the economy. He noted that “the GDP deflator seems the most appropriate because it includes not only the consumer prices and compensation costs but also the cost of other goods and services purchased by the company.”<sup>47</sup> He concluded that it is a more complete measure than others such as the Consumer Price Index (“CPI”) or the Employment Cost Index. Mr. Effron added that it is the broadest measure of inflation because it takes into account all sectors of the economy, noting that while the other most commonly used inflation index is the CPI, the CPI has been historically greater than the GDPIP. Therefore, he indicated that the Division believes the GDPIP is a “good tight measurement of price escalation.”<sup>48</sup>

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<sup>45</sup> *Id.* at 36.

<sup>46</sup> *Id.* at 34-37.

<sup>47</sup> *Id.* at 40.

<sup>48</sup> *Id.* at 38-42.

Discussing the reopener provision in the Settlement, Narragansett is allowed to account for its share of merger savings in the calculation of its ROE through 2019, subject to its ability to keep rates below certain inflationary thresholds. Mr. Laflamme explained that “the reopener provisions were intended to compare any future company rate increase to what the customers could have reasonably expected absent the merger.”<sup>49</sup> Under the Proposed Settlement, the Company would lose merger savings if its future proposed rates exceed current rate escalated by cumulative increases in the rate of inflation after the end of the New Rate Freeze Period. If future proposed rates do not exceed current rates escalated by cumulative increases in the rate of inflation, but do exceed a calculated percentage of inflation after the end of the New Rate Freeze Period, the Company will be required to “re-prove” its merger savings before being allowed to account for it in the calculation of its ROE.<sup>50</sup>

With regard to the amortization of the 2003 VERO costs over ten years, Mr. LaFlamme explained that the total combined pension and FAS 106 impact of the VERO was approximately \$25 million.<sup>51</sup> He explained that although FAS 88 requires the Company to recognize the entire expense in 2003, for regulatory purposes, the Company is allowed “to set up a regulatory asset for the full amount and amortize it coincident with the recovery period established pursuant to a regulatory order.”<sup>52</sup> Because the benefit of the VERO is anticipated to be recognized over a five year period, Mr. LaFlamme noted

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<sup>49</sup> *Id.* at 44.

<sup>50</sup> *Id.* at 45-59.

<sup>51</sup> FAS is short for Financial Accounting Standard, which is an accounting standard established by the Financial Accounting Standards Board, the designated organization in the private sector for establishing standards of financial accounting and reporting. These standards govern the preparation of financial reports.

<sup>52</sup> Tr. 9/1/04, pp. 66-67.

that in the first five years, the longer amortization would have the effect of increasing earnings, with the opposite effect in the latter five years.<sup>53</sup>

With regard to exogenous events, the parties agreed to make explicit that interest would accrue on any credit as well as on any cost incurred as a result of an exogenous event if the amount either exceeds \$1 million or if the Commission suspends the effective date of when the cost or credit is reflected in rates.<sup>54</sup>

Addressing recovery of the A-60 low income subsidy on a going-forward basis, approximately \$3.5 million, the total estimated subsidy in 2004 is built into rates. In the event the rate class continues to expand, the increased subsidy would reduce Narragansett's revenues, affecting the Company's earnings.<sup>55</sup>

Regarding Net Metering, Ms. Lloyd explained that certain qualified on-site generating facilities up to a certain size are allowed to net meter, which means that their meter runs backward, energy goes back out onto the grid and the customer is entitled to a credit/payment. Mr. Gavilondo explained that the issue to resolve is the appropriate calculation of the credit to the customer for the energy flowing back out onto the grid. Additionally, the size of the on-site facility eligible for the credit has been an issue in this docket.<sup>56</sup>

## **V. Open Meeting September 10, 2004**

At its open meeting on September 10, 2004, the Commission discussed the merits of a suggestion that the rate plan address absolutely the method of distributing any earnings that may accrue under the ESM through the New Rate Freeze Period. A

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<sup>53</sup> *Id.* at 67.

<sup>54</sup> *Id.* at 94-99, 101-02.

<sup>55</sup> *Id.* at 104-07.

<sup>56</sup> *Id.* at 111-115.

majority of the commissioners and some staff members expressed concern with the idea of attempting to bind a future commission regarding a future determination of a distribution of funds to benefit ratepayers. The Commission also discussed generally the issues that were addressed at the Technical Session.<sup>57</sup>

## **VI. Narragansett's Testimony**

On September 15, 2004, Narragansett submitted the Pre-filed Direct Testimony and Exhibits of Carlos A. Gavilondo, Vice President, Distribution Regulatory Services for Narragansett, Michael D. Laflamme, Manager of Regulatory Support for National Grid USA Service Company, Inc., and Jeanne A. Lloyd, Principal Financial Analyst in the Distribution Regulatory Service Department of National Grid USA Service Company, Inc.

Mr. Gavilondo described highlights of the 2000 Settlement. He then provided testimony regarding the Proposed Settlement. He noted that the \$2.7 million credit established under the 2000 Settlement has been made permanent in the Proposed Settlement. Likewise, he noted that the lost revenue associated with the expansion of the A-60 low income rate in 2000, \$2.6 million, has been included in rates. He indicated that Narragansett will not seek any additional costs resulting from further expansion of the A-60 rate going forward.<sup>58</sup> With regard to the design of the rate, Mr. Gavilondo noted that the zonal distinctions that continued to exist after the merger have been eliminated in the Proposed Settlement.<sup>59</sup> Mr. Gavilondo clarified that Narragansett would be unable to

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<sup>57</sup> See Tr. 9/10/04.

<sup>58</sup> Narragansett Exhibit 1 (Direct Testimony of Carlos Gavilondo), pp. 11-12.

<sup>59</sup> *Id.* at 16.

recover costs associated with exogenous events through increased rates if its ROE is at or above 10.5%.<sup>60</sup>

Addressing Backup Service Rates, Mr. Gavilondo indicated that the redesigned backup rates will be based on the customer's backup demand rather than on the amount of kWh the on-site generating unit produced.<sup>61</sup> He explained that the current rates are based on "the metered maximum output of the on-site generating unit at the time of the customer's monthly facility peak." It represents the amount of load that Narragansett must be prepared to serve instantaneously in the event the customer's on-site generator goes out of service. The customers also would not be charged transmission charges for the load they serve on site.<sup>62</sup>

Addressing the Merger Savings amount, Mr. Gavilondo noted that, while customers will be guaranteed to receive their share of merger savings through rates based on reduced revenues, the Company will have to earn its share. He explained that

To the extent that the Company is able to operate its business at an earnings level at or above the allowed rate of 10.5 percent ROE, the Company will enjoy the full extent of its shared savings allowance. However, to the extent the Company's earnings are less than 10.5 percent, the Company will not have earned its shared savings allowance.<sup>63</sup>

Mr. Gavilondo described the provisions of the Proposed Settlement related to ESM and the imputed capital structure. With regard to the immediate return of the accrued earning sharing, Mr. Gavilondo explained that the estimated amount will be reconciled in May 2005 to include any service quality penalties that accrue through the end of 2004, the amounts for Bonus Tax Depreciations, the Low Income Expansion

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<sup>60</sup> Id. at 13.

<sup>61</sup> Id. at 14-15.

<sup>62</sup> Id. at 15.

<sup>63</sup> Id. at 17-18.

Costs, and the actual average earnings for the Original Rate Freeze Period. The results of the reconciliation will be reflected in the Company's first annual reconciliation that occurs in December of each year.<sup>64</sup>

Mr. Gavilondo noted that the Proposed Settlement addresses deferred Uplift Costs, continues deposits to the ERF, makes no substantive changes to the SQP, continues funding the Storm Fund, continues annual reporting on property sales, continues use of depreciation rates and tax normalization practices adopted in the 2000 Settlement, continues deferral of Narragansett's deferred tax deficiency until the Company's first COS case to establish rates after the rate freeze, and continues application of attachment fees in the same manner as the 2000 Settlement, with certain amounts being applied to the Storm Fund.<sup>65</sup>

Next, Mr. Gavilondo discussed proposed modifications to the Proposed Settlement, specifically, with regard to Residential Rates, General Service Rates, Exogenous Events, ESM, and SQP. The parties agreed that Narragansett should propose to terminate the Home Energy Management ("HEM") program in the Demand Side Management ("DSM") and thus, should terminate it in the instant docket. According to Mr. Gavilondo, the water heater control system is outdated and since restructuring, no longer provides the system benefits of shaving the peak for which it was designed. The rate has been closed to new customers and would affect 4,000 customers.<sup>66</sup>

In response to concern from a customer receiving service on the E-40 Storage Cooling Rate, Mr. Gavilondo indicated that the parties agreed that, rather than terminate the rate immediately, to close the rate to new customers and terminate it on December 31,

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<sup>64</sup> Id. at 19-23.

<sup>65</sup> Id. at 24-27.

<sup>66</sup> Id. at 28-30.

2006, in order to allow the customers on that rate to undertake energy planning activities.<sup>67</sup>

Addressing the concern that Exogenous Events, the rate effect of which, if not implemented immediately, would accrue interest for the benefit of the Company but not to ratepayers, Mr. Gavilondo stated that, “the Parties have agreed to amend the Settlement to provide comparable interest provisions for deferred exogenous event costs as well as for deferred exogenous event credits...”<sup>68</sup>

In response to the Commission’s concerns regarding when Narragansett would return earnings during the New Rate Freeze Period and the ramifications of such action, Mr. Gavilondo explained that the parties had agreed to a “deductible” approach. The Company would accrue up to \$8 million and pay interest on the customers’ portion of that amount. Once the threshold of \$8 million is exceeded, the Company would be required to file a proposal with the Commission to return the customers’ share of the amount exceeding the threshold. At the end of the New Rate Freeze Period, the Company would file a reconciliation that could potentially cause a surcharge to customers in the event it is determined that earnings were “over-refunded” during the New Rate Freeze Period.<sup>69</sup> After the expiration of the New Rate Freeze Period, accrued earnings during the New Rate Freeze Period as well as earnings following the New Rate freeze Period will be shared annually following the same methodology for refunding the \$22.8 million unless the Commission determines otherwise.<sup>70</sup>

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<sup>67</sup> *Id.* at 31-32.

<sup>68</sup> *Id.* at 34-35.

<sup>69</sup> *Id.* at 32-33.

<sup>70</sup> *Id.* at 35-37.



The parties agreed to modify the SQP to reduce the maximum penalty from 1.1% of the distribution revenues to \$2.2 million, approximately 1.0% of projected distribution revenues and to eliminate the doubling penalty provision in exchange for the elimination of offsets between years and the implementation of an annual review and refund of any SQP penalties.<sup>71</sup>

Mr. Laflamme addressed issues that had been raised by the Commission at the August 19, 2004 open meeting, specifically related to the COS, the Second Proof of Savings, the ESM, a Five Year SQP, the Storm Fund and bill formatting. Addressing the fact that there were more than one COS set forth in the documents filed in the instant docket, Mr. Laflamme indicated that each served a different purpose and were each relevant to that purpose. He noted that the settled 2005 COS included in the Proposed Settlement is approximately \$200,000 different than “the draft 2005 rate year cost of service calculated incorporating established ratemaking principles and typical test year adjustments, which excluded any allowance for the Company’s share of savings.”<sup>72</sup> Briefly addressing the Reopener provision to determine whether or not Merger Savings continue, Mr. Laflamme indicated that the thresholds for the Reopener are based on what ratepayers could have expected in rates absent the merger of Narragansett, BVE and Newport Electric.<sup>73</sup>

Addressing the concern that it appeared the Second Proof of Merger Savings had been eliminated, Mr. Laflamme maintained that “because the [Proposed] Settlement

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<sup>71</sup> *Id.* at 35-36.

<sup>72</sup> Narragansett Exhibit 2 (Pre-filed Testimony of Michael Laflamme), pp. 4-6.

<sup>73</sup> *Id.* at 6-9.

includes a cost of service for setting rates...it establishes the cost of service for the Second Savings Proof as contemplated in the [2000] Settlement.”<sup>74</sup>

With regard to the ESM, Mr. Laflamme explained the proposed changes that were discussed in Mr. Gavilondo’s testimony and opined that such treatment of the ESM during the New Rate Freeze Period addresses the Commission’s concerns.<sup>75</sup> Addressing the SQP, Mr. Laflamme again discussed the proposed changes that were discussed in Mr. Gavilondo’s testimony, noting that they were the same modifications discussed by the Commission at open meeting.<sup>76</sup> With regard to the Commission’s concerns that the Storm Fund be closely monitored, Mr. Laflamme stated that “Narragansett does not object to a Commission review of [Storm Fund] issues either as part of the Settlement or in a future proceeding.”<sup>77</sup> Finally, Mr. Laflamme indicated that the Company will work with the Commission through its Billing Department to address formatting issues as required by the Commission.<sup>78</sup>

In her testimony, Ms. Lloyd described the structure and design of the distribution rates as set forth in the Proposed Settlement. She included a comparison of the old rate structure to the new rate structure and explained transition plans that are set forth for certain classes of customers in order to alleviate rate impacts. She noted that the Company’s twenty-six rate classes will be consolidated into twelve. She explained that the consolidation and elimination of rate classes together with redefining billing structures will simplify the rates for customers, simplify administration and billing and

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<sup>74</sup> Id. at 9-10.

<sup>75</sup> Id. at 10-12.

<sup>76</sup> Id. at 12-14.

<sup>77</sup> Id. at 14-16.

<sup>78</sup> Id. at 16-17.

will reflect the changing needs and benefits previously provided through older rate classes, now outdated.<sup>79</sup>

## **VII. Division's Testimony**

The Division submitted the Pre-filed Testimony of David Effron, one of its consultants and Dr. John Stutz, Vice-President of the Tellus Institute, another of the Division's consultants, in support of the Proposed Settlement.

Mr. Effron opined that preservation of the basic framework of the 2000 Settlement is prudent and sensible given the actual experience relative to the 2000 Settlement, indicating that an objective review of that experience would show that the intended alignment of the Company's interests with those of the customers has been achieved.<sup>80</sup> He stated that under the Proposed Settlement, "efficiencies already achieved by the Company are embedded in the distribution rate paid by customers while Narragansett must maintain those efficiencies in order to realize its own share of achieved savings. To the extent that Narragansett can enhance efficiencies, customers will share in such improvements."<sup>81</sup>

Discussing Merger Savings, Mr. Effron noted that the methodology set forth in the 2000 Settlement was developed to avoid the problems associated with determining whether or not cost savings were specifically related to the merger. Furthermore, he argued that this methodology protects ratepayers from a situation where the Company, in a future rate case, could simultaneously request a large distribution rate increase and also contend that the merger had resulted in cost savings. With regard to the Division's analysis of the Proposed Settlement, Mr. Effron indicated that the Division utilized a

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<sup>79</sup> Narragansett Exhibit 3 (Pre-filed Testimony of Jeanne A. Lloyd), pp. 2-27.

<sup>80</sup> Division Exhibit 1 (Pre-filed Testimony of David Effron), pp. 5-6.

<sup>81</sup> *Id.* at 7.

2003 test year and a 2005 rate year. He explained that the Division reviewed Narragansett's COS based on a 2003 rate year with the typical rate case adjustments and concluded that a forecasted revenue of \$230,847,000 and forecasted COS of \$215,604,000 were reasonable. Furthermore, based on Division calculations, Mr. Effron indicated that a forecasted 2005 Benchmark COS of \$225,604,000 is reasonable, resulting in \$10,000,000 of merger savings. Narragansett's portion was then reduced to \$4,645,000 to exclude the pension credit in the first year.<sup>82</sup> According to Mr. Effron, the use of the 2005 rate year to measure the Merger Savings is consistent with the requirements of the 2000 Settlement that the measurement year for the Second Proof of Savings be no less than two years after the test year used in the First Proof of Savings. This makes the calculations in the Proposed Settlement a Second Proof of Savings.<sup>83</sup>

In his testimony, Dr. Stutz maintained that the Proposed Settlement satisfies the principles contained in Principles of Public Utility Rates authored by James Bonbright.<sup>84</sup> Specifically, he noted that the Proposed Settlement satisfies the principles of cost causation as accepted by the Commission in Pascoag Utility District's Distribution Rate Filing, Docket No. 3546. He indicated that the Proposed Settlement satisfies the requirements of rate stability. He provided a comparison of rate changes under traditional rate of return regulation with the rates under the 2000 Settlement and expected under the Proposed Settlement, evidencing, in his opinion, that there was less stability under traditional regulation of the electric utilities.<sup>85</sup> Additionally, he indicated that the

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<sup>82</sup> Id. at 9-12.

<sup>83</sup> Id. at 12-13.

<sup>84</sup> JAMES BONBRIGHT, PRINCIPLES OF PUBLIC UTILITY RATES 291 (Columbia University Press) (1961).

<sup>85</sup> Division Exhibit 2 (Pre-Filed Testimony of John Stutz), Exhibit JS-1 (Electric Utility Distribution Rate Increases And Decreases: 1980-2009). A complete reproduction of the comparison follows:

principles of efficiency are met through the Proposed Settlement. Finally, Dr. Stutz argued that the Proposed Settlement is superior to a COS based on litigation because the benefits of rate stability and the widespread support evidenced by the number of signatories to the settlement would be lost through litigation.<sup>86</sup>

Year Implemented	Electric Utility Distribution Rate Increases and Decreases 1980-2009			
	-----Amount Granted (\$ Million)-----			
	Narragansett \$	BVE \$	Newport \$	Total \$
1980				
1981	9.4		2.1	11.5
1982	6.2	3.2		9.4
1983		1.6		1.6
1984	(1.5)			(1.5)
1985			1.4	1.4
1986		2.4		2.4
1987			.6	.6
1988				
1989	5.8	3.6		9.4
1990	13.0			13.0
1991				
1992		3.0	3.7	6.7
1993				
1994				
1995	14.6			14.6
1996				
1997 <sup>85</sup>	10.5	2.8	1.4	14.7
1998 <sup>1</sup>	7.5	2.0	.9	<u>10.4</u>
1999				
<b>1980-1999</b>				<b>94.2</b>
2000	(13.1) <sup>2</sup>			(13.1)
2001				
2002				
2003				
2004				
2005	(10.2) <sup>3</sup> (22.8) <sup>4</sup>			<u>(33.0)</u>
2006				
2007				
2008				
2009				
<b>2000-2009</b>				<b>(46.1)</b>

<sup>86</sup> Division Exhibit 2, pp. 3, 7-11, Exhibits JS-1, JS-3.

### **VIII. Statements and Testimony of Other Signatories to Settlement**

On September 15, 2004, the Attorney General, through counsel, submitted a letter of support for the Proposed Settlement, noting that the Proposed Settlement and proposed amendments “provide substantial benefits for customers of Narragansett Electric and for the citizens of Rhode Island...”<sup>87</sup>

Also on September 15, 2004, the Navy submitted through counsel a Statement in Support of the Settlement, noting that the Navy’s “study and analysis led to the conclusion that the settlement provides economic benefits to all ratepayers including the Navy and we would be best served by the settlement to which we have signed our consent.”<sup>88</sup>

Again, on September 15, 2004, TEC-RI submitted the Pre-filed Testimony of John Farley, its Executive Director, in support of the Proposed Settlement, noting that the Proposed Settlement provides benefits to all classes of ratepayers. Specifically relating to TEC-RI, Mr. Farley indicated that “it addresses the highest priority concerns voiced by TEC-RI members: it delivers (a) distribution rate relief, (b) lower back-up rates for onsite generators, (c) an expedited return of historic excess earnings, (d) fixed rates for five years, and (e) a mechanism for sharing any future excess earnings.”<sup>89</sup> He noted that although it may have been possible to achieve more in a contested proceeding, it was also possible that TEC-RI would have expended significant resources, that there would have been delay in the relief of lower rates, and the proceeding could have resulted in no additional benefits for members.<sup>90</sup>

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<sup>87</sup> Attorney General Exhibit 1, Letter from Paul Roberti to Luly Massaro, 9/15/04.

<sup>88</sup> Navy Exhibit 1, Statement signed by Audrey VanDyke, 9/13/04.

<sup>89</sup> The Energy Council of Rhode Island Exhibit 1 (Direct Testimony of John Farley), p. 1.

<sup>90</sup> Id. at 4.

## **IX. Statement and Testimony of Non-Signatories to Settlement**

On September 17, 2004, PP&L submitted a letter through counsel in support of the Proposed Amended Settlement. The letter indicated that there would be a further reorganization of the A-60 rate to accomplish the goal of encouraging conservation while also addressing the concerns of electric heating customers. Additionally, rather than eliminating the controlled water heater credit, it will be phased out. Finally, according to PP&L, Narragansett had agreed to participate in a low income working group to address whether benefits to Narragansett's low income customers can be provided more effectively and efficiently.<sup>91</sup>

Addressing the back-up rates, PP&L indicated that there would be an exemption from back-up rates for customers with on-site renewable generation and that Narragansett had agreed to participate in a Distributed Generation working group.<sup>92</sup>

PP&L stated that it "is satisfied that the settlement has improved protection for low-income ratepayers, and provides more rational treatment for on-site renewable energy generation" and provide opportunity for later improvements to both areas of concern. Therefore, PP&L indicated it supports the Amended Settlement to be filed imminently.<sup>93</sup>

On September 20, 2004, EDC submitted the Pre-Filed Testimony of Andrew Dzykewicz, a Senior Project Manager, in support of the Proposed Settlement as amended. He indicated that the Proposed Settlement, as amended has the advantages of reducing the cost of electricity in Rhode Island without committing the level of funds that would have been necessary in a litigated proceeding, and returns the shared

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<sup>91</sup> People's Power & Light Exhibit 1 (Letter from Jonathan Klavens to Luly Massaro, 9/17/04), p. 2.

<sup>92</sup> Id.

<sup>93</sup> Id.

earnings in a timely manner which is fair and advantageous to commercial and industrial ratepayers. He also expressed support for the revised back-up rates.<sup>94</sup>

#### **X. Amended Settlement**

On September 17, 2004, the Parties filed a Distribution Rate Plan Amended Stipulation and Settlement ("Amended Settlement") to which PP&L was added as a signatory. The Amended Settlement memorialized each of the changes to the Residential Rates, General Service Rates, Exogenous Events, ESM and SQP addressed by Narragansett and PP&L in their Testimony and/or Statements of Support. Additionally, a change was made to the Effective Date in order to comply with State law requirements. The following will provide additional detail to the pre-filed Testimony and/or Statements.

With regard to the low income A-60 rate, as explained by PP&L, the Amended Settlement retained the goal of encouraging conservation, but provides more discounts than the Proposed Settlement. Under the Amended Settlement, during the entire year, the first 450 kWh are discounted 50% and the second 750 kWh are discounted 10%. During the months of December through March only of each year, additional usage over 1200 kWh is discounted by 25% to assist low income electric heating customers.<sup>95</sup>

The Exemption for on-site non-emergency Customer-Sited Generation Facilities installed on Narragansett's system from Back-Up Rates will apply up to an aggregate nameplate capacity of 3 MW. On-site generation installations of 25 kVA or smaller that are eligible for net metering shall not be included in the determination of whether or not the 3 MW limit has been met.<sup>96</sup>

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<sup>94</sup> Economic Development Corporation Exhibit 1 (Pre-Filed Testimony of Andrew Dsykewicz, pp. 2-3.

<sup>95</sup> Joint Exhibit 2 (Distribution Rate Plan Amended Stipulation and Settlement, 9/17/04, including Red-Lined Version and Filing Letter), p. 30.

<sup>96</sup> *Id.* at 29.



In order to comply with State law, the Parties redefined the Effective Date to be “...the period extending from the first cycle of the billing month to occur which is not less than 30 days following the Commission approval of this [Amended] Settlement....”<sup>97</sup> The Amended Settlement noted that in accordance with the Supreme Court’s ruling in Providence Gas Co. v. Burke, the Company may not assess new rates that would result in increased bills to consumption that occurred prior to the Commission’s decision to approve increased rates. Because under the Amended Settlement rate design, some customers will experience rate increases, despite the overall revenue reduction, the Company will reflect the new rates beginning with the first billing cycle in November 2004, assuming Commission approval of the Amended Settlement on or before September 28, 2004. This will ensure that customers are not billed increased rates for consumption occurring prior to a Commission decision. Because the Amended Settlement is based on an assumed implementation date of October 1, 2004 rather than November 1, 2004, there is an economic value to customers that will not be immediately realized due to the one-month delay. Therefore, under the Amended Settlement:

The Company shall determine the overall economic value that would have accrued to customers in the October billing month had the proposed distribution rate changes commenced in that month, and shall add this amount to the Customer Credit. Narragansett shall reflect any such adjustment in the Customer Credit as part of the reconciliation filing it is to make by May 1, 2005.<sup>98</sup>

Finally, the Amended Settlement memorialized the ability of the Commission to modify the settlement upon agreement of the parties, to ensure that modifications would not automatically void a settlement between the parties.<sup>99</sup>

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<sup>97</sup> Id. at 1.

<sup>98</sup> Id. at 31.

<sup>99</sup> Id. at 32.

## **XI. Hearings**

Hearings were held for the sole purpose of accepting public comment on August 23, 2004 in Pawtucket, Rhode Island at 7:00 p.m., on August 25, 2004 in Warwick, Rhode Island at 7:00 p.m., and on August 31, 2004 in East Providence, Rhode Island at 7:00 p.m. Members of the public addressed the application of the shared earnings, the low income benefits contained in the Settlement, the desire for a percentage of income payment option paid for by other ratepayers, opposition to using the shared earnings for burial of power lines, distributed generation net metering, and back-up rates.<sup>100</sup>

A public hearing was held at the Commission's offices, 89 Jefferson Boulevard, Warwick, Rhode Island, on September 21, 2004. Members of the public, many of whom had previously commented during the evening hearings, provided further comments on the low income benefits and burial of power lines.

The following appearances were entered:

FOR NARRAGANSETT:	Thomas G. Robinson, Esq.
FOR TEC-RI:	Michael R. McElroy, Esq.
FOR PP&L:	Jonathan Klavens, Esq.
FOR NAVY:	Audrey Vandyke, Esq.
FOR ATTORNEY GENERAL:	Paul Roberti, Esq. Assistant Attorney General
FOR EDC:	Mark Russo, Esq.
FOR DIVISON:	Leo Wold, Esq. Special Assistant Attorney General
FOR COMMISSION:	Cynthia G. Wilson, Esq. Senior Legal Counsel

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<sup>100</sup> Tr. 8/23/04; Tr. 8/25/04; Tr. 8/31/04.

In support of the Amended Settlement, Narragansett presented Mr. Gavilondo, Mr. Laflamme, and Ms. Lloyd. The Division presented Dr. Stutz and Mr. Effron. PP&L presented Mr. Erich Stephens and TEC-RI presented Mr. Farley. Mr. Gavilondo clarified some of the provisions of the Amended Settlement and provided the Commission with information regarding additional changes to the Amended Settlement.

He noted that with respect to the shared earnings, the Amended Settlement provides that during the New Rate Freeze Period, if the Company accrues shared earnings in excess of \$8 million, a credit for the excess would be allowed to customers, subject to Commission approval. In addition, any earnings that accrue on behalf of ratepayers below \$8 million will earn interest. Following the New Rate Freeze Period, Mr. Gavilondo explained that if the Commission does not adopt a methodology for returning any accrued shared earnings to customers, the Company will utilize the methodology set forth in the Amended Settlement to credit the earnings under the Original Rate Freeze Period.<sup>101</sup> Mr. Laflamme further clarified that in the event the Commission does not approve an interim credit to customers, the amount above \$8 million will also accrue interest. Further, he explained, that if the Commission does not allow an interim credit and Narragansett's five year average ROE is below 10.5%, no interest will accrue to the Company on the deficit. For example, in the event there is a *de minimus* amount available for refund, Mr. Laflamme agreed that the Commission could deny refunding. He agreed that there would be a risk that a *de minimus* amount in excess of 10.5% could be eliminated by one year that does not meet the 10.5% ROE. However, in the event the Commission allows a credit and it results in a five year average ROE below 10.5%, there will be a surcharge to customers after the expiration of the New Rate Freeze Period to

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<sup>101</sup> Tr. 9/21/04, pp. 85-87.

recover the “over-crediting” of shared earnings. According to Mr. Laflamme, the \$8 million threshold equals approximately two percent ROE and should “provide sufficient insulation for the Company from which not to be refunding an amount that would ultimately deteriorate over the balance of the remaining rate freeze period.”<sup>102</sup>

Addressing the controlled water heater credits, Mr. Gavilondo explained that, contrary to what was filed in the Proposed Settlement to eliminate the credits, the Company will be phasing them out over the course of the New Rate Freeze Period. Furthermore, the Company will be requesting the elimination of the Home Energy Management Program (“HEM”) from the Demand Side Management programs for 2005.<sup>103</sup>

Addressing the E-40 Rate, Mr. Gavilondo indicated that there are fifteen customers taking service under this rate. Ms. Lloyd testified that the total revenues from this class of customers are approximately \$125,000. Mr. Gavilondo noted that the Company had originally believed that it satisfied the concerns of the one E-40 customer who expressed concern in this docket by extending the rate through 2006, but was made aware through public comment that the customer was not satisfied. Narragansett agreed to extend the rate through 2009. Customers currently on the E-40 rate can take service under another rate if it would be more beneficial, but cannot return to it once they leave. The rate will be closed to new customers on the Effective Date of the Amended Settlement.<sup>104</sup>

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<sup>102</sup> Id. at 124-25, 174-76. The parties once again indicated that the \$215,064,000 cost of service was a negotiated number based on analysis by all parties. Id. at 209.

<sup>103</sup> Id. at 89.

<sup>104</sup> Id. at 94-99, 116-17, 223-24.

Addressing the Customer Credit and Exogenous Events, Mr. Laflamme indicated that there are two issues that will affect the total amount of the Customer Credit during the true-up in May 2005, one of which is the result of the Medicare Act of 2003 and the other is the result of a tax settlement with the City of Providence. He explained that each is a customer benefit established out of the 2000 Settlement. He further explained that neither affects the Amended Settlement as of the day of the hearing. In addition to being reflected in the May 2005 true-up, if either issue will trigger the Exogenous Event provision of the 2000 Settlement, the Company will file in accordance to the 2000 Settlement requirements.<sup>105</sup> Mr. Laflamme conceded that there is a chance that the May 2005 reconciliation filing could result in a finding that the Customer Credit is more than should have been refunded. However, he “suggest[ed] practically speaking that that’s unlikely to occur.” He agreed that the one month delay in refunding the Customer Credit, the result of the Medicare Act of 2003 and the Providence tax settlement, make such an event unlikely.<sup>106</sup>

With regard to the methodology that would be used in the event the Reopener Provision on Merger Savings is triggered, there was some confusion during questioning. The Amended Settlement referred back to language in the 2000 Settlement, Part 4(B)(2)(A), which mandated that the methodology be the same as that used for the First Proof of Savings. However, the First Proof of Savings was based on a historical measurement year measured against a settled benchmark year while the Second Proof of Savings was based on a pro forma rate year measured against a settled benchmark year. Mr. Effron opined that it would be impossible to comply with the methodology set forth

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<sup>105</sup> Id. at 103-07. Regardless of how the impacts are filed, the Commission will still have a full review of any filing made by Narragansett affecting rates or customer credits. Id. at 148-49.

<sup>106</sup> Id. at 146-47.

in Part 4(B)(2)(A) of the 2000 Settlement for purposes of the Reopener Provision. Mr. Laflamme testified that “the reopener proof would be a filed cost of service, it would not be an historical cost of service and by saying that I guess I agree with Mr. Effron that maybe the reference there is not terribly accurate.”<sup>107</sup>

Turning to the Effective Date of the Amended Settlement, Mr. Gavilondo agreed that allowing the implementation of new rates on a “bills rendered on and after” November 1, 2004, assuming Commission approval of new rates by September 28, 2004, customers’ bills would encompass only usage after the Commission approved the new rates. In other words, customers would be in the same position as if the Commission approved new rates for usage on and after September 28, 2004.<sup>108</sup> According to Ms. Lloyd, the reason Narragansett requires the “bills rendered” language, is because the billing system does not allow for a prorated base rate change when customers are being transferred to new rate classes. Therefore, there will be a one month deferral of the implementation of the Customer Credit to commence on November 1, 2004 billings rather than October 1, 2004 billings.<sup>109</sup> Mr. Gavilondo explained that the lost benefit to customers would be reflected in the annual reconciliation for usage on and after January 1, 2006. He noted that the amount could be approximately \$850,000, but could differ

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<sup>107</sup> *Id.* at 153-55, 162-65. On September 24, 2004, Narragansett filed its responses to the Commission’s record requests explaining the clarification of the Reopener provision with the following amended language:

The methodology used to determine the continued existence of savings shall be as set forth in Section 8(A) of the Third Amended Stipulation and Settlement, but shall be applied to the rate year in the COS filing rather than a historic test year. That is, the proposed rate year COS will be compared to the corresponding benchmark COS for that year to determine whether savings continue to exist. Narragansett’s Responses to Commission Record Requests, 9/24/04.

<sup>108</sup> Tr. 9/21/04, p. 169. On September 24, 2004, the Company explained that all charges and credits will be applied to bills rendered on or after November 1, 2004 to ensure that no customer is charged new rates for usage on or before the date of the Commission’s decision. The effect of the one-month delay will be trued up during Narragansett’s 2005 Annual Reconciliation for rates effective January 1, 2006. Narragansett’s Responses to Commission Record Requests, 9/24/04.

<sup>109</sup> *Id.* at 225-26.

based on the proportionate share of kilowatt hour sales during the month of October to the year as a whole.<sup>110</sup>

Addressing the exemption of renewable on-site generation from back-up rates up to three megawatts, Mr. Gavilondo was unable to provide an absolute dollar amount that will be lost because of unknowns such as when the unit operates. An analysis using several assumptions and two megawatts of power resulted in lost revenues of \$90,000. Mr. Gavilondo indicated that there is currently one 40 kilowatt solar system, not eligible for net metering, which would be exempt from the backup rates under the Amended Settlement provision.<sup>111</sup> On a related issue, the parties agreed that the parameters of the Distributed Generation Working Group will be to gather information and analyze the impact of installing customer on-site generation on the distribution system, the company's revenues and costs for the purpose of determining whether or not renewable distributed generation warrants continued exemption.<sup>112</sup>

Regarding the Low Income Working Group, Mr. Gavilondo and Mr. Stephens agreed that the purpose of the Working Group would be to determine if there is a more efficient manner in which the current A-60 subsidy could be delivered to customers on that rate. While the witnesses indicated that the Working Group may be interested in other topics, the Amended Settlement does not contemplate increasing the subsidy. However, Mr. Stephens noted that, in the event additional funds became available

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<sup>110</sup> *Id.* at 117-119, 144-45.

<sup>111</sup> *Id.* at 122-23.

<sup>112</sup> *Id.* at 180-86.

through non-rate sources, the Working Group may address the appropriate allocation of the funds.<sup>113</sup>

With regard to the level of funding of the Storm Fund, Mr. Gavilondo testified that he did not believe that the current balance is excessive. He also stated that the Company agreed that it would not violate the Amended Settlement to have the Commission perform an annual review of the Storm Fund.<sup>114</sup>

## **XII. Commission Findings**

On September 28, 2004, at its Open Meeting, the Commission approved the Amended Distribution Rate Plan Stipulation and Settlement with the three additional amendments discussed at the Hearing and provided with the Record Responses on September 24, 2004 related to the Reopener, the Low Income Working Group and the Storage Cooling Rate E-40, and by a majority vote rejected Section 7(c)(1) as being superfluous and unnecessary in light of R.I.G.L. § 42-98-1.1.<sup>115</sup> The ratepayers' share of shared earnings will commence with bills rendered on November 1, 2004 unless and until the City councils exercise their rights under the statute. Narragansett is required to file a Second Amended Settlement that will encompass all of the changes and represent the Final Rate Plan for the period November 1, 2004 through 2009. The Commission notes that implementing the rate changes on bills rendered on and after November 1, 2004 satisfies the requirements of the Supreme Court as stated in Providence Gas Co. v. Burke, 475 A.2d 193 (R.I. 1984).

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<sup>113</sup> Id. at 126-29, 187-91. The parties agreed to meet thirty days after the Effective Date rather than the sixty days originally set forth in the Amended Settlement. Id. at 191-94.

<sup>114</sup> Id. at 212-13.

<sup>115</sup> Chairman Germani abstained from the vote so far as it related to the waiver of the Customer Credit by the Cities of Providence and East Providence because of his position as the Chairman of the Energy Facility Siting Board. However, he voted in favor of the remainder of the Motion.



During the pendency of this docket, the Commission issued over 150 data requests to Narragansett and over 50 to the Division and Attorney General. The Commission conducted three hearings solely for the purpose of taking public comment in three communities of the State. A Technical Record Session and Evidentiary Hearing were held. Public Comment was accepted at the start of the evidentiary hearing. In addition, three open meetings were held for discussion and finally, deliberation.

The decision in this docket only addresses Narragansett's distribution costs. It does not address energy costs, transmission costs or contract termination charges. The Commission does not regulate the wholesale energy market and thus, has no control over the costs Narragansett incurs arising out of its wholesale standard offer service contracts which were approved by the Federal Energy Regulatory Commission. The Commission can only ensure that Narragansett is acting in the best interest of ratepayers in its performance of the contract.

The Commission again takes the opportunity to note that between 2000 and 2004, Narragansett customers were benefiting from distribution rates that reflected a \$13 million revenue reduction arising out of the 2000 Settlement. Likewise, as a result of the Second Amended Settlement, customers will benefit from distribution rates that reflect an additional \$10.243 million revenue reduction through 2009. These are the rates the Commission directly regulates. The distribution rates currently account for less than 30% of a residential ratepayer's per kWh charge and less than 16% of a large industrial customer's. The energy portion, conversely, accounts for approximately 56% of a residential customer's per kWh charge and 72% of the per kWh charge of an industrial customer taking SOS.

A sound PBR structure balances the interests of ratepayers with the utility by furthering the goal of efficient delivery of a product and service. Ratepayers benefit from lower rates as a result of efficiency that remain stable over a set period of time. This is shown through Dr. Stutz's review of rates from the early 1980s to the present. Narragansett's ratepayers have been, and will continue to be insulated from inflationary increases less than 4.0% from 2000 through 2009 as a result of the 2000 Settlement and the Second Amended Settlement. Furthermore, after the expiration of the New Rate Freeze Period, in the event Narragansett attempts to raise rates above the cumulative rate of inflation through 2009, it will lose some or all of the benefit of its share of merger savings. This is yet another incentive for the Company to maintain and reach for efficiencies. An ESM rewards the company for efficiencies while also protecting ratepayers from excessive earnings. Under an ESM, ratepayers receive the benefit of a share of earnings in excess of the allowed ROE automatically.

The Second Amended Settlement arose out of negotiations between several parties, each with differing interests. It benefits ratepayers by ensuring they realize 100% of their share of merger savings for the next five years. Under the 2000 Settlement, they had the opportunity to realize their share of merger savings through the earning sharing provision, assuming Narragansett earned in excess of 12.0% each year. The Second Amended Settlement furthers the goal of encouraging the Company to achieve efficiencies in order to keep costs down, but contains provisions for a SQP to protect ratepayers from efficiencies gained through a reduction in quality of service. It does this by requiring the Company to operate at a level at or below its forecasted COS in order to earn its share of merger savings. It also does this by rewarding the Company through the

ability to retain a share of earnings in excess of its allowed ROE. Unlike the 2000 Settlement, interest will accrue on earnings in excess of 10.5% once those earnings reach a certain threshold.

The Second Amended Settlement provides the Commission with stated flexibility that was not included in the 2000 Settlement. While the Commission does not ever waive its right or obligation to review the reasonableness of rates, despite the terms of any settlement, unnecessary litigation is avoided when the parties expressly recognize and respond to the Commission's concerns in a settlement. For example, the parties agreed that the Commission could review whether the repayment period on deferred Uplift Charges should be shorter than that stated in the Second Amended Settlement when reviewing the annual reconciliation for what is in the "best interest of ratepayers." The parties agreed that the level of funding of the Storm Fund could reasonably be reviewed annually. It specifically states that the Commission will determine whether earnings should be shared with ratepayers prior to the expiration of the New Rate Freeze Period.

While the Second Amended Settlement sets forth a default methodology for returning earnings to ratepayers after the expiration of the New Rate Freeze Period, it does not attempt to bind a future commission to that methodology. Nor does it attempt to bind a future commission in matters that would require a future decision. This was a matter particularly important to the Commission during the deliberations of the 2000 Settlement and continues to be important today. Future Commissions are not bound by prior Commissions in any decision the future Commission will make as to the future application of funds or future forms of regulation, et cetera. However, a future

Commission cannot retroactively change the terms of a settlement anymore than a utility can engage in retroactive ratemaking.

The Second Amended Settlement assists low income ratepayers by embedding into rates \$3.6 million, of which \$2.6 million resulted from the expansion of the low income rate in 2000, obviating the need for a rate increase to cover the low income rate. The Second Amended Settlement reorganizes the low income rate. There is still no customer charge. There is a 50% discount on first 450 kWh, a 10% discount on the second 750 kWh and during December through March, a 25% discount on usage over 1200 kWh to assist low income electric heating customers. During the remainder of the year, there is no discount over 1200 kWh. The purpose of this inclining block rate is to encourage conservation, of which there are many measures available to customers through the Demand Side Management Programs at no charge other than the legislatively mandated charge that appears on all customers' bills.

The Commission notes that the Low Income Working Group will hold first meeting approximately 30 days following the Effective Date. The Commission finds that, as a result of the parties' testimony at the hearing, this Working Group will satisfy the requirements of the Settlement if it works to determine how to provide the same level of low income benefits as anticipated in the Settlement in a more efficient and effective manner. If the parties decide to address other issues that would expand low income programs and costs, that is voluntary and while it may have a positive outcome, failure to "actively participate" or come to consensus will not be cause for filing a Complaint alleging non-compliance by Narragansett with the Settlement.

Accordingly, it is hereby

(18037) ORDERED:

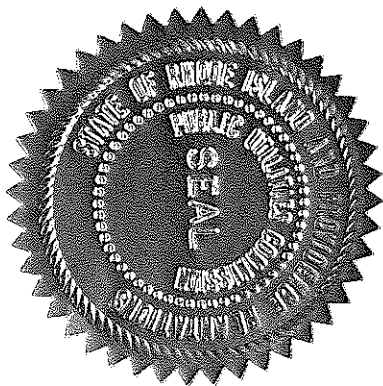
1. The Second Amended Stipulation and Settlement filed on October 15, 2004, is hereby approved as being in compliance with the Commission findings on September 28, 2004 for effect in accordance with the Effective Date stated in the Second Amended Stipulation and Settlement.<sup>116</sup>
2. Narragansett Electric Company shall continue to make all compliance filings required by The Third Amended Stipulation and Settlement approved by the Commission in Docket No. 2930, Order No. 16200, on March 14, 2000.
3. Narragansett Electric Company's Tariff Compliance Filing, submitted on October 1, 2004, is hereby approved.
4. Narragansett's Electric Company's Revenue Neutral Allocated Cost of Service Filing, Commission Docket No. 3610, is hereby denied and dismissed as moot. Docket No. 3610 is closed.
5. Narragansett Electric Company's Request for Recovery of Deferred Expenses, Commission Docket No. 3616, is hereby denied and dismissed as moot. Docket No. 3616 is closed.
6. Narragansett Electric Company's First Proof of Savings Filing made on June 27, 2003, is hereby dismissed as moot.
7. The parties shall comply with all other findings and instructions contained in this Report and Order and in the Second Amended Stipulation and Settlement.

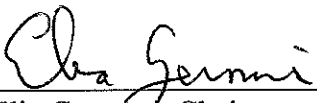
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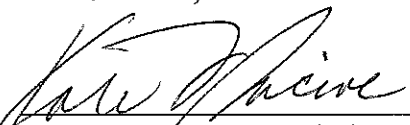
<sup>116</sup> A copy of the Second Amended Stipulation and Settlement is attached hereto as Appendix A.

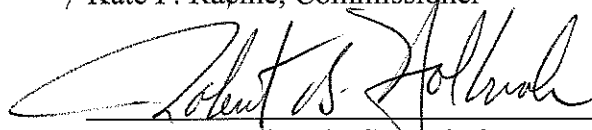
EFFECTIVE AT WARWICK, RHODE ISLAND PURSUANT TO OPEN  
MEETINGS ON SEPTEMBER 28, 2004 AND OCTOBER 7, 2004. WRITTEN  
ORDER ISSUED NOVEMBER 9, 2004.

PUBLIC UTILITIES COMMISSION



  
Elia Germani, Chairman

  
Kate F. Racine, Commissioner

  
Robert B. Holbrook, Commissioner

# The Narragansett Electric Company

## Distribution Rate Plan

### Second Amended Stipulation and Settlement

October 15, 2004

Submitted to:  
Rhode Island Public Utilities Commission  
R.I.P.U.C. Docket No. 3617

Submitted by:





## **TABLE OF CONTENTS**

<b>1.</b>	<b>Rate Reduction and Rate Design .....</b>	<b>1</b>
<b>2.</b>	<b>Distribution Rate Freeze</b>	
<b>A.</b>	Rate Freeze Period .....	3
<b>B.</b>	Exogenous Events .....	3
<b>C.</b>	Procedure for Adjusting Rates During the Rate Freeze Period .....	5
<b>D.</b>	Traditional Cost of Service Ratemaking After the Rate Freeze Period .....	7
<b>E.</b>	Non-rate Charges Not Limited by Settlement .....	8
<b>3.</b>	<b>Exclusion of Merger Acquisition Costs from Rates; Imputed Capital Structure</b>	
<b>A.</b>	Exclusion .....	9
<b>B.</b>	Imputed Capital Structure .....	9
<b>4.</b>	<b>Incentive-Based Savings Plan</b>	
<b>A.</b>	Shared Savings to Be Reflected in Earnings Reports and Cost Service .....	10
<b>B.</b>	Reopener on Proof of Savings .....	11
<b>1.</b>	Definitions .....	11
<b>2.</b>	Reopener Thresholds .....	12
<b>5.</b>	<b>Depreciation Rates and Tax Normalization .....</b>	<b>14</b>
<b>6.</b>	<b>Funding of Deficiency in Reserve for Deferred Taxes .....</b>	<b>15</b>
<b>7.</b>	<b>Earnings Reports</b>	
<b>A.</b>	Rate Freeze Period .....	15
<b>B.</b>	Post-Rate Freeze Period .....	17
<b>C.</b>	Crediting Mechanism .....	18
<b>1.</b>	Earnings Credited to Customers Under the Third Amended Stipulation and Settlement .....	18
<b>2.</b>	Earnings Accrued for Customers During the Rate Freeze Period .....	19
<b>3.</b>	Earnings Accrued for Customers After the Rate Freeze Period .....	19
<b>8.</b>	<b>Environmental Response Fund</b>	
<b>A.</b>	Definition of “Environmental Response Cost” .....	20
<b>B.</b>	Funding .....	21
<b>C.</b>	Annual Reports .....	22
<b>D.</b>	Reservation of Rights .....	22
<b>9.</b>	<b>Storm Contingency Fund .....</b>	<b>22</b>
<b>10.</b>	<b>Deferred Uplift Costs .....</b>	<b>23</b>
<b>11.</b>	<b>Adjustment Provisions .....</b>	<b>23</b>
<b>12.</b>	<b>Attachment Fee Revenue .....</b>	<b>24</b>

<b>13.</b>	<b>Sales of Properties</b> .....	24
	<b>A.</b> Annual Report on Sales .....	24
	<b>B.</b> Notification to Attorney General and Division.....	24
<b>14.</b>	<b>Service Quality Standards</b> .....	25
<b>15.</b>	<b>Line Extension Policies</b> .....	26
<b>16.</b>	<b>Backup or Supplemental Rates</b> .....	26
<b>17.</b>	<b>Low Income Protections</b> .....	29
<b>18.</b>	<b>Deferred Implementation</b> .....	29
<b>19.</b>	<b>Other Provisions</b> .....	30

**State of Rhode Island and Providence Plantations  
Public Utilities Commission**

	)	
The Narragansett Electric Company	)	R.I.P.U.C. No. 3617
	)	
	)	
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**Second Amended Stipulation and Settlement**

The Narragansett Electric Company (“Narragansett” or “Company”), enters into this Amended Stipulation and Settlement (“Settlement”) with the Division of Public Utilities and Carriers (“Division”), Department of the Attorney General (“Attorney General”), The Energy Council of Rhode Island (“TEC-RI”), the United States Department of the Navy (“Navy”), and People's Power & Light (collectively, the “Parties”), to resolve all issues associated with Narragansett’s distribution rates and rate design during the period extending from the first cycle of the billing month to occur which is not less than 30 days following the Commission’s approval of this Settlement (“Effective Date”) through December 31, 2009 (“Rate Freeze Period”). This Settlement also resolves the Shared Savings amount to be used by Narragansett through the end of the Rate Freeze Period and for all years from the Effective Date through the end of 2019 (“Settlement Period”). Except as otherwise provided, upon approval by the Commission, this Settlement will supersede in its entirety the Third Amended Stipulation and Settlement approved by the Commission in Docket 2930 (“Third Amended Stipulation and Settlement”).

**1. Rate Reduction and Rate Design**

For bills rendered on and after the Effective Date, Narragansett shall implement a base

rate reduction from the distribution rates currently in effect that totals \$10.243 million per year, calculated as shown on Exhibit 1, measured using a rate year of 2005.<sup>1</sup> This rate reduction includes \$5.0 million for customers' share of shared savings achieved since the merger of Narragansett, Blackstone Valley Electric Company, and Newport Electric Corporation. In addition, Narragansett shall forgo its ability to increase rates to: (1) eliminate the \$2.7 million Settlement Credit authorized in Section 2(c) of the Third Amended Stipulation and Settlement; and (2) recover the estimated \$2.6 million per year associated with the expansion of the low income credit as authorized in Section 20 of the Third Amended Stipulation and Settlement. Finally, as set forth in Section 7(c)(1), Narragansett shall return to, or otherwise apply for the benefit of, customers an estimated \$22.8 million of accumulated shared earnings realized under the Third Amended Stipulation and Settlement over the first twelve months after the Effective Date ("Customer Credit"). The tariffs included in Exhibit 2 shall be approved and implemented for the Rate Freeze Period, and certain tariffs listed at the outset of Exhibit 2 shall be terminated or phased out in accordance with the phase-out plan set forth in that Exhibit. The allocations of the revenue reduction and Customer Credit to Narragansett's rate classes are set forth in Exhibits 3 and Exhibit 4, respectively, and the rate design and bill impacts are included in Exhibit 5 and Exhibit 6, respectively. Both the revenue reduction and the Customer Credit are allocated among Narragansett's rate classes based 50 percent on kilowatt-hour deliveries and 50 percent on the normalized distribution service revenues of each class in the rate year. The Customer Credit to the Navy has been adjusted in accordance with the Settlement in Docket 3551.

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<sup>1</sup> Dollar amounts expressed throughout this Settlement may be indicated as text (e.g., \$1 million) or numerically (e.g., \$1,000,000). To the extent an amount expressed in the text of this Settlement relates to a specific amount set forth numerically in an exhibit, the numerical amount set forth in the exhibit shall take precedence.

## **2. Distribution Rate Freeze**

### **(A) Rate Freeze Period**

The distribution component of Narragansett's rates reflected in Exhibit 2 shall be frozen for the Rate Freeze Period, subject only to the exogenous events defined below that occur during the Rate Freeze Period ("Exogenous Events").<sup>2</sup> During the Rate Freeze Period, the Company will adjust distribution rates resulting from any of the Exogenous Events, as set forth in subsection (C) below.

### **(B) Exogenous Events**

- (1) State Initiated Cost Change: Narragansett shall adjust its distribution rates (upward or downward) if the occurrence of a "State Initiated Cost Change", as defined below, causes (in the aggregate) a change in the Narragansett's revenue requirement by more than \$375,000. For purposes of this Settlement, the term "State Initiated Exogenous Change" shall mean:
  - (i) the enactment or promulgation of any new or amended state or local tax laws, regulations, or precedents governing income, revenue, sales, franchise, or property taxes or any new or amended state or locally imposed fees (but excluding the effects of annual changes in local property tax rates and revaluations);
  - (ii) the elimination of any existing state or local tax or fee obligations; and

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<sup>2</sup> Gross receipts taxes during the Rate Freeze Period shall be directly reflected on the tariff sheets and customer bills, whether higher or lower than that which was in effect at the beginning of the Rate Freeze Period. Rate adjustments associated with Exogenous Events that occurred under the Third Amended Stipulation and Agreement during the period prior to the Effective Date and were not otherwise credited or charged to customers will be added to or subtracted from the Accrued Shared Earnings, defined in Section 7(C), below. The effects of Exogenous Events that occurred under the Third Amended Stipulation and Settlement shall be deemed to be reflected in base distribution rates, and the Exogenous Events that are subject to adjustment during the Rate Freeze Period shall relate only to Exogenous Events that occur during the Rate Freeze Period.

(iii) any state legislative or state regulatory mandates which impose new obligations, duties or undertakings, or remove existing obligations, duties, or undertakings which individually decrease or increase Narragansett's costs, revenue, or revenue requirement.

- (2) Federally Initiated Cost Change: Narragansett shall adjust its distribution rates (upward or downward) if the occurrence of a "Federally Initiated Cost Change", as defined below, causes (in the aggregate) a change in Narragansett's revenue requirement by more than \$750,000.

For purposes of this Settlement, the term "Federally Initiated Cost Change" shall mean:

- (i) any externally imposed changes in the federal tax rates, laws, regulations, or precedents governing income, revenue, or sales taxes or any changes in federally imposed fees; and
- (ii) any federal legislative or federal regulatory mandates which impose new obligations, duties or undertakings, or remove existing obligations, duties, or undertakings which individually decrease or increase Narragansett's costs, revenue, or revenue requirement.

- (3) Regulatory Cost Reallocation: The distribution rates reflected in this Settlement during the Rate Freeze Period are based on the separation of costs among supply, transmission, and distribution functions in place on the date of the Settlement. If a "Regulatory Cost Reallocation", as defined below, causes a change in Narragansett's revenue requirement by more than \$500,000, Narragansett will make an appropriate adjustment to its distribution rates to reflect such change or allocation. For purposes of this

Settlement, the term “Regulatory Cost Reallocation” shall mean the reassignment of costs and/or revenues now allocated to generation, transmission, or distribution functions to or away from the distribution function by the Commission, FERC, NEPOOL, the ISO or any other official agency having authority over such matters.

- (4) Excessive Inflation: If the average rate of inflation from January 1, 2005 through December 31, 2007, measured by annual changes in the “Gross Domestic Product Implicit Price Deflator” (“GDPIPD”), exceeds 4%; or such average annual rate of inflation from January 1, 2005 through December 31, 2008 exceeds 4%, Narragansett will be allowed, pursuant to the procedure below, an increase in its distribution revenues in years 2008 and/or 2009, respectively, equal to the amount by which such average inflation rate exceeds 4%. In calculating the amount of the allowed increase, an adjustment to the distribution cost of service used in the calculation shall be made to remove depreciation before multiplying the allowed percentage against the resulting distribution revenue.

**(C) Procedure for Adjusting Rates During the Rate Freeze Period**

- (1) Procedure: If Narragansett incurs any changes in costs, avoided costs, revenue, or revenue requirement in excess of the thresholds set forth in the prior section in connection with any of the Exogenous Events that have occurred during the Rate Freeze Period, Narragansett shall file for adjustments no later than December 31 of the year in which the amounts are incurred. If Narragansett has not made a filing, the Division and other Parties have the right to make a filing on their own to open a proceeding if

the Division or other Parties believe an Exogenous Event has occurred that should result in a rate decrease. Any adjustments shall be subject to review by the Commission, and after a public hearing and approval by the Commission: (1) shall be implemented for usage on and after April 1 of the following year (unless suspended by the Commission); (2) shall be allocated among Narragansett's rate classes based 50 percent on kilowatt-hour deliveries and 50 percent on distribution service revenues billed during the year in which the amounts were accrued; and (3) shall be collected through a uniform and fully reconciling surcharge or refund factor designed for each rate class and applied to all kilowatt-hours billed under Narragansett's retail delivery service rates. Any such filings are limited to once per calendar year, provided that any costs incurred or avoided from such Exogenous Events shall be deferred for consolidation in the single filing. However, when accumulated deferred costs incurred or avoided from such Exogenous Events shall reach \$1 million, the total cost/credit shall accrue interest at the customer deposit rate from such time until reflected in rates. In instances where the total accrued cost/credit is less than \$1 million and the effective date of the adjustment is suspended beyond April 1, the Company shall accrue interest at the customer deposit rate for the accumulated accrued amount (even though less than \$1 million) from April 1 until such time as the accumulated accrued amount is reflected in rates. In any proceeding under this subsection, the party claiming that there should be a rate modification resulting from the occurrence of an Exogenous Event shall carry the burden of proving the



occurrence and the cost impact. The Company will file a certification with the Commission by February 1 of each year during the Rate Freeze Period, with copies to the Parties, certifying that, to the best of the Company's knowledge and belief, there have been no occurrences of Exogenous Events except as identified in the certification.

- (2) Earnings Limit: If and when the Company makes a filing seeking an adjustment that increases rates under this section, if the average intrastate return on equity of the Company, calculated using the same methodology as set forth in Section 7(A) below, for the time period from January 1, 2005 to the end of the last quarter prior to the date of the filing for such adjustment, exceeds 10.5%, the Company will not be permitted to make a rate adjustment until the average return has dropped below 10.5%. If and when the average return drops below 10.5%, the Company may only recover costs on a prospective basis.

**(D) Traditional Cost of Service Ratemaking After the Rate Freeze Period**

After the Rate Freeze Period, no special adjustments to distribution rates for Exogenous Events, as described in this Section, shall be permitted,<sup>3</sup> and distribution rate changes (other than rate changes governed by Commission-approved reconciliation adjustment provisions) may occur under traditional cost of service ("COS") principles, consistent with Rhode Island law. As such, the Company is permitted to file a COS rate case to change distribution rates effective January 2010,<sup>4</sup> if the Company believes it has or will have a revenue deficiency for the

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<sup>3</sup> Any Exogenous Event adjustments made during the Rate Freeze Period will remain in rates through the completion of the Company's first cost of service rate case. However, no future adjustments will be permitted after the Rate Freeze Period.

<sup>4</sup> A filing may be made in 2009 to change rates for effect after January 1, 2010.

applicable rate year. The Parties also have the right to file a complaint with the Commission requesting that the Commission require a COS review to reduce distribution rates beginning in January 2010 if the Parties believe that the Company has or will have a revenue excess. In any cost of service case, whether commenced by a filing of the Company, a complaint, or on the Commission's initiative, the Company may include an allowance for its share of savings, to the extent permitted by Section 4 of this Settlement.

**(E) Non-rate Charges Not Limited by Settlement**

- (1) Other Fees and New Services: The distribution rate freeze set forth in this Section shall not preclude Narragansett from proposing to increase fees, including, without limitation, line extension policies and other charges under its terms and conditions that are subject to Commission approval. In addition, the Company is not precluded from increasing pole attachment fees and other telecommunication-related fees referenced in Section 12 below. In addition, this Settlement does not preclude Narragansett from proposing new services for customers or nonregulated power producers for fees, provided any such fees are approved by the Commission. All revenue resulting from any increases in such fees and implementation of new fees shall be reflected above the line in the calculation of Narragansett's annual earnings reports (subject to provisions of Section 12 below).
- (2) Terms and Conditions: Nothing in this Settlement shall preclude Narragansett from proposing changes to the provisions of its terms and conditions for customers and nonregulated power suppliers or the non-rate related provisions of its rate schedules, tariffs, and formulae for line

extensions.

### **3. Exclusion of Merger Acquisition Costs from Rates; Imputed Capital Structure**

#### **(A) Exclusion**

For purposes of cost of service and ratemaking, (1) the amortization of acquisition premiums and transaction costs from the NEES/EUA and NEES/National Grid mergers shall be excluded from rates, and (2) all unamortized acquisition premiums and transaction costs shall be excluded from Narragansett's rate base and Narragansett's rate base shall continue to be based on original cost of plant devoted to public service less depreciation. For purposes of this paragraph, the term "transaction costs" includes all employee separation costs resulting from the mergers.

#### **(B) Imputed Capital Structure**

Because the Company's actual equity as shown for financial accounting purposes is affected by Narragansett's recording of an acquisition premium and transaction costs on its financial statements as a result of both the NEES/EUA and NEES/National Grid mergers, the Company agrees to use an imputed capital structure for ratemaking purposes until the end of the Rate Freeze Period or the conclusion of the first COS rate case, which ever occurs later. Until the Commission issues an order establishing new rates at the conclusion of the Company's first COS rate case, the Company shall use the imputed capital structure and associated cost rates shown below to calculate its return and income taxes for ratemaking purposes, including: (i) earnings reports under Section 7, and (ii) the triggers for Exogenous Events under Section 2(C)(2). The imputed capital structure and costs shall be as follows:

debt	45%	7.57%
preferred	5%	4.58%
common equity	50%	10.50%

All Parties reserve their rights to take any position regarding what the appropriate capital structure and cost rates should be in any rate case establishing rates after the Rate Freeze Period.

#### **4. Incentive-Based Savings Plan**

A properly structured incentive based rate plan can align the interests of the Company and its customers by establishing appropriate incentives to maximize savings for the benefit of the Company and its customers. To that end, the Parties agree that proven cost savings achieved by the Company shall be shared between the Company and customers as described in this section, subject to the reopener provisions described below.

##### **(A) Shared Savings To Be Reflected in Earnings Reports and Cost of Service**

Narragansett shall be authorized to include in its earnings reports and future COS analyses to determine its revenue requirement through the Settlement Period ending December 31, 2019, shared savings equal to \$4.645 million annually. The Parties agree that this Settlement represents a “COS rate case in 2004 to change rates for usage on and after January 1, 2005” under Section 8(B) of the Third Amended Stipulation and Settlement, and, if approved by the Commission, shall represent the “Second Savings Verification” required under the Third Amended Stipulation and Settlement, and that as a result, Narragansett shall not be required to complete any further Second Savings Verification under the Third Amended Stipulation and Settlement.

Narragansett’s share of the earned savings of \$4.645 million shall be allowed as an

expense in COS filings made to change rates on or after January 1, 2010 and included in earnings reports for all years during and after the Rate Freeze Period until the end of the Settlement Period, subject to the reopener provisions described in subsection (B) below. An amount equal to \$5.0 million of customer shared savings is included in the \$10.243 million rate reduction.

**(B) Reopener on Proof of Savings**

The \$4.645 million of shared savings set forth under subsection (A) above shall be final and conclusive provided that rates remain below certain inflation-based thresholds described below. If rates rise above the thresholds, then the reopener provisions described below shall apply. The thresholds described below do not establish a right for the Company to raise its rates to either of the threshold levels. The thresholds only determine whether the Company may include all or a portion of its \$4.645 million shared savings in any given COS rate case filed after the Rate Freeze Period. The application of these thresholds is set forth below:

**(1) Definitions**

For purposes of this subsection (B), the following terms shall have the meanings given:

(a) "Revenue Change" is defined as the resulting change in revenues calculated on a per kWh basis as shown in Exhibit 7, for the specified rate year, produced by a change in distribution rates from the distribution rates in effect under the Third Amended Stipulation and Settlement immediately prior to the Effective Date, from which change in rates are subtracted the increases that would otherwise have been experienced for the increase that is related to the expansion of the low income rate under the Third Amended Stipulation and Settlement.

(b) "Percentage Revenue Change" is defined as 100 times the Revenue Change divided by the revenues that would be produced, in the specified rate year, by the rates then in effect prior to the Revenue Change.

(c) "Cumulative Percentage Revenue Change" equals the sum of all Percentage Revenue Changes.

(d) "Reopener Index" shall be 1.9% per year from January 1, 2005 through December 31, 2009. Thereafter, it shall be 80% of the annual change in the "GDPIPD".

(e) "Cumulative Reopener Index" equals the sum of the Reopener Indices for each year.

(2) **Reopener Thresholds**

(a) Reopener Threshold (through 2014): If at the time of any COS rate case filed by the Company after 2009 and before 2015, the Cumulative Percentage Revenue Change exceeds or will exceed the Cumulative Reopener Index ("Line A" in Exhibit 7) for the years which have elapsed since December 31, 2004, Narragansett shall be required to include in its COS rate case filed with the Commission evidence regarding the continued existence of savings to Narragansett. The methodology used to determine the continued existence of savings shall be as set forth in Section 8(A) of the Third Amended Stipulation and Settlement, but shall be applied to the rate year in the COS filing rather than a historic test year. That is, the proposed rate year COS will be compared to the corresponding benchmark COS for that year to determine whether savings continue to exist. The Parties to this Settlement will have the right to offer evidence

disputing the presence of such savings. If the Commission concludes that the savings are less than the amount included in the cost of service, the savings included in the cost of service shall be reduced to the amount determined by the Commission.

(b) “GDPIPD” Threshold (through 2014): Until the end of 2014, if at the time of the cost of service review referred to in subsection (B)(2)(a) above, the Cumulative Percentage Revenue Change exceeds or will exceed the cumulative change in the “GDPIPD” (“Line B” in Exhibit 7) from December 31, 1999, the portion of the shared savings that causes the applicable index to be exceeded will be excluded from the cost of service until such time as the Cumulative Percentage Revenue Change is less than or equal to the change in the “GDPIPD”.<sup>5</sup> However, if the Company can demonstrate that the reason why the “GDPIPD” referenced above was exceeded was a result of cost increases caused by “State Initiated Cost Changes”, “Federally Initiated Cost Changes”, or “Regulatory Cost Reallocations”, as defined in Section 2 above, the Company may be entitled to prove the continued existence of savings, as provided in subsection (a) above.

(c) Reopener Threshold (after 2014): After 2014, if the Cumulative Percentage Revenue Change exceeds or will exceed the Cumulative Reopener Index for the years that have elapsed since December 31, 2004 as a result of Revenue Changes going into effect on or after January 1,

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<sup>5</sup> Any portion of the savings below the GDPIPD index is subject to the Company proving the continued existence of the savings, as provided in subsection (a).

2015, the portion of the shared savings that causes the index to be exceeded will be permanently excluded from the cost of service.

However, if the Company can demonstrate that the reason why this index was exceeded was a result of cost increases caused by “State Initiated Cost Changes”, “Federally Initiated Cost Changes”, or “Regulatory Cost Reallocations”, as defined in Section 2 above, the Company may be entitled to prove the continued existence of savings, as provided in subsection (a) above.

(d) The implementation of these reopener provisions is illustrated by the examples shown in Exhibit 7 to this Settlement.

(e) For purposes of subsections (a), (b), and (c) above, the Company must meet the same burden of evidentiary proof as occurs in a cost of service rate case, subject to the usual review of the Commission and permitted evidentiary challenges by the Division and other intervenors.

## **5. Depreciation Rates and Tax Normalization**

Narragansett will continue the depreciation rates approved by the Commission in the Third Amended Stipulation and Settlement during the Rate Freeze Period. In addition, Narragansett will continue the normalization practices approved in the Third Amended Stipulation and Settlement that ceased the flow through of tax deductions relating to the cost of removal and began fully normalizing for all book/tax timing differences.<sup>6</sup>

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<sup>6</sup> The current accounting treatment of equity AFDC, ITC amortization, and ITC basis adjustments approved in the Third Amended Stipulation and Settlement shall remain unchanged and, as a result, not be considered book/tax timing differences.



**6. Funding of Deficiency in Reserve for Deferred Taxes**

In Narragansett's first COS rate case filed to change rates after the Rate Freeze Period, the Company will be permitted to recover the deficiency in its reserve for deferred taxes that remains on its books of account in such COS rate case by amortizing it over a period such that the revenue requirement of the annual amortization does not exceed \$1 million, provided that the amortization shall not be less than five years.

**7. Earnings Reports**

**(A) Rate Freeze Period**

The Company will be required to file annual earnings reports with the Commission by May 1 of each year during the Rate Freeze Period. Copies also will be filed with all Parties. The final determination of whether the Company has exceeded its allowed rate of return on equity will be made at the end of the Rate Freeze Period in a Final Accumulated Earnings Report, but annual calculations of interim accumulated earnings shall also be performed as provided in Section 7C(2) below in Interim Accumulated Earnings Reports. Specifically, by May 1 of each year from 2006 through 2009, Narragansett shall file an Interim Accumulated Earnings Report with the Commission which calculates cumulative average return on equity on intrastate earnings for the period commencing January 1, 2005 through December 31 of the prior year.<sup>7</sup> On May 1, 2010, Narragansett shall file the Final Accumulated Earnings Report that determines the actual cumulative average return on equity on intrastate earnings for the entire Rate Freeze Period from January 1, 2005 through December 31, 2009. For purposes of calculating return and income

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<sup>7</sup> Narragansett will continue the calculation of the average return on equity for the period through December 31, 2004 pursuant to the provisions of Section 11 of the Third Amended Stipulation and Settlement, even if the Effective Date of this Settlement occurs prior to December 31, 2004. Thus, Narragansett will continue to evaluate its return through December 31, 2004 using the sharing provisions of the Third Amended Stipulation and Settlement using a 12.0% return on equity and without a shared savings allowance, but revenue will be lower because of the rate reduction implemented in this Settlement. The new sharing provisions under this Settlement will become effective on January 1, 2005 and continue for the balance of the Settlement Period.

taxes, Narragansett shall use the imputed capital structure and associated costs of capital set forth in subsection 3(B) above; provided, however, if Narragansett's actual average common equity ratio falls below 50% for any of the five years during the Rate Freeze Period, any party may contend that the use of the average actual capital structure for the five year period in the Final Accumulated Earnings Report is more reasonable than the use of the imputed capital structure.<sup>8</sup> For purposes of these earnings reports, the allowed return on equity shall be 10.5%, and results will be adjusted to reflect established Commission ratemaking principles. However, there will be no adjustments to actual results to recognize or annualize known and measurable changes. For the earnings reports covering both the Rate Freeze Period and the remainder of the Settlement Period, the pension expense shall be reflected as on the Company's books under FAS 87 and FAS 88, with the exception of the expense associated with the Voluntary Early Retirement Offer implemented by the Company during 2003 that shall be deferred and amortized over ten years commencing on January 1, 2004. Post-retirement benefits other than pensions shall be reflected as on the Company's books under FAS 106. During the Rate Freeze Period, Narragansett shall continue its established policy of funding pensions and post-retirement benefits other than pensions to the maximum tax deductible amount. The return on common equity will be calculated by dividing the net income available for common equity by the common equity applicable to rate base. The common equity applicable to rate base shall be calculated by multiplying the common equity ratio required by this subsection by rate base. Any accumulated earnings as calculated in the Final Accumulated Earnings Report over the Company's allowed return on equity of 10.5%, up to and including 100 basis points, shall be shared 50% for customers and 50% for the Company. Any earnings over 100 basis points above

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<sup>8</sup> The Company will use a five quarter average for determining rate base and equity in the earnings calculation for earnings reports during and after the Rate Freeze Period.

the allowed return on equity of 10.5% shall be shared 75% for customers and 25% for the Company. The customers' share will be credited to customers through the procedure described in subsection (C) below. During the Rate Freeze Period, earnings reported will include an allowance of \$4.645 million for shared savings.

**(B) Post-Rate Freeze Period**

After the Rate Freeze Period, Narragansett will file annual earnings reports for each year (commencing with the year 2010) showing the Company's return on equity on intrastate earnings.<sup>9</sup> Copies will be filed with all Parties. Such filings shall be made no later than May 1 of the succeeding year. Narragansett shall be allowed to include \$4.645 million of shared savings allowed pursuant to the terms of Section 4(A) above in the calculation of earnings. For purposes of these earnings reports, results will be adjusted to reflect established Commission ratemaking principles, and the items reflected in the prior paragraph. However, there will be no adjustments to actual results to recognize or annualize known and measurable changes. Until the completion of Narragansett's first COS rate case, the Company will use the imputed capital structure and cost rates set forth in subsection 3(B) above; provided, however, that if the actual equity ratio is less than 50% during the period under review, any party may contend that the use of the average actual capital structure is more reasonable than the use of the imputed capital structure. After the first COS rate case, the Company shall use the capital structure and cost rates approved by the Commission in such case. The return on common equity will be calculated by dividing the net income available for common equity by the common equity applicable to rate base. The common equity applicable to rate base shall be calculated by multiplying the common equity ratio required by this subsection by rate base. Any accumulated earnings over the

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<sup>9</sup> The earnings report requirements set forth in this Settlement are in addition to any other earnings report requirements that may be required by the Commission.

Company's allowed return on equity of 10.5%, up to and including 100 basis points, shall be shared 50% with customers and 50% for the Company. Any earnings over 100 basis points above the allowed return on equity of 10.5% shall be shared 75% with customers and 25% for the Company.

**(C) Crediting Mechanism**

**(1) Earnings Credited to Customers under the Third Amended Stipulation and Settlement**

As shown on Exhibit 8, Narragansett projects that it will have accrued an estimated \$22.8 million of earnings after the adjustments set forth below as of December 31, 2004, which should be credited to customers pursuant to the Third Amended Stipulation and Settlement.<sup>10</sup> The adjustments shall include the following: (i) deduct an estimated \$1.32 million of net incremental low income expansion costs accrued during the effective period of the Third Amended Stipulation and Settlement; (ii) add \$1.8 million relating to service quality penalties accrued through December 31, 2003 pursuant to current Service Quality Performance Standards; and (iii) add \$1.2 million representing the estimated calendar year 2004 revenue requirement impact of bonus depreciation associated with the change in Federal Tax laws, IRC section 168(k). The balance shall be returned to customers over the twelve months following the Effective Date using the methodology set forth in Exhibit 4 and with the Customer Credit factors developed for

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<sup>10</sup> The net customer share assumes that the Commission has authorized the deferral and amortization of the 2003 VERO costs over ten years commencing on January 1, 2004. The estimated amounts reflected in Exhibit 8 will be reconciled to actual figures in a report to the Commission that will be filed by May 1, 2005, contemporaneously with Narragansett's earnings report for calendar year 2004. That report will calculate the actual amount of earnings to be credited to customers, and the amount of the Service Quality Penalties, Bonus Tax Depreciation, and Low Income Expansion Costs through December 31, 2004, and shall be subject to review and audit by the Division. Service Quality Penalties for 2004, if any, have not been determined as of this time and are not included in the \$22.8 million estimated Customer Credit, and the other adjustments as well as the earnings themselves are estimates. These figures will be reconciled to actual figures in the May 1, 2005 report. In addition, the amounts actually refunded to customers through the Customer Credit will be reconciled to the amounts owing to customers in Narragansett's first annual reconciliation filing occurring after the expiration of the Customer Credit.

each rate class in that Exhibit.

**(2) Earnings Accrued for Customers During the Rate Freeze Period**

The customers' share of earnings accrued during the Rate Freeze Period shall be credited to customers in accordance with the following methodology. In each Interim Accumulated Earnings Report, Narragansett will report the customers' share of earnings accumulated through December 31 of the prior year. Narragansett shall credit to customers (without interest) using the methodology set forth in Exhibit 4, or such other methodology as may be approved by the Commission at the time, the customers' share of accumulated earnings in excess of \$8.0 million, in the twelve month period commencing July 1 following the Interim Accumulated Earnings Report filing on May 1. Any year-end balance, whether positive or negative (as a result of over-refunds in prior periods) not scheduled for refund or surcharge shall accrue interest at the customer deposit rate until returned or collected at the end of the Rate Freeze Period as set forth below. In its Final Accumulated Earnings Report, Narragansett shall calculate the credit to customers associated with their portion of shared earnings during the Rate Freeze Period and shall refund any outstanding balance in the twelve month period commencing July 1, 2010 using the methodology set forth in Exhibit 4, or such other methodology as may be approved by the Commission at the time; provided however, that if the Final Accumulated Earnings Report indicates that Narragansett has previously refunded an amount in excess of the customers' share of accumulated earnings as determined for the Rate Freeze Period, Narragansett shall surcharge customers over the twelve month period commencing July 1 following the earnings report filing on May 1 for the excess refunds together with interest at the customer deposit rate from the date that the excess refunds were made.

**(3) Earnings Accrued for Customers After the Rate Freeze Period**

After the Rate Freeze Period, the customers' share of earnings accrued as of each

December 31 shall be credited to customers over the twelve months commencing the following July 1 using the methodology in Exhibit 4, or such other methodology as may be approved by the Commission at the time.

## **8. Environmental Response Fund**

The Environmental Response Fund established under the Third Amended Stipulation and Settlement shall be continued and expanded to fund the recovery of “Environmental Response Costs”, as defined below.

### **(A) Definition of “Environmental Response Costs”**

“Environmental Response Costs” are all the reasonable and prudently incurred costs associated with remedial and clean-up obligations of Narragansett, or its predecessor companies, arising out of (i) Narragansett’s or its predecessors’ utility-related ownership and/or operation of manufactured gas plants and sites associated with the operation and disposal activities from such gas plants; and (ii) electric operations other than electricity generation<sup>11</sup> of Narragansett or its predecessor companies that gave rise to deposits or waste, which are regulated under the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), Resource Conservation and Recovery Act (“RCRA”), Rhode Island General Laws 23-19.14, or any other laws regulations, or orders by courts or governmental authorities, now located on Company property or on property to which the deposits may have migrated, or on any off-site location at which the deposits or waste may have been deposited and to sites to which such material may have migrated. A list of the known locations of manufactured gas waste sites and other sites containing material subject to this section is provided in Exhibit 9 to this Settlement.

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<sup>11</sup> The environmental response costs associated with generation are recovered under Narragansett’s restructuring settlement with New England Power Company, approved by FERC in Docket Nos. ER97-678-000 and 97-680-000.

Narragansett shall have the right to propose additions to the list of sites during the Rate Freeze Period by including the request to include additional sites at the time that Narragansett files its annual report under subparagraph (C) below, provided that the inclusion of the Environmental Response Costs associated with additional sites to be charged to the fund shall be subject to the approval of the Commission. In addition to actual remedial and clean up costs, "Environmental Response Costs" also include costs of acquiring property associated with the clean up of such sites as well as litigation costs, claims, judgments, and settlements associated with such sites. The Company will use best efforts to satisfy its obligation to minimize the Environmental Response Costs charged to the fund consistent with applicable regulatory requirements and sound environmental policies and to minimize litigation costs that may arise. Any applicable insurance proceeds and any net gains (after transaction costs) associated with the sale or lease of land listed in Exhibit 9 shall be credited to the fund. To the extent the Company incurs any other extraordinary environmental liability of which it is not aware as of the date of this Settlement, the Company has the right to request the Commission to allow such costs incurred in connection with such extraordinary events to be included as "Environmental Response Costs".

**(B) Funding**

Interest shall accrue, for the benefit of customers, on any credit balances in the fund at the customer deposit rate. No interest shall accrue on debit balances. Any cash expenditures shall be charged to the fund as long as the costs that are or have been incurred are Environmental Response Costs, as defined above. The fund shall continue to be credited at the current annual amount of \$3,078,000 or \$256,500 per month, and Narragansett waives its right set forth in the Commission's November 6, 2002 Order in Docket 2930 to reduce funding by \$2.2 million per year in the event that its total property tax bill for real and intangible property in the City of Providence is greater than \$6.3 million per year.

**(C) Annual Reports**

Narragansett will file an annual report with the Commission (and serve the Parties with copies), providing a summary and accounting of all costs incurred during such year which have been applied to the fund. Each of the Parties reserve their rights to review and challenge any costs that they believe do not fall within the definition of “Environmental Response Costs”, as defined in subparagraph (A) above.

**(D) Reservation of Rights**

In the Company’s first COS rate case to establish rates after the Rate Freeze Period, all Parties to this Settlement reserve their rights to take any position they deem appropriate regarding (i) the level of funding to be permitted in rates on a prospective basis to recover costs charged to the fund as of the date of such case, and/or (ii) whether the fund should continue as designed in this Settlement for the recovery of prospective costs. In addition, the Parties, as well as the Commission, maintain the right to investigate and take any position with regard to the reasonableness and prudence of Narragansett’s actions, including those of any predecessor companies, that gave rise to the environmental liabilities that are subject to cost recovery under this section.

**9. Storm Contingency Fund**

The Parties agree that Narragansett’s Storm Contingency Fund, as consolidated, shall have an annual funding level of \$1,041,000 (subject to Section 12); a threshold of \$638,000 for calendar year 2003 (which escalates each year in accordance with Commission rules); and a deductible of \$375,000.



#### **10. Deferred Uplift Costs**

As shown on Exhibit 10, Narragansett has deferred recovery of \$7.45 million of uplift costs and associated interest that were subject to dispute between Narragansett and its wholesale standard offer service suppliers (“Uplift Costs”). These Uplift Costs were the only costs that were deferred and were pending before the Commission on the effective date of the 2002 Amendment of the Utility Restructuring Act, and as a result the Uplift Costs are not subject to the provisions of that Amendment. The Parties agree that 25 percent of the Uplift Costs shall be disallowed from recovery and from Narragansett’s earnings reports as also shown on Exhibit 10, and the remainder, equal to \$5.6 million shall be recovered over three years commencing after the Effective Date in Narragansett’s Transmission Service Cost Adjustment with interest on the unrecovered balance as provided in Narragansett’s Transmission Service Cost Adjustment Provision. The Parties also agree that these uplift costs shall also be recovered prospectively through Narragansett’s Transmission Service Cost Adjustment Provision.

#### **11. Adjustment Provisions**

The rate schedules and tariffs of Narragansett include the adjustment provisions shown in Exhibit 2, which shall apply to all customers:

- (i) Standard Offer Adjustment Provision
- (ii) Transmission Service Cost Adjustment Provision
- (iii) Non-Bypassable Transition Charge Adjustment Provision
- (iv) Conservation and Load Management Adjustment Provision
- (v) Customer Credit Provision

## **12. Attachment Fee Revenue**

All revenue received from attachment and other telecommunication company fees for use of distribution plant up to an annual amount of \$850,000 and 50% of all incremental revenue from such fees over \$850,000, will be included as above-the-line revenues in earnings reports and in all future COS rate cases, including such revenues from any telecommunications affiliates of the Company. The remaining 50% of all such incremental revenue over the annual amount of \$850,000 will be directly credited to the Company's Storm Fund account on an annual basis.

## **13. Sales of Properties**

### **(A) Annual Report on Sales**

By March 1 of each year during and after the Rate Freeze Period, the Company shall file an annual report with the Commission listing any properties that have been sold in the prior calendar year and indicating whether the property is classified as utility property or non-utility property, the total proceeds received, and any amounts applied to the Environmental Response Fund pursuant to Section 8(A). All Parties reserve their rights to make a claim to the Commission that all or a portion of any of the proceeds from specified sales, net of proceeds applied to the Environmental Response Fund, should be credited to customers. The Company reserves its right to dispute any such claims.

### **(B) Notification to Attorney General and Division**

Prior to marketing for sale any utility or non-utility real estate property owned by the Company with a net book value of \$250,000 or more, the Company shall file a confidential notification with the Division and the Attorney General, identifying the property that the Company is contemplating selling. Unless the Division and the Attorney General otherwise agree, the Company will not enter into a legally binding commitment to sell such property until

thirty days after providing the notification.

#### **14. Service Quality Standards**

The Parties agree that the Service Quality Performance Standards set forth in Exhibit 11 shall apply until the Commission completes its review of Service Quality Performance Standards in Docket No. 3628. The Parties also agree that for purposes of that review: the Company's service quality performance shall be assessed annually on a calendar-year basis; any penalty amounts that may accrue shall be credited to customers during the following year in a manner approved by the Commission; the maximum annual penalty shall be \$2,200,000; the offset mechanisms set forth on page 1 of Exhibit 11 shall be modified so as to apply only to performance in the year they are earned; and the Service Quality Performance Standards shall continue to be derived using historical performance through the end of the Rate Freeze Period. The Company shall file its annual Service Quality Report indicating its performance for the respective calendar year by May 1 of the following year. The Parties reserve their rights to propose modifications to the Commission at any time after the Rate Freeze Period or in the Company's first rate case, including any rate case filed by the Company that seeks to change rates on and after January 1, 2010. If at any time while the Service Quality Performance Standards are in effect, the Commission finds that there is a significant and persistent deterioration in service quality (after a hearing in which the Company has been provided the right to appear and present evidence), the Company shall be required to file a remedial plan. If after one year from such finding, the Commission finds that the Company has not carried out its remedial plan and, as a result, the significant and persistent problems with service quality have not been remediated, the Commission may suspend the right of the Company to retain a share of merger savings on a prospective basis until the Company demonstrates in a hearing before the

Commission that service quality has returned at least to the levels that existed prior to the Rate Freeze Period.

**15. Line Extension Policies**

Narragansett's Line Extension Policies shall be amended as set forth in Exhibit 2. The amended Line Extension Policies shall become effective on the Effective Date. Narragansett shall have the right to adjust or modify its Line Extension Policies during the Rate Freeze Period, upon approval by the Commission.

**16. Backup or Supplemental Rates**

**(A) Redesign of Backup and Supplemental Rates**

Narragansett has included revised backup and supplemental service rates, Rates B-32 and B-62, in Exhibit 2. The Parties agree that these rates shall become effective on the Effective Date, with the exception that the customers now served on Narragansett's Auxiliary Service Rate shall be subject to a transition period that shall not commence until January 1, 2005.<sup>12</sup> The Parties also agree that together with Narragansett's other distribution service rates, Rates B-32 and B-62 fully comply with the requirements of G.L. 39-2-1.4(a) and (b), which become effective as of January 1, 2005. Specifically, the Parties agree that Rates B-32 and B-62, as set forth in Exhibit 2, are cost-based, just and reasonable, and not unduly discriminatory under G.L. 39-2-1.4(b), as applied to current backup service and Auxiliary Service Rate customers' circumstances, loads, and generation; provided, however, that nothing shall preclude

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<sup>12</sup> The Parties agree that the phase-in from the Auxiliary Service shall be implemented during the Rate Freeze Period by increasing the base distribution service rates of Auxiliary Service customers by the higher of five percent per year measured on a total bill basis or one-fifth of the price differential between the Auxiliary Service rate and the otherwise applicable tariff.

Narragansett or any Party from petitioning the Commission on the basis of G.L. 39-2-1.4(b) to amend Rate B-32 or Rate B-62 due to changes in such circumstances, loads, and generation, or based on data collected pursuant to this Section 16; and provided further that Narragansett and all other Parties reserve the right to oppose any such petition, and contend that the backup rates as designed and applied to an individual customer or class of customers are cost-based, just and reasonable, and not unduly discriminatory. The Parties also agree that because these rates are cost based, they are not discounted, and that the design of the rates is not based on considerations of reduced environmental impacts, increased energy efficiency, reduced transmission losses and congestion, effects on electric system reliability, and other factors that the Commission may consider under G.L. 39-2-1.4(c). Therefore, any Party, individual customer or group of customers shall be free to file to request a discounted rate or credit pursuant to G.L. 39-2-1.4(c), any party shall be free to oppose that filing, and Narragansett shall be entitled to recover any discounts or credits by comparing the revenues billed under any discounted rate or credit structure that the Commission may approve with the revenues that would have been received by billing the customer under the otherwise applicable rate included in Exhibit 2 and recovering the deficiency through the rates assessed to all customers. The Company also commits to (i) participate actively in working groups or other similar collaborative efforts with PP&L and other interested parties (collectively, “DG Working Group”) to examine the effects of distributed generation on distribution system operations and reliability, Company costs and revenues, and other factors within the purview of the Company, (ii) collect and report to the DG Working Group data necessary for the examination of such factors as may be determined by the DG Working Group, and (iii) cooperate with other DG Working Group members with respect to the collection of such data.

**(B) Exemption for On-Site Renewable Generation**

In recognition of the benefits that renewable energy resources may have, the Parties agree that on-site non-emergency Customer-Sited Generation Facilities, as defined in 2004 R.I. Pub. Laws chs. 199, 205 ("RPS Law"), powered by Eligible Renewable Energy Resources, as defined in the RPS Law, installed on Narragansett's system up to an aggregate nameplate capacity of 3 MW shall be exempt from the backup rates (except that customers may nonetheless elect to be subject to the backup rates). For purposes of determining whether the 3 MW limit has been met, on-site generation installations 25 kVA or smaller that are eligible for net metering shall not be included. Any customer installing an Eligible Renewable Energy Resource generation unit after the Effective Date under this exemption shall nevertheless be required to install metering pursuant to the backup service tariff on such unit that shall provide information on the operation of the generation unit, and which shall be in accordance with the Company's reasonable specifications. The Company shall report annually to the DG Working Group (or more frequently if determined necessary or appropriate by the DG Working Group) on proposed or installed Customer-Sited Generation Facilities eligible for the exemption from backup rates. In the event that the 3 MW limit described above is met during the Rate Freeze Period, Narragansett will within one hundred twenty (120) days of the time the limit is met make a filing with the Commission indicating whether the aggregate installed capacity limit should be increased beyond 3 MW. Such filing shall, at a minimum, take into account information available from the initial Eligible Renewable Energy Resource generating units installed under the exemption and any other relevant factors. The Company shall consult with the Parties no less than 60 days prior to making the aforementioned filing. If Narragansett has not made such a filing in the time period specified above any other Party, following reasonable consultation with Narragansett, may make such a filing.

**17. Low Income Protections**

In addition to the redesign of the Company's low-income customer rate, Rate A-60, set forth in Exhibit 2, the Company agrees that it will "phase-out" the controlled water heater credit over the term of the Rate Freeze for Rate A-60 customers who are receiving the credit immediately prior to the Effective Date, rather than terminate the credit on the Effective Date. The Company also commits to participate actively in working groups or other similar collaborative efforts (collectively, the "Low Income Working Group") to examine whether the low income benefits that are being provided to Narragansett customers on Rate A-60 can be provided more effectively and efficiently (including without limitation by modifying the seasonality of the discounts and by concentrating the winter high usage discount on electric heating customers identified through administratively feasible means). The first meeting of the Low Income Working Group shall occur approximately thirty (30) days following the Effective Date.

**18. Deferred Implementation**

Pursuant to the ruling in *Providence Gas Co. v. Burke*, 475 A.2d 1993 (R.I. 1984), Narragansett is not permitted to assess new rates that would result in an increase in bills to customers for consumption that occurred prior to the date of the Commission order approving such new rates. It is expected that the Settlement may result in a small increase in bills to a small number of customers, precluding a bills-rendered implementation of the new rates in the October 2004 billing month. As a result, the earliest Narragansett would be able to implement the rate changes provided under this Settlement, including the proposed distribution rate reduction and the Customer Credit, would be for the first billing cycle in November 2004,

assuming Commission approval no later than September 28, 2004. In order to provide customers with the value that they would have seen had the Company been able to implement the proposed rate changes under the Settlement by the first billing cycle of October 2004, Narragansett agrees that if the Settlement is approved by the Commission on or before September 28, 2004, the Company shall determine the overall economic value that would have accrued to customers in the October billing month had the proposed distribution rate changes commenced in that month, and shall add this amount to the Customer Credit. Narragansett shall reflect any such adjustment in the Customer Credit as part of the reconciliation filing it is to make by May 1, 2005.

**19. Other Provisions**

(A) This Settlement resolves all issues outstanding in the following dockets:

- (i) Docket 2930, with respect to all matters, including but not limited to: the determination of Narragansett's shared savings amount, revenue neutral rate design, and shared earnings credit;
- (ii) Docket 3616, regarding the recovery of uplift expenses; and
- (iii) Docket 3610, regarding Narragansett's revenue neutral rate design filing.

(B) If at any time during the term of this Settlement the Company becomes aware of a proceeding at the Securities and Exchange Commission or FERC that will change the allocations of costs among Narragansett and its affiliates, the Company will notify the Attorney General and the Division in writing or provide a copy of the notice to such proceedings.

(C) Unless expressly stated herein, the making of this Settlement establishes no principles and shall not be deemed to foreclose any Party from making any contention in any other proceeding or investigation.

(D) This Settlement is the product of settlement negotiations. The content of those




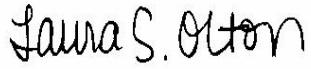
negotiations is privileged and all offers of settlement shall be without prejudice to the position of any Party.

(E) This Settlement is submitted on the condition that it be approved in full by the Commission, and on the further condition that if the Commission does not approve the Settlement in its entirety, the Settlement shall be deemed withdrawn and shall not constitute a part of the record in any proceeding or be used for any purpose, unless all Parties agree to Commission modifications.

(F) The Parties recognize that the Commission has an ongoing obligation to modify rates to protect the public against improper and unreasonable rates that cannot be precluded by a settlement agreement.

Respectfully submitted,

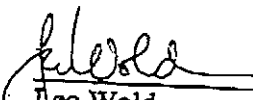
The Narragansett Electric Company  
By its Attorneys

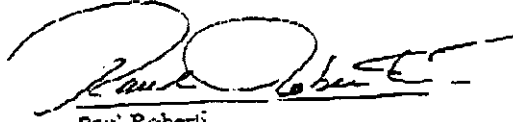
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Thomas G. Robinson  
Laura S. Olton

The Division of Public Utilities and Carriers  
By its Attorney

  
\_\_\_\_\_  
Leo Wold  
Special Assistant Attorney General

The Department of the Attorney General  
By its Attorney

A handwritten signature in dark ink, appearing to read "Paul Robert", is written over a horizontal line. The signature is stylized with a large, looped initial "P" and a long, sweeping horizontal stroke at the end.

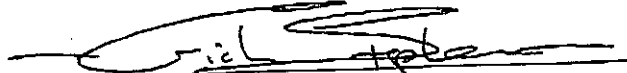
Paul Robert  
Assistant Attorney General

United States Department of the Navy  
By its Attorney

A handwritten signature in dark ink, appearing to read "Audrey Vandyke", is written over a horizontal line. The signature is stylized with long, sweeping strokes, particularly on the left side.

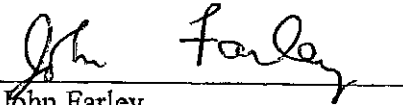
Audrey Vandyke

People's Power & Light  
By its Executive Director



Erich G. Stephens

The Energy Council of Rhode Island  
By its Executive Director

  
\_\_\_\_\_  
John Farley

## Exhibit List



## Exhibit List

Exhibit 1	Calculation of Rate Reduction
Exhibit 2	Rate Mapping and Compliance Tariffs
Exhibit 3	Allocation of Rate Decrease
Exhibit 4	Allocation of Customer Credit
Exhibit 5	Rate Design
Exhibit 6	Typical Bill Analysis
Exhibit 7	Illustrations of Reopener Provisions and Thresholds
Exhibit 8	Calculation of Estimated Customer Share of Excess Earnings at December 31, 2004
Exhibit 9	List of Properties Qualifying as Environmental Response Fund Sites
Exhibit 10	Uplift Costs
Exhibit 11	Service Quality Performance Standards



## **Exhibit 1**

### **Calculation of Rate Reduction**

**NARRAGANSETT ELECTRIC COMPANY**  
**CALCULATION OF DISTRIBUTION RATE REDUCTION**  
**(\$000)**

<u>Line</u>	<u>Amount</u>	
1	Forecasted Revenue - 2005	\$230,847
2	Cost of Service supporting Total Savings to be Shared	\$215,604
3	Forecasted Benchmark COS 2005	\$225,604
4	Total Savings to be Shared	\$10,000
5	Customer Share of Total Savings	<u>\$5,000</u>
6	Company Share of Total Savings	\$5,000 See Note
7	Cost of Service Including Shared Savings	\$220,604
8	Distribution Rate Decrease	<u>\$10,243</u>

Footnotes:

- 1 Proforma distribution revenues under current rates with elimination of hold harmless provisions.
- 2 Distribution Cost of Service to support \$10 million of total savings from adjusted benchmark Cost of Service for 2005.
- 3 Page 2 of 3
- 4 Line 3 minus Line 2
- 5 Line 4 times 50%
- 6 Line 4 minus Line 5
- 7 Line 2 plus Line 6
- 8 Line 1 minus Line 7

**NARRAGANSETT ELECTRIC COMPANY**

**CALCULATION OF ADJUSTED BENCHMARK COST OF SERVICE - 2005**

					<u>Amount</u>
1	Benchmark Cost of Service				\$210,000 (a)
2	GDPIPD Growth 2001 - Actual	2.36% (b)	*	50% + 1	<u>1.0118</u>
3	2001 Adjusted Benchmark COS				\$212,478
4	GDPIPD Growth 2002 - Actual	1.13% (b)	*	50% + 1	<u>1.0057</u>
5	2002 Adjusted Benchmark COS				\$213,679
6	GDPIPD Growth 2003 - Estimated	1.67% (c)	*	50% + 1	<u>1.0084</u>
7	2003 Adjusted Benchmark COS				\$215,463
8	GDPIPD Growth 2004 - Estimated	1.70% (c)	*	50% + 1	<u>1.0085</u>
9	2004 Adjusted Benchmark COS				\$217,294
10	GDPIPD Growth 2005 - Estimated	1.33% (c)	*	50% + 1	<u>1.0067</u>
11	2005 Adjusted Benchmark COS				\$218,739
12					
13	2000 kWh Sales from Settlement				7,098,202,000 (a)
14					
15	Weather Normalized Sales Growth - 2005 - Est				<u>7,840,717,000</u> (d)
16					
17	Adjusted Sales Growth	10.46%	*	30% *	\$218,739 <u>\$6,864</u>
18					
19	Adjusted Benchmark Cost of Service - 2005				<u><u>\$225,604</u></u>

Notes

- (a) Per Third Amended Stipulation and Settlement dated March 14, 2000.
- (b) Per Earned Savings Proof filing dated June 27, 2003
- (c) Forecasted inflation rates obtained from Company subscription services with Economy.com
- (d) Company forecasted weather normalized kWh sales for 2005

**NARRAGANSETT ELECTRIC COMPANY**

**CALCULATION OF COMPANY SHARE OF SAVINGS  
AS ADJUSTED FOR THE ELIMINATION OF PENSION INCOME**

	<u>Post Hearing DR 1-2 Calculation</u>	<u>Pension Income Adjustment</u>	<u>Settlement Calculation</u>
	(a)	(b)	(c) = (a) + (b)
1 Normalized 2002 Cost of Service	\$200,577	\$6,478	\$207,055
2			
3 Adjusted Benchmark Cost of Service	<u>\$216,344</u>	<u>\$0</u>	<u>\$216,344</u>
4			
5 Total Savings to be Shared	\$15,767	(\$6,478)	\$9,289
6			
7 Savings Sharing Percentage	<u>50%</u>	<u>50%</u>	<u>50%</u>
8			
9 Company Share of Savings	\$7,884	(\$3,239)	\$4,645

Column (a)

- 1 December 8, 2003 response to Post Hearing Data Request 1-2, Exhibit MDL-1, Revision 3, Line 21
- 3 December 8, 2003 response to Post Hearing Data Request 1-2, Exhibit MDL-1, Revision 3, Line 19
- 5 Line 3 - Line 1
- 7 Per Docket 2930 Settlement
- 9 Line 5 x Line 7

Column (b)

- 1 Actual 2002 pension income of \$6.613 million per response to Commission 1-1 less \$0.135 million benchmark pension income, adjusted to calendar year 2002.
- 5 Line 3 - Line 1
- 7 Per Docket 2930 Settlement
- 9 Line 5 x Line 7



## **Exhibit 2**

**Rate Mapping  
Compliance Tariffs  
Adjustment Factor Provisions  
Line Extension Policies**



## **Rate Mapping**

S:\RADATA1\2004 neco\Settlement (3617)\2nd Amended Settlement\[Exhibit 5.rate.design.amended.xls]mapping

THE NARRAGANSETT ELECTRIC COMPANY  
Proposed Rate Mapping of Present Rate Classes

<u>Present Rate</u>	<u>Proposed Rate</u>
Basic Residential A-16	Basic Residential A-16
Residential Water Heater Control Rate A-18	Basic Residential A-16
Residential Time-of-Use Rate A-32	Basic Residential A-16
Low Income Rate A-60	Low Income Rate A-60
Limited All-Electric Living Rate T-06	A-16/C-06
Small C&I Rate C-06	Small C&I Rate C-06
General C&I Rate G-02	General C&I Rate G-02
Limited Medium Secondary Voltage C&I Rate G-22	C06/G02/G32
200 kW Demand Rate G-32	200 kW Demand Rate G-32
3000 kW Demand Rate G-62	3000 kW Demand Rate G-62
Limited Traffic Signal Service R-02	Small C&I Rate C-06 (5-year phase in)
Residential Storage Heating Rate E-30	Basic Residential A-16
Storage Cooling Rate E-40	G02/G32 (Effective January 2007)
Limited Service - Business Space Heating V-02	C06/G02
Limited Service - Private Lighting S-10	Limited Service - Private Lighting S-10
Limited Streetlighting Service S-12	General Streetlighting Service S-14
General Streetlighting Service S-14	General Streetlighting Service S-14
Station Power Delivery and Reliability Service Rate M-1	Station Power Delivery and Reliability Service Rate M-1
69 kV Rate N-01	3000 kW Demand Rate G-62
Electric Propulsion Rate X-01	Electric Propulsion Rate X-01
200 kW Demand Backup Service Rate B-32	C&I Backup Service Rate B-32
3000 kW Demand Backup Service Rate B-62	3000 kW Demand Backup Service Rate B-62

## **Compliance Tariffs**

R.I.P.U.C. No. 1170

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Customer Charge per month</u>	\$2.75
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Charge per kWh</u>	0.436¢
<u>Transmission Adjustment Factor per kWh</u>	0.042¢
<u>Distribution Charge per kWh</u>	3.380¢ (Eff. October 28, 2004) 3.379¢ (Eff. Jan 1, 2006) 3.378¢ (Eff. Jan 1, 2007) 3.377¢ (Eff. Jan 1, 2008) 3.376¢ (Eff. Jan 1, 2009)
<u>Minimum Charge per month</u>	\$2.75
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢
<u>Customer Credit per kWh</u>	0.329¢ (Eff. November 1, 2004)
<u>Customer Credit per kWh (former Rate A-32)</u>	0.820¢

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

**Tax Note:** The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**BASIC RESIDENTIAL RATE (A-16)**  
RETAIL DELIVERY SERVICE

**AVAILABILITY**

Electric delivery service under this rate is available for all domestic purposes in an individual private dwelling or an individual private apartment. Service is also available for farm customers where all electricity is delivered by the Company.

The Company may under unusual circumstances permit more than one set of living quarters to be served through one metering installation under this rate, but if so, the Customer Charge shall be multiplied by the number of separate living quarters so served.

A church and adjacent buildings owned and operated by the church may be served under this rate, but any such buildings separated by public ways must be billed separately.

**MONTHLY CHARGE**

The Monthly Charge will be the sum of the applicable Retail Delivery Service Charges set forth in the cover sheet of this tariff.

**RATE ADJUSTMENT PROVISIONS**

Transmission Service Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision.

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision.

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provision, whether or not the Customer is taking or has taken Standard Offer Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

THE NARRAGANSETT ELECTRIC COMPANY  
**BASIC RESIDENTIAL RATE (A-16)**  
RETAIL DELIVERY SERVICE

Customer Credit Provision

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Customer Credit Provision as from time to time effective in accordance with law.

**STANDARD OFFER SERVICE**

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff.

**LAST RESORT SERVICE**

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff.

**MINIMUM CHARGE**

\$2.75 per month.

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

**TERMS AND CONDITIONS**

The Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: October 28, 2004

## THE NARRAGANSETT ELECTRIC COMPANY

**Low Income Rate (A-60)**

## Retail Delivery Service

Effective  
October 28, 2004

R.I.P.U.C. No. 1171

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
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<u>Transmission Charge per kWh</u>	0.338¢
------------------------------------	--------

<u>Transmission Adjustment Factor per kWh</u>	0.042¢
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Distribution Charges per kWh

December through March

First 450 kWh	1.688¢
---------------	--------

Next 750 kWh	3.055¢
--------------	--------

kWhs in excess of 1200 kWhs	2.548¢
-----------------------------	--------

April through November

First 450 kWhs	1.688¢
----------------	--------

kWhs in excess of 450 kWhs	3.055¢
----------------------------	--------

<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢
--	--------

<u>Customer Credit per kWh</u>	0.329¢ (Eff. November 1, 2004)
--------------------------------	--------------------------------

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
-------------------------------	-----------------------------------

<u>Last Resort per kWh</u>	per Last Resort Service tariff
----------------------------	--------------------------------

**Tax Note:** The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**LOW INCOME RATE (A-60)**  
RETAIL DELIVERY SERVICE

**AVAILABILITY**

Service under this rate is available only to currently qualified customers for all domestic purposes in an individual private dwelling or an individual apartment, providing such customer meets both of the following criteria:

1. Must be the head of a household or principal wage earner.
2. Must be presently receiving Supplemental Security Income from the Social Security Administration, be eligible for the low-income home energy assistance program, or one of the following from the appropriate Rhode Island agencies: Medicaid, Food Stamps, General Public Assistance or Family Independence Program

It is the responsibility of the customer to annually certify, by forms provided by the Company, the continued compliance with the foregoing provisions.

The Company may under unusual circumstances permit more than one set of living quarters to be served through one meter under this rate, but if so, the kilowatt-hours eligible for the credit described below shall be multiplied by the number of separate living quarters so served.

**MONTHLY CHARGE**

The Monthly Charge will be the sum of the applicable Retail Delivery Service Charges set forth in the cover sheet of this tariff.

**CREDIT FOR CONTROLLED WATER HEATING**

Customers who were receiving the controlled water heater credit pursuant to the provisions of R.I.P.U.C. No. 1128 immediately prior to October 28, 2004 will receive a credit for the first 750 kWhs delivered per month. The credits received under this provision will decline each year according to the following schedule:

October 28, 2004	0.528¢ per kWh
January 1, 2006	0.396¢ per kWh
January 1, 2007	0.264¢ per kWh
January 1, 2008	0.132¢ per kWh
January 1, 2009	0.000¢ per kWh

**RATE ADJUSTMENT PROVISIONS**

Transmission Service Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision.



THE NARRAGANSETT ELECTRIC COMPANY  
**LOW INCOME RATE (A-60)**  
RETAIL DELIVERY SERVICE

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision. .

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provision, whether or not the Customer is taking or has taken Standard Offer Service

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

Customer Credit Provision

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Customer Credit Provision as from time to time effective in accordance with law.

**STANDARD OFFER SERVICE**

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff.

**LAST RESORT SERVICE**

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff.

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

**TERMS AND CONDITIONS**

The Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: October 28, 2004

THE NARRAGANSETT ELECTRIC COMPANY  
**C&I Back-Up Service Rate (B-32)**  
 Retail Delivery Service

Effective  
 October 28, 2004

R.I.P.U.C. No. 1172

Monthly Charge As Adjusted

	<u>Rates for Back-Up Service</u>	<u>Rates for Supplemental Service</u>
<u>Rates for Retail Delivery Service</u>		
<u>Customer Charge per month</u>	\$236.43	n/a
<u>Transmission Demand Charge per kW</u>	n/a	\$1.27
<u>Distribution Demand Charge per kW</u>	\$5.33	\$2.10 (Eff. October 28, 2004)
	\$5.15	\$2.02 (Eff. January 1, 2006)
	\$5.13	\$2.01 (Eff. January 1, 2007)
	\$5.12	\$2.00 (Eff. January 1, 2008)
	\$5.11	\$1.99 (Eff. January 1, 2009)
 <u>Distribution Demand Charge per kW (Applicable to former Auxiliary Service Customers)</u>		
	\$1.05	\$2.10 (Eff. October 28, 2004)
	\$2.07	\$2.02 (Eff. January 1, 2006)
	\$3.09	\$2.01 (Eff. January 1, 2007)
	\$4.11	\$2.00 (Eff. January 1, 2008)
	\$5.11	\$1.99 (Eff. January 1, 2009)
 <u>Transmission Adjustment Factor per kWh</u>	 n/a	 0.042¢
<u>Distribution Energy Charge per kWh</u>	n/a	0.889¢
<u>Non-bypassable Transition Charge per kWh</u>	n/a	0.855¢
<u>C&amp;LM Adjustment per kWh</u>	n/a	0.230¢
<u>Customer Credit per kWh</u>	n/a	0.231¢ (Eff. November 1, 2004)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	n/a	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	n/a	per Last Resort Service tariff

**Tax Note:** The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**C&I BACK-UP SERVICE RATE (B-32)**  
RETAIL DELIVERY SERVICE

**AVAILABILITY**

This service shall apply to Customers in the class identified below:

- (i) who receive all or any portion of their electric supply from non-emergency generation unit(s) with a nameplate rating greater than 30 kW ("Generation Units"), where electricity received by the Customer from the Generation Units is not being delivered over Company-owned distribution facilities pursuant to an applicable retail delivery tariff, and
- (ii) who expect the Company to provide retail delivery service to supply the Customer's load at the service location when the Generation Units are not supplying all of that load.

Electric delivery service under this rate is applicable to customers with a facility demand of 25 kilowatts or more. Notwithstanding the foregoing, the Company may require any customer with a 12-month average Demand greater than 3,000 kW at its facility to take service on the 3,000 kW Demand Back-up Service Rate B-62 (subject to the settlement provisions in Docket No. 2290).

All Customers served on this rate must elect to take their total electric delivery service under the metering installation as approved by the Company

**EXEMPTION FOR RENEWABLE ON-SITE GENERATION**

Customers who install on-site non-emergency generating units powered by Eligible Renewable Energy Resources, as defined in 2004 R.I. Pub. Laws 205 up to an aggregate nameplate capacity of 3 MW for all customers having installed such generation shall be exempt from the backup rates.

**TYPES OF SERVICE**

"Back-Up" Retail Delivery Service consists of the Company standing ready to provide retail delivery service to the Customer's load when a non-emergency generator that supplies electricity to the Customer without using Company-owned distribution facilities does not supply all of the Customer's load.

"Supplemental" Retail Delivery Service is the delivery over Company-owned distribution facilities of electricity which is utilized at the Customer's facilities.

**MONTHLY CHARGE**

The Monthly Charge will be the sum of the Back-Up Service Charges, and the Supplemental Service Charges, as stated below

THE NARRAGANSETT ELECTRIC COMPANY  
**C&I BACK-UP SERVICE RATE (B-32)**  
RETAIL DELIVERY SERVICE

**DETERMINATION OF BILLING DEMAND FOR BILLING SUPPLEMENTAL AND BACK-UP DEMAND CHARGES**

The Billing Demand for each month for purposes of billing Back-Up and Supplemental Service shall be the greatest of the following:

- 1) The greatest fifteen-minute peak coincident demand of the generation meter(s) plus the demand from the meter(s) at the Customer's service entrance(s) occurring in such month during Peak hours as measured in kW;
- 2) Through the billing month of December 2005, 80% of the greatest fifteen-minute peak coincident demand of the generation meter(s) plus the demand from the meter(s) at the Customer's service entrance(s) occurring in such month during Peak hours as measured in kilovolt-amperes, and 90% thereafter;
- 3) 75% of the greatest Demand as so determined above during the preceding eleven months.

**BACK-UP RETAIL DELIVERY SERVICE**

**a) Rates for Back-Up Retail Delivery Service**

<u>Customer Charge per month</u>	see cover sheet
<u>Distribution Charge per kW</u>	see cover sheet

**b) Determination of Back-Up Service Kilowatt Demand**

The Back-Up Service Demand shall be the greater of 1) the fifteen-minute reading from the Customer's generation meter(s) as measured in kilowatts or 2) through the billing month of December 2005, 80% of the fifteen-minute reading from the Customer's generation meter(s) as measured in kilovoltamperes, and 90% thereafter as measured at the time of the Billing Demand.

**c) Installation of Meters on Generation**

The Customer shall permit the Company to install meter(s) on the Generation Units providing electricity to the Customer, for purposes of billing under the terms of this rate. The meter shall be in accordance with the Company's reasonable specifications. The Customer will reimburse the Company for the installed cost of the meter and any associated equipment. The Customer shall provide reasonable access to the Company during normal business hours to read such meter in order to bill the Customer for service under this rate.

**PEAK AND OFF-PEAK PERIODS**

PEAK HOURS:	June - September	-- 8 a.m. - 10 p.m. Weekdays,
	December - February	-- 7 a.m. - 10 p.m. Weekdays
	October - November and	
	March - May	-- 8 a.m. - 9 p.m. Weekdays

THE NARRAGANSETT ELECTRIC COMPANY  
**C&I BACK-UP SERVICE RATE (B-32)**  
RETAIL DELIVERY SERVICE

OFF-PEAK HOURS: All other hours

Weekdays shall mean Monday through Friday, excluding the following holidays: New Year's Day, President's Day, Memorial Day, Independence Day, Columbus Day (observed), Labor Day, Veterans Day, Thanksgiving Day and Christmas Day.

**SUPPLEMENTAL RETAIL DELIVERY SERVICE**

**a) Rates for Supplemental Retail Delivery Service**

<u>Transmission Charge per kW</u>	see cover sheet
<u>Distribution Charge per kW</u>	see cover sheet
<u>Distribution Charge per kWh</u>	see cover sheet
<u>Non-Bypassable Transition Charge per kWh</u>	see cover sheet

**b) Assessment of Kilowatthour Charges**

For purposes of billing kWh charges for Supplemental Retail Delivery Service, Customers will be billed on the greater of (i) the actual kWh delivered by the Company or (ii) through the billing month of December 2005, 80% of the actual kVAh delivered, and 90% thereafter, less generated kWh usage.

For purposes of billing kWh charges for Standard Offer Service or Last Resort Power Service, Customers will be billed on actual kWh delivered by the Company.

**c) Determination of Kilowatt Demand**

The Supplemental Service Demand for each month shall be the Billing Demand in excess of the Back-up Service Demand.

**OPTIONAL DETERMINATION OF DEMAND**

A Customer who has been served under this rate for one year or more may upon written request have the Demand for each month used for Supplemental Service be based upon the greatest of items (1) and (2) set forth above for Billing Demand, beginning with the next month after such request and running for a period of not less than two consecutive months. In such case, all charges for Supplemental Service will be increased by 20% during any such period.

In addition, the Company may, at its discretion, agree to a lower demand determination for Back-Up Service below fifteen-minute peak coincident demand of the generation meter(s) if a Customer has installed equipment or configured its facilities in such a manner that automatically limits the requirement for Back-Up Service to the lower agreed-upon demand. Under such a situation, the Customer must demonstrate to the Company's reasonable satisfaction that the Customer's facilities are configured so as to limit the demand that can be placed on the distribution system, or must install and maintain, at no cost to the Company, an automated demand limiter or other similar device as agreed to by the Company which limits deliveries to the Customer over the Company's

THE NARRAGANSETT ELECTRIC COMPANY  
**C&I BACK-UP SERVICE RATE (B-32)**  
RETAIL DELIVERY SERVICE

distribution system based on the lower agreed-upon demand. This equipment can not adversely affect the operation of the Company's distribution system or service to other customers. Such interruptible Back-Up Service shall be negotiated by the Customer and the Company under a separate contract which shall be specific to an individual customer's circumstances.

**RATE ADJUSTMENT PROVISIONS**

Transmission Service Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision. This provision shall not apply for Back-Up Retail Delivery Service and shall only apply to Supplemental Retail Delivery Service.

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision. This provision shall not apply for Back-Up Retail Delivery Service and shall only apply to Supplemental Retail Delivery Service.

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provision, whether or not the Customer is taking or has taken Standard Offer Service. This provision shall not apply for Back-Up Retail Delivery Service and shall only apply to Supplemental Retail Delivery Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law. This provision shall not apply for Back-Up Retail Delivery Service and shall only apply to Supplemental Retail Delivery Service.

Customer Credit Provision

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Customer Credit Provision as from time to time effective in accordance with law.

**STANDARD OFFER SERVICE**

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff. This provision shall not apply for Back-Up Retail Delivery Service and shall only apply to Supplemental Retail Delivery Service.

THE NARRAGANSETT ELECTRIC COMPANY  
**C&I BACK-UP SERVICE RATE (B-32)**  
RETAIL DELIVERY SERVICE

**LAST RESORT SERVICE**

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff. This provision shall not apply for Back-Up Retail Delivery Service and shall only apply to Supplemental Retail Delivery Service.

**CREDIT FOR HIGH VOLTAGE DELIVERY**

If the Customer takes delivery at the Company's supply line voltage, not less than 2400 volts, and the Company is saved the cost of installing any transformer and associated equipment, a credit of 37 cents per kilowatt of billing demand for such month shall be allowed against the amount determined under the preceding provisions.

An additional credit of \$2.41 per kilowatt of the billing demand for such month shall also be allowed if the Customer accepts delivery at not less than 115,000 volts, and the Company is saved the cost of installing any transformer and associated equipment.

The total amount of the credit allowed under this provision shall not exceed the sum of the Customer Charge, the Distribution Demand Charge and the Distribution kWh Charge.

**HIGH-VOLTAGE METERING ADJUSTMENT**

The Company reserves the right to determine the metering installation. Where service is metered at the Company's supply line voltage, in no case less than 2400 volts, thereby saving the Company transformer losses, a discount of 1% will be allowed from the amount determined under the preceding provisions.

**SECOND FEEDER SERVICE**

Except as provided below, Customers receiving second feeder service shall pay \$2.41 per 80% of KVA (through the billing month of December 2005; 90% of KVA thereafter) of reserved second feeder capability. The charge for second feeder capability shall apply only to Customers with second feeder capability installed on or after May 1, 1998. The charge for second feeder capability shall not apply to Customers taking service within the Capital Center of Providence or within the downtown Providence underground network system. The Company's Construction Advance Policy 3 shall apply to determine any advance contribution by the customer, using an estimate of revenues to be derived from this second feeder rate. The Company reserves the right to decline second feeder service for engineering reasons.

An additional \$0.37 per 80% of KVA (through the billing month of December 2005; 90% thereafter) of reserved second feeder capability shall be charged if an additional transformer is required at the Customer's facility.

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

**THE NARRAGANSETT ELECTRIC COMPANY**  
**C&I BACK-UP SERVICE RATE (B-32)**  
**RETAIL DELIVERY SERVICE**

**GROSS EARNINGS TAX CREDIT FOR MANUFACTURERS**

Consistent with the gross receipts tax exemption provided in Section 44-13-35 of Rhode Island General Laws, eligible manufacturing customers will be exempt from the Gross Earnings Tax to the extent allowed by the Division of Taxation.

Eligible manufacturing customers are those customers who have on file with the Company a valid certificate of exemption from the Rhode Island sales tax (under section 44-18-30(H) of Rhode Island General Laws) indicating the customer's status as a manufacturer. If the Division of Taxation (or other Rhode Island taxing authority with jurisdiction) disallows any part or all of the exemption as it applies to a customer, the customer will be required to reimburse the Company in the amount of the credits provided to such customer which were disallowed, including any interest required to be paid by the Company to such authority.

**TERMS AND CONDITIONS**

The Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: October 28, 2004



THE NARRAGANSETT ELECTRIC COMPANY  
**3,000 kW Back-Up Service Rate (B-62)**  
 Retail Delivery Service

Effective  
 October 28, 2004

R.I.P.U.C. No. 1173

Monthly Charge As Adjusted

	<u>Rates for Back-Up Service</u>	<u>Rates for Supplemental Service</u>
<u>Rates for Retail Delivery Service</u>		
<u>Customer Charge per month</u>	\$17,118.72	n/a
<u>Distribution Demand Charge per kW</u>	\$2.34	\$2.34 (Eff. October 28, 2004)
	\$2.26	\$2.26 (Eff. January 1, 2006)
	\$2.25	\$2.25 (Eff. January 1, 2007)
	\$2.24	\$2.24 (Eff. January 1, 2008)
	\$2.22	\$2.22 (Eff. January 1, 2009)
<u>Distribution Demand Charge per kW (Applicable to former Auxiliary Service Customers)</u>		
	\$0.45	\$2.34 (Eff. October 28, 2004)
	\$0.89	\$2.26 (Eff. January 1, 2006)
	\$1.33	\$2.25 (Eff. January 1, 2007)
	\$1.77	\$2.24 (Eff. January 1, 2008)
	\$2.22	\$2.22 (Eff. January 1, 2009)
<u>Transmission Demand Charge per kW</u>	n/a	\$1.39
<u>Transmission Adjustment Factor per kWh</u>	n/a	0.042¢
<u>Non-bypassable Transition Charge per kWh</u>	n/a	0.855¢
<u>C&amp;LM Adjustment per kWh</u>	n/a	0.230¢
<u>Customer Credit per kWh</u>	n/a	0.212¢ (Eff. November 1, 2004)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	n/a	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	n/a	per Last Resort Service tariff

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**3,000 kW DEMAND BACK-UP SERVICE RATE (B-62)**  
RETAIL DELIVERY SERVICE

**AVAILABILITY**

This service shall apply to Customers in the class identified below:

- (i) who receive all or any portion of their electric supply from non-emergency generation unit(s) with a nameplate rating greater than 30 kW ("Generation Units"), where electricity received by the Customer from the Generation Units is not being delivered over Company-owned distribution facilities pursuant to an applicable retail delivery tariff, and
- (ii) who expect the Company to provide retail delivery service to supply the Customer's load at the service location when the Generation Units are not supplying all of that load.

Electric delivery service under this rate is applicable to those Customers who would otherwise be served under the Company's 3,000 kW Demand Rate G-62 if the Generation Units were not supplying electricity to the Customer.

All Customers served on this rate must elect to take their total electric delivery service under the metering installation as approved by the Company.

**EXEMPTION FOR RENEWABLE ON-SITE GENERATION**

Customers who install on-site non-emergency generating units powered by Eligible Renewable Energy Resources, as defined in 2004 R.I. Pub. Laws 205 up to an aggregate nameplate capacity of 3 MW for all customers having installed such generation shall be exempt from the backup rates.

**TYPES OF SERVICE**

"Back-Up" Retail Delivery Service consists of the Company standing ready to provide retail delivery service to the Customer's load when a non-emergency generator that supplies electricity to the Customer without using Company-owned distribution facilities does not supply all of the Customer's load.

"Supplemental" Retail Delivery Service is the delivery over Company-owned distribution facilities of electricity which is utilized at the Customer's facilities.

**MONTHLY CHARGE**

The Monthly Charge will be the sum of the Back-Up Service Charges, and the Supplemental Service Charges, as stated below.

THE NARRAGANSETT ELECTRIC COMPANY  
**3,000 kW DEMAND BACK-UP SERVICE RATE (B-62)**  
 RETAIL DELIVERY SERVICE

## DETERMINATION OF BILLING DEMAND FOR BILLING SUPPLEMENTAL AND BACK-UP DEMAND CHARGES

The Billing Demand for each month for purposes of billing Back-Up and Supplemental Service shall be the greatest of the following:

- 1) The greatest fifteen-minute peak coincident demand of the generation meter(s) plus the demand from the meter(s) at the Customer's service entrance(s) occurring in such month during Peak hours as measured in kW;
- 2) Through the billing month of December 2005, 80% of the greatest fifteen-minute peak coincident demand of the generation meter(s) plus the demand from the meter(s) at the Customer's service entrance(s) occurring in such month during Peak hours as measured in kilovolt-amperes, and 90% thereafter;
- 3) 75% of the greatest Demand as so determined above during the preceding eleven months.

## BACK-UP RETAIL DELIVERY SERVICE

**a) Rates for Back-Up Retail Delivery Service**

Customer Charge per month see cover sheet

Distribution Charge per kW see cover sheet

### **b) Determination of Back-Up Service Kilowatt Demand**

The Back-Up Service Demand shall be the greater of 1) the fifteen-minute reading from the Customer's generation meter(s) as measured in kilowatts or 2) through the billing month of December 2005, 80% of the fifteen-minute reading from the Customer's generation meter(s) as measured in kilvoltamperes, and 90% thereafter, as measured at the time of the Billing Demand.

### c) Installation of Meters on Generation

The Customer shall permit the Company to install meter(s) on the Generation Units providing electricity to the Customer, for purposes of billing under the terms of this rate. The meter shall be in accordance with the Company's reasonable specifications. The Customer will reimburse the Company for the installed cost of the meter and any associated equipment. The Customer shall provide reasonable access to the Company during normal business hours to read such meter in order to bill the Customer for service under this rate.

### PEAK AND OFF-PEAK PERIODS:

PEAK HOURS:            June - September            -- 8 a.m. - 10 p.m. Weekdays,  
                              December - February        -- 7 a.m. - 10 p.m. Weekdays  
                              October – November and  
                              March - May                -- 8 a.m. - 9 p.m. Weekdays

THE NARRAGANSETT ELECTRIC COMPANY  
**3,000 kW DEMAND BACK-UP SERVICE RATE (B-62)**  
RETAIL DELIVERY SERVICE

OFF-PEAK HOURS: All other hours

Weekdays shall mean Monday through Friday, excluding the following holidays: New Year's Day, President's Day, Memorial Day, Independence Day, Columbus Day (observed), Labor Day, Veteran's Day, Thanksgiving Day and Christmas Day.

**SUPPLEMENTAL RETAIL DELIVERY SERVICE**

**a) Rates for Supplemental Retail Delivery Service**

<u>Transmission Charge per kW</u>	see cover sheet
<u>Distribution Charge per kW</u>	see cover sheet
<u>Distribution Charge per kWh</u>	see cover sheet
<u>Non-Bypassable Transition Charge per kWh</u>	see cover sheet

**b) Assessment of Kilowatthour Charges**

For purposes of billing kWh charges for Supplemental Retail Delivery Service, Customers will be billed on the greater of (i) the actual kWh delivered by the Company or (ii) through the billing month of December 2005, 80% of the actual kVAh delivered, and 90% thereafter, less generated kWh usage.

For purposes of billing kWh charges for Standard Offer Service or Last Resort Power Service, Customers will be billed on actual kWh delivered by the Company.

**c) Determination of Supplemental Service Kilowatt Demand**

The Supplemental Service Demand for each month shall be the Billing Demand in excess of the Back-Up Service Demand.

**OPTIONAL DETERMINATION OF DEMAND**

A Customer who has been served under this rate for one year or more may upon written request have the Demand for each month used for Supplemental Service be based upon the greatest of items (1) and (2) set forth above for Billing Demand, beginning with the next month after such request and running for a period of not less than two consecutive months. In such case, all charges for Supplemental Service will be increased by 20% during any such period.

In addition, the Company may, at its discretion, agree to a lower demand determination for Back-Up Service below fifteen-minute peak coincident demand of the generation meter(s) if a Customer has installed equipment or configured its facilities in such a manner that automatically limits the requirement for Back-Up Service to the lower agreed-upon demand. Under such a situation, the Customer must demonstrate to the Company's reasonable satisfaction that the Customer's facilities are configured so as to limit the demand that can be placed on the distribution system, or must install and maintain, at no cost to the Company, an automated demand limiter or other similar device as agreed to by the Company which limits deliveries to the Customer over the Company's

THE NARRAGANSETT ELECTRIC COMPANY  
**3,000 kW DEMAND BACK-UP SERVICE RATE (B-62)**  
RETAIL DELIVERY SERVICE

distribution system based on the lower agreed-upon demand. This equipment can not adversely affect the operation of the Company's distribution system or service to other customers. Such interruptible Back-Up Service shall be negotiated by the Customer and the Company under a separate contract which shall be specific to an individual customer's circumstances.

**RATE ADJUSTMENT PROVISIONS**

Transmission Service Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision. This provision shall not apply for Back-Up Retail Delivery Service and shall only apply to Supplemental Retail Delivery Service.

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision. This provision shall not apply for Back-Up Retail Delivery Service and shall only apply to Supplemental Retail Delivery Service.

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provision, whether or not the Customer is taking or has taken Standard Offer Service. This provision shall not apply for Back-Up Retail Delivery Service and shall only apply to Supplemental Retail Delivery Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law. This provision shall not apply for Back-Up Retail Delivery Service and shall only apply to Supplemental Retail Delivery Service.

Customer Credit Provision

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Customer Credit Provision as from time to time effective in accordance with law.

**STANDARD OFFER SERVICE**

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff. This provision shall not apply for Back-Up Retail Delivery Service and shall only apply to Supplemental Retail Delivery Service.

THE NARRAGANSETT ELECTRIC COMPANY  
**3,000 kW DEMAND BACK-UP SERVICE RATE (B-62)**  
RETAIL DELIVERY SERVICE

**LAST RESORT SERVICE**

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff. This provision shall not apply for Back-Up Retail Delivery Service and shall only apply to Supplemental Retail Delivery Service.

**CREDIT FOR HIGH VOLTAGE DELIVERY**

If the Customer takes delivery at the Company's supply line voltage, not less than 2400 volts, and the Company is saved the cost of installing any transformer and associated equipment, a credit of 37 cents per kilowatt of billing demand for such month shall be allowed against the amount determined under the preceding provisions.

An additional credit of \$2.41 per kilowatt of the billing demand for such month shall also be allowed if the Customer accepts delivery at not less than 115,000 volts, and the Company is saved the cost of installing any transformer and associated equipment.

The total amount of the credit allowed under this provision shall not exceed the sum of the Customer Charge, the Distribution Demand Charge and the Distribution kWh Charge.

**HIGH-VOLTAGE METERING ADJUSTMENT**

The Company reserves the right to determine the metering installation. Where service is metered at the Company's supply line voltage, in no case less than 2400 volts, thereby saving the Company transformer losses, a discount of 1% will be allowed from the amount determined under the preceding provisions.

**SECOND FEEDER SERVICE**

Except as provided below, Customers receiving second feeder service shall pay \$2.41 per 80% of KVA (through the billing month of December 2005; 90% thereafter) of reserved second feeder capability. The charge for second feeder capability shall apply only to Customers with second feeder capability installed on or after May 1, 1998. The charge for second feeder capability shall not apply to Customers taking service within the Capital Center of Providence or within the downtown Providence underground network system. The Company's Construction Advance Policy 3 shall apply to determine any advance contribution by the customer, using an estimate of revenues to be derived from this second feeder rate. The Company reserves the right to decline second feeder service for engineering reasons.

An additional \$0.37 per 80% of KVA (through the billing month of December 2005; 90% thereafter) of reserved second feeder capability shall be charged if an additional transformer is required at the Customer's facility.

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

THE NARRAGANSETT ELECTRIC COMPANY  
**3,000 kW DEMAND BACK-UP SERVICE RATE (B-62)**  
RETAIL DELIVERY SERVICE

**GROSS EARNINGS TAX CREDIT FOR MANUFACTURERS**

Consistent with the gross receipts tax exemption provided in Section 44-13-35 of Rhode Island General Laws, eligible manufacturing customers will be exempt from the Gross Earnings Tax to the extent allowed by the Division of Taxation.

Eligible manufacturing customers are those customers who have on file with the Company a valid certificate of exemption from the Rhode Island sales tax (under section 44-18-30(H) of Rhode Island General Laws) indicating the customer's status as a manufacturer. If the Division of Taxation (or other Rhode Island taxing authority with jurisdiction) disallows any part or all of the exemption as it applies to a customer, the customer will be required to reimburse the Company in the amount of the credits provided to such customer which were disallowed, including any interest required to be paid by the Company to such authority.

**TERMS AND CONDITIONS**

The Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: October 28, 2004

## THE NARRAGANSETT ELECTRIC COMPANY

**Small C&I Rate (C-06)**

Retail Delivery Service

Effective  
October 28, 2004

R.I.P.U.C. No. 1174

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Customer Charge per month</u>	\$6.00
<u>Unmetered Charge per month</u>	\$1.83
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Charge per kWh</u>	0.536¢
<u>Transmission Adjustment Factor per kWh</u>	0.042¢
<u>Distribution Charge per kWh</u>	3.662¢ (Eff. October 28, 2004) 3.652¢ (Eff. January 1, 2006) 3.643¢ (Eff. January 1, 2007) 3.634¢ (Eff. January 1, 2008) 3.624¢ (Eff. January 1, 2009)
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢
<u>Customer Credit per kWh</u>	0.365¢ (Eff. November 1, 2004)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.



THE NARRAGANSETT ELECTRIC COMPANY  
**SMALL C&I RATE (C-06)**  
RETAIL DELIVERY SERVICE

**AVAILABILITY**

Electric delivery service under this rate is available for all purposes. If electricity is delivered through more than one meter, except at the Company's option, the Monthly Charge for service through each meter shall be computed separately under this rate. Notwithstanding the foregoing, the Company may require any customer with a 12-month average demand greater than 200 kW to take service on the 200 kW Demand Rate G-32.

**MONTHLY CHARGE**

The Monthly Charge will be the sum of the applicable Retail Delivery Service Charges set forth in the cover sheet of this tariff.

**RATE ADJUSTMENT PROVISIONS**

Transmission Service Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision.

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision.

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provision, whether or not the Customer is taking or has taken Standard Offer Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

Customer Credit Provision

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Customer Credit Provision as from time to time effective in accordance with law.

**STANDARD OFFER SERVICE**

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff.

THE NARRAGANSETT ELECTRIC COMPANY  
**SMALL C&I RATE (C-06)**  
RETAIL DELIVERY SERVICE

**LAST RESORT SERVICE**

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff.

**MINIMUM CHARGE**

Metered Service:	\$6.00 per month.
Unmetered Service:	\$1.83 per month.

However, if the kVA transformer capacity needed to serve a customer exceeds 25 kVA, the minimum charge will be increased by \$1.68 for each kVA in excess of 25 kVA.

**UNMETERED ELECTRIC SERVICE**

Unmetered services are usually not permitted or desirable. However, the Company recognizes that there are certain instances where metering is not practical. Examples of such locations are telephone booths and fire box lights. The monthly bill will be computed by applying the rate schedule to a use determined by multiplying the total load in kilowatts by 730 hours. However, the energy use may be adjusted after tests of the unmetered equipment indicate lesser usage. When unmetered service is provided the aforesaid customer charge will be waived and a \$1.83 per month per location service charge will be implemented.

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

**GROSS EARNINGS TAX CREDIT FOR MANUFACTURERS**

Consistent with the gross receipts tax exemption provided in Section 44-13-35 of Rhode Island General Laws, eligible manufacturing customers will be exempt from the Gross Earnings Tax to the extent allowed by the Division of Taxation.

Eligible manufacturing customers are those customers who have on file with the Company a valid certificate of exemption from the Rhode Island sales tax (under section 44-18-30(H) of Rhode Island General Laws) indicating the customer's status as a manufacturer. If the Division of Taxation (or other Rhode Island taxing authority with jurisdiction) disallows any part or all of the exemption as it applies to a customer, the customer will be required to reimburse the Company in the amount of the credits provided to such customer which were disallowed, including any interest required to be paid by the Company to such authority.

**TERMS AND CONDITIONS**

The Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: October 28, 2004

## THE NARRAGANSETT ELECTRIC COMPANY

**Residential Storage Heating Rate (E-30)**

Retail Delivery Service

Effective  
October 28, 2004

R.I.P.U.C. No. 1175

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Customer Charge per month</u>	\$2.75
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Charge per kWh</u>	0.261¢
<u>Transmission Adjustment Factor per kWh</u>	0.042¢
<u>Distribution Charge per kWh</u>	1.941¢ (Eff. October 28, 2004) 2.300¢ (Eff. January 1, 2006) 2.658¢ (Eff. January 1, 2007) 3.017¢ (Eff. January 1, 2008) 3.376¢ (Eff. January 1, 2009)
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢
<u>Customer Credit per kWh</u>	0.329¢ (Eff. November 1, 2004)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**RESIDENTIAL STORAGE HEATING RATE (E-30)**  
RETAIL DELIVERY SERVICE

**AVAILABILITY**

The availability of this rate is limited to the following customers: those who were served under Limited Residential Service - Storage Heating (E-01) on July 1, 1990 and have continuously been served under the Storage Heating Rate and successor rate since that date. Effective during the billing month of January 2009, all customers served under this Rate Schedule will be transferred to Basic Residential Rate A-16 and the provisions of this tariff will no longer be in effect.

**CONDITIONS**

1. The Customer agrees to install a controlled electric heat storage system and controlled domestic storage electric water heating equipment.
2. The Company will install the metering equipment as well as the control contacts and time clock necessary to synchronize control of the electric heat storage system and the electric storage water heating equipment.
3. The Customer agrees to install separate control systems for the storage heating system and the water heating equipment necessary to properly utilize the time signals to be provided through the Company's equipment as described in 2. These control systems may impose a load of no more than 60 volt-amperes, at currents under 2 amperes and voltages between 24-120 volts, on the Company's control contacts.
4. The Customer agrees to maintain the electric heat storage system, customer owned water heating equipment, and the customer-installed control system in accordance with manufacturers recommended operating practices.
5. The Company reserves the right to restrict the operation of the electric storage heating system and the electric storage water heating equipment to the off-peak hours.
6. From Monday through Friday there will be 13 peak hours and 11 off-peak hours each day. At present, peak hours will be from 8:00 a.m. to 9:00 p.m. Eastern Standard Time daily Monday through Friday. Off-peak hours will be from 9:00 p.m. to 8:00 a.m. Eastern Standard Time daily Monday through Friday, and all day on Saturdays and Sundays and the following holidays: New Year's Day, President's Day, Memorial Day, Independence Day, Columbus Day (observed), Labor Day, Veteran's Day, Thanksgiving Day, and Christmas Day.

During Daylight Savings Time, the above hours will be:

Peak Hours	9:00 a.m. to 10:00 p.m.
Off-Peak Hours	10:00 p.m. to 9:00 a.m.

The Company reserves the right to change these peak and off-peak hours but in no case will the off-peak hours be limited to less than eleven hours per day.

THE NARRAGANSETT ELECTRIC COMPANY  
**RESIDENTIAL STORAGE HEATING RATE (E-30)**  
RETAIL DELIVERY SERVICE

7. All water heaters installed under this agreement shall have a storage capacity of 100 gallons or greater for individual private dwellings or 80 gallons or greater for private apartments and be of a type approved by the Company. At the Company's option, smaller tanks may be permitted in unusual circumstances.
8. The dwelling must comply with the following minimum insulation and ventilation standards:
- a) R 38 insulation in ceiling
  - b) Walls with thermal resistance equivalent to R 19\*
  - c) R 19 insulation in floor
  - d) 4 mil vapor barrier on walls\*
  - e) Extra water heating insulation if in an unconditioned space
  - f) Double glazing
  - g) Storm or thermal doors
  - h) All windows and door frames caulked
  - i) At least 1" thickness of duct insulation for central electric storage heating systems
  - j) Ventilation:
    - (1) One square foot of net free vent area for each 150 square feet of ceiling area
    - (2) Each bathroom and kitchen should be equipped with an exhaust fan with positive closing damper vented to the outside.

\*In existing homes R 13 wall insulation will be acceptable and no vapor barrier will be required.

**MONTHLY CHARGE**

The Monthly Charge will be the sum of the applicable Retail Delivery Service Charges set forth in the cover sheet of this tariff.

**RATE ADJUSTMENT PROVISIONS**

Transmission Service Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision.

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision.

THE NARRAGANSETT ELECTRIC COMPANY  
**RESIDENTIAL STORAGE HEATING RATE (E-30)**  
RETAIL DELIVERY SERVICE

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provision, whether or not the Customer is taking or has taken Standard Offer Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

Customer Credit Provision

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Customer Credit Provision as from time to time effective in accordance with law.

**STANDARD OFFER SERVICE**

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff.

**LAST RESORT SERVICE**

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff.

**MINIMUM CHARGE**

The monthly minimum charge shall be the sum of the monthly Customer Charge.

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

**TERMS AND CONDITIONS**

The Company's Terms and Conditions in effect from time to time where not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: October 28, 2004

R.I.P.U.C. No 1190

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Customer Charge per month</u>	\$75.15
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Charge per kWh</u>	0.141¢
<u>Transmission Adjustment Factor per kWh</u>	0.042¢
<u>Distribution Charge per kWh</u>	
Peak/Shoulder	2.536¢
Off Peak	0.949¢
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢
<u>Customer Credit per kWh</u>	0.231¢ (Eff. November 1, 2004)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**STORAGE COOLING RATE (E-40)**  
RETAIL DELIVERY SERVICE

**AVAILABILITY**

Electric Delivery Service under this rate is available to any customer solely for use in operating a full storage air conditioning system. A full storage air conditioning system is designed so that no operation of the chiller or compressor will be required for a period of six consecutive hours between the hours of 9 a.m. and 6 p.m. during the summer months of June through September. The chilling plant of the cooling system shall be separately wired and metered. The remainder of the customer's service shall be taken under another available rate.

If electricity is delivered through more than one meter, except at the Company's option, the Monthly Charge for service through each meter will be computed separately under this rate.

This rate is closed to new customers on October 28, 2004. Customers presently receiving service under this rate immediately prior to October 28, 2004 may remain on the rate through the billing month of December 2009. Customers may transfer to another applicable rate at any time prior to December 2009, however, costs associated with rewiring and metering the customer's service will be borne by the customer in that event, and the customer shall not be permitted to return to service under this rate. Effective after the bills issued to customer during December 2009, all customers remaining on this rate will be transferred to the appropriate general service rate.

**MONTHLY CHARGE**

The Monthly Charge will be the sum of the Retail Delivery Service Charges set forth in the cover sheet of this tariff.

**PEAK AND OFF-PEAK PERIODS**

PEAK HOURS:                      June - September                      -- 8 a.m. - 10 p.m. Weekdays,  
(or such other period of six consecutive hours between the hours of 9 a.m. and 6 p.m. as shall be designated by the Company in writing upon 30 days advance notice)

December - February                      -- 7 a.m. - 10 p.m. Weekdays

October - November

March - May                      -- 8 a.m. - 9 p.m. Week

OFF-PEAK HOURS:                      All other hours

Weekdays shall mean Monday through Friday, excluding the following holidays: New Year's Day, President's Day, Memorial Day, Independence Day, Columbus Day (observed), Labor Day, Veteran's Day, Thanksgiving Day and Christmas Day.



THE NARRAGANSETT ELECTRIC COMPANY  
**STORAGE COOLING RATE (E-40)**  
RETAIL DELIVERY SERVICE

**RATE ADJUSTMENT PROVISIONS**

Transmission Service Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision.

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision.

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provision, whether or not the Customer is taking or has taken Standard Offer Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

Customer Credit Provision

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Customer Credit Provision as from time to time effective in accordance with law.

**STANDARD OFFER SERVICE**

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff.

**LAST RESORT SERVICE**

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff.

THE NARRAGANSETT ELECTRIC COMPANY  
**STORAGE COOLING RATE (E-40)**  
RETAIL DELIVERY SERVICE

**MINIMUM CHARGE**

The minimum charge each month shall be the Customer Charge.

**HIGH-VOLTAGE METERING ADJUSTMENT**

The Company reserves the right to determine the metering installation. Where service is metered at the Company's supply line voltage, in no case less than 2400 volts, thereby saving the Company transformer losses, a discount of 1% will be allowed from the amount determined under the preceding provisions.

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

**GROSS EARNINGS TAX CREDIT FOR MANUFACTURERS**

Consistent with the gross receipts tax exemption provided in Section 44-13-35 of Rhode Island General Laws, eligible manufacturing customers will be exempt from Gross Earnings Tax to the extent allowed by the Division of Taxation.

Eligible manufacturing customers are those customers who have on file with the Company a valid certificate of exemption from the Rhode Island sales tax (under section 44-18-30(H) of Rhode Island General Laws) indicating the customer's status as a manufacturer. If the Division of Taxation (or other Rhode Island taxing authority with jurisdiction) disallows any part or all of the exemption as it applies to a customer, the customer will be required to reimburse the Company in the amount of the credits provided to such customer which were disallowed, including any interest required to be paid by the Company to such authority.

**TERMS AND CONDITIONS**

The Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: October 28, 2004

## THE NARRAGANSETT ELECTRIC COMPANY

**General C&I Rate (G-02)**

## Retail Delivery Service

Effective  
October 28, 2004

R.I.P.U.C. No. 1176

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Customer Charge per month</u>	\$103.41
<u>Transmission Charge per kW in excess of 10 kW</u>	\$1.40
<u>Distribution Charge per kW in excess of 10 kW</u>	\$3.23 (Eff. October 28, 2004) \$3.22 (Eff. January 1, 2006)
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Adjustment Factor per kWh</u>	0.042¢
<u>Distribution Charge per kWh</u>	0.777¢
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢
<u>Customer Credit per kWh</u>	0.277¢ (Eff. November 1, 2004)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes. However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**GENERAL C&I RATE (G-02)**  
RETAIL DELIVERY SERVICE

**AVAILABILITY**

Electric delivery service under this rate is available for all purposes to customers with a Demand of 10 kilowatts or more. If electricity is delivered through more than one meter, except at the Company's option, the Monthly Charge for service through each meter shall be computed separately under this rate. Notwithstanding the foregoing, the Company may require any customer with a 12-month average Demand greater than 200 kW to take service on the 200 kW Demand Rate G-32.

This rate is also available to customers who install on-site non-emergency generating units powered by Eligible Renewable Energy Resources, as defined in 2004 R.I. Pub. Laws 205 up to an aggregate nameplate capacity of 3 MW for all customers having installed such generation and are therefore exempt from the backup service rates. However, any customer exempted from the backup service rates under this provision shall nevertheless be required to install metering pursuant to the backup service tariff that shall provide information on the operation of the generation unit.

**MONTHLY CHARGE**

The Monthly Charge will be the sum of the Retail Delivery Service Charges set forth in the cover sheet of this tariff.

**RATE ADJUSTMENT PROVISIONS**

Transmission Service Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision.

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision.

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provision, whether or not the Customer is taking or has taken Standard Offer Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

Customer Credit Provision

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Customer Credit Provision as from time to time effective in accordance with law.

THE NARRAGANSETT ELECTRIC COMPANY  
**GENERAL C&I RATE (G-02)**  
RETAIL DELIVERY SERVICE

**STANDARD OFFER SERVICE**

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff.

**LAST RESORT SERVICE**

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff.

**DEMAND**

The Demand for each month under ordinary load conditions shall be the greatest of the following:

- a) The greatest fifteen-minute peak occurring during such month as measured in kilowatts,
- b) Through the billing month of December 2005, 80% of the greatest fifteen-minute peak occurring during the month as measured in kilovolt-amperes, where the Customer's Demand exceeds 75 kilowatts, and 90% thereafter,
- c) 75% of the greatest Demand as so determined above during the preceding eleven months,
- d) 10 kilowatts.

Any Demands established during the eleven months prior to the application of this rate shall be considered as having been established under this rate.

**OPTIONAL DETERMINATION OF DEMAND**

A Customer who has been served hereunder for one year or more may upon written request have the Demand for each month, beginning with the next month after such request and running for a period of not less than two consecutive months, be based upon the greatest of items a), b) and d) above. In such case, the Demand Charges and the Energy Charges will be increased by 20% during any such period.

**CREDIT FOR HIGH VOLTAGE DELIVERY**

If the Customer takes delivery at the Company's supply line voltage, not less than 2400 volts, and the Company is saved the cost of installing any transformer and associated equipment, a credit of 37 cents per kilowatt of billing demand for such month shall be allowed against the amount determined under the preceding provisions.

**HIGH-VOLTAGE METERING ADJUSTMENT**

The Company reserves the right to determine the metering installation. Where service is metered at the Company's supply line voltage, in no case less than 2400 volts, thereby saving the Company transformer losses, a discount of 1% will be allowed from the amount determined under the preceding provisions.

THE NARRAGANSETT ELECTRIC COMPANY  
**GENERAL C&I RATE (G-02)**  
RETAIL DELIVERY SERVICE

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

**GROSS EARNINGS TAX CREDIT FOR MANUFACTURERS**

Consistent with the gross receipts tax exemption provided in Section 44-13-35 of Rhode Island General Laws, eligible manufacturing customers will be exempt from the Gross Earnings Tax to the extent allowed by the Division of Taxation.

Eligible manufacturing customers are those customers who have on file with the Company a valid certificate of exemption from the Rhode Island sales tax (under section 44-18-30(H) of Rhode Island General Laws) indicating the customer's status as a manufacturer. If the Division of Taxation (or other Rhode Island taxing authority with jurisdiction) disallows any part or all of the exemption as it applies to a customer, the customer will be required to reimburse the Company in the amount of the credits provided to such customer which were disallowed, including any interest required to be paid by the Company to such authority.

**TERMS AND CONDITIONS**

The Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: October 28, 2004

THE NARRAGANSETT ELECTRIC COMPANY

**200 kW Demand Rate (G-32)**

Retail Delivery Service

Effective  
October 28, 2004

R.I.P.U.C. No. 1177

Monthly Charge As Adjusted

Rates for Retail Delivery Service

<u>Customer Charge per month</u>	\$236.43
<u>Transmission Charge per kW</u>	\$1.27
<u>Distribution Charge per kW</u>	\$2.10 (Eff. October 28, 2004) \$2.02 (Eff. January 1, 2006) \$2.01 (Eff. January 1, 2007) \$2.00 (Eff. January 1, 2008) \$1.99 (Eff. January 1, 2009)
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Adjustment Factor per kWh</u>	0.042¢
<u>Distribution Charge per kWh</u>	0.889¢
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢
<u>Customer Credit per kWh</u>	0.231¢ (Eff. November 1, 2004)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable).  
However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**200 kW DEMAND RATE (G-32)**  
RETAIL DELIVERY SERVICE

**AVAILABILITY**

Electric delivery service shall be taken under this rate for all purposes by any customer who is placed on the rate by the Company in accordance with this paragraph. The Company shall place on this rate any customer who has a 12-month average Demand of 200 kW or greater for 3 consecutive months as soon as practicable. Notwithstanding the foregoing, the Company may require any customer with a 12-month maximum demand of 3000 kW or greater to take delivery service on the 3000 kW Demand Rate G-62 (subject to the settlement provisions in Docket No. 2290).

If electricity is delivered through more than one meter, except at the Company's option, the Monthly Charge for delivery service through each meter shall be computed separately under this rate. If any electricity is delivered hereunder at a given location, then all electricity deliveries by the Company at such location shall be delivered hereunder.

New Customers: Service will initially be taken under this rate by any new customer who requests service capability of 225 kVA or greater.

Transfers From Rate G-32: Any customer whose 12-month average demand is less than 180 kW for twelve consecutive months may elect to transfer from the 200 kW Demand Rate G-32 to another available rate.

This rate is also available to customers who install on-site non-emergency generating units powered by Eligible Renewable Energy Resources, as defined in 2004 R.I. Pub. Laws 205 up to an aggregate nameplate capacity of 3 MW for all customers having installed such generation and are therefore exempt from the backup service rates. However, any customer exempted from the backup service rates under this provision shall nevertheless be required to install metering pursuant to the backup service tariff that shall provide information on the operation of the generation unit.

**MONTHLY CHARGE**

The Monthly Charge will be the sum of the Retail Delivery Service Charges set forth in the cover sheet of this tariff.

**PEAK OFF-PEAK PERIODS**

PEAK HOURS:	June - September	-- 8 a.m. - 10 p.m. Weekdays,
	December - February	-- 7 a.m. - 10 p.m. Weekdays
	October – November and	
	March - May	-- 8 a.m. - 9 p.m. Weekdays
OFF-PEAK HOURS:	All other hours	

Weekdays shall mean Monday through Friday, excluding the following holidays: New Year's Day, President's Day, Memorial Day, Independence Day, Columbus Day (observed), Labor Day, Veteran's Day, Thanksgiving Day and Christmas Day.



THE NARRAGANSETT ELECTRIC COMPANY  
**200 kW DEMAND RATE (G-32)**  
RETAIL DELIVERY SERVICE

**RATE ADJUSTMENT PROVISIONS**

Transmission Service Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision.

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision.

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provision, whether or not the Customer is taking or has taken Standard Offer Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

Customer Credit Provision

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Customer Credit Provision as from time to time effective in accordance with law.

**STANDARD OFFER SERVICE**

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff.

**LAST RESORT SERVICE**

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff.

THE NARRAGANSETT ELECTRIC COMPANY  
**200 kW DEMAND RATE (G-32)**  
RETAIL DELIVERY SERVICE

**DEMAND**

The Demand for each month under ordinary load conditions shall be the greatest of the following:

- a) The greatest fifteen-minute peak occurring in such month during Peak hours as measured in kilowatts,
- b) Through the billing month of December 2005, 80% of the greatest fifteen-minute peak occurring in such month during Peak hours as measured in kilovolt-amperes, and 90% thereafter,
- c) 75% of the greatest Demand as so determined above during the preceding eleven months, and
- d) 10 kilowatts.

**OPTIONAL DETERMINATION OF DEMAND**

A Customer who has been served hereunder for one year or more may upon written request have the Demand for each month, beginning with the next month after such request and running for a period of not less than two consecutive months, be based upon the greatest of items (a), (b) and (d) above. In such case, the Demand Charge and the Energy Charge will be increased by 20% during any such period.

**CREDIT FOR HIGH VOLTAGE DELIVERY**

If the Customer takes delivery at the Company's supply line voltage, not less than 2400 volts, and the Company is saved the cost of installing any transformer and associated equipment, a credit of 37 cents per kilowatt of billing demand for such month shall be allowed against the amount determined under the preceding provisions.

An additional credit of \$2.41 per kilowatt of the billing demand for such month shall also be allowed if said customer accepts delivery at not less than 115,000 volts, and the Company is saved the cost of installing any transformer and associated equipment.

The total amount of the credit allowed under this provision shall not exceed the sum of the Customer Charge, the Distribution Demand Charge and the Distribution kWh Charge.

**HIGH-VOLTAGE METERING ADJUSTMENT**

The Company reserves the right to determine the metering installation. Where service is metered at the Company's supply line voltage, in no case less than 2400 volts, thereby saving the Company transformer losses, a discount of 1% will be allowed from the amount determined under the preceding provisions.

**SECOND FEEDER SERVICE**

Except as provided below, Customers receiving second feeder service shall pay \$2.41 per 80% of KVA (through the billing month of December 2005; 90% of KVA thereafter) of reserved second feeder capability. The charge for second feeder capability shall apply only to Customers with second feeder capability installed on or after May 1, 1998. The charge for second feeder capability shall not apply to Customers taking service within the Capital Center of Providence or within the downtown Providence underground network system. The Company's Construction Advance Policy 3 shall apply to determine any advance contribution by the customer,

THE NARRAGANSETT ELECTRIC COMPANY  
**200 kW DEMAND RATE (G-32)**  
RETAIL DELIVERY SERVICE

using an estimate of revenues to be derived from this second feeder rate. The Company reserves the right to decline second feeder service for engineering reasons.

An additional \$0.37 per 80% of KVA (through the billing month of December 2005; 90% of KVA thereafter) of reserved second feeder capability shall be charged if an additional transformer is required at the Customer's facility.

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

**GROSS EARNINGS TAX CREDIT FOR MANUFACTURERS**

Consistent with the gross receipts tax exemption provided in Section 44-13-35 of Rhode Island General Laws, eligible manufacturing customers will be exempt from the Gross Earnings Tax to the extent allowed by the Division of Taxation.

Eligible manufacturing customers are those customers who have on file with the Company a valid certificate of exemption from the Rhode Island sales tax (under section 44-18-30(H) of Rhode Island General Laws) indicating the customer's status as a manufacturer. If the Division of Taxation (or other Rhode Island taxing authority with jurisdiction) disallows any part or all of the exemption as it applies to a customer, the customer will be required to reimburse the Company in the amount of the credits provided to such customer which were disallowed, including any interest required to be paid by the Company to such authority.

**TERMS AND CONDITIONS**

The Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: October 28, 2004

THE NARRAGANSETT ELECTRIC COMPANY

**3000 kW Demand Rate (G-62)**

Retail Delivery Service

R.I.P.U.C. No. 1178

Effective  
October 28, 2004

Monthly Charge As Adjusted

Rates for Retail Delivery Services

<u>Customer Charge per month</u>	\$17,118.72
<u>Transmission Charge per kW</u>	\$1.39
<u>Distribution Charge per kW</u>	\$2.34 (Eff. October 28, 2004) \$2.26 (Eff. January 1, 2006) \$2.25 (Eff. January 1, 2007) \$2.24 (Eff. January 1, 2008) \$2.22 (Eff. January 1, 2009)
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Adjustment Factor per kWh</u>	0.042¢
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢
<u>Customer Credit per kWh</u>	0.212¢ (Eff. November 1, 2004)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

**Tax Note:**      **The rates listed above do not reflect gross earnings tax or sales taxes (when applicable).  
However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**3000 kW DEMAND RATE (G-62)**  
RETAIL DELIVERY SERVICE

**AVAILABILITY**

Electric delivery service shall be taken under this rate for all purposes by any customer who is placed on the rate by the Company in accordance with this paragraph. The Company shall place on this rate any customer who has a 12-month maximum Demand of 3,000 kW or greater. Delivery service can be taken under this rate by customers who do not meet the qualifications on a voluntary basis.

If electricity is delivered through more than one meter, except at the Company's option, the Monthly Charge for service through each meter shall be computed separately under this rate. If any electricity is delivered hereunder at a given location, then all electricity delivered by the Company at such location shall be delivered hereunder.

New Customers: Delivery service will initially be taken under this rate by any new customer who requests delivery service capability of 3,375 kVA or greater.

Transfers From Rate G-62: Any customer whose 12-month maximum demand is less than 2,700 kW for twelve consecutive months may elect to transfer from the 3,000 kW Demand Rate G-62 to another available rate.

This rate is also available to customers who install on-site non-emergency generating units powered by Eligible Renewable Energy Resources, as defined in 2004 R.I. Pub. Laws 205 up to an aggregate nameplate capacity of 3 MW for all customers having installed such generation and are therefore exempt from the backup service rates. However, any customer exempted from the backup service rates under this provision shall nevertheless be required to install metering pursuant to the backup service tariff that shall provide information on the operation of the generation unit.

**MONTHLY CHARGE**

The Monthly Charge will be the sum of the Retail Delivery Service Charges set forth in the cover sheet of this tariff.

**PEAK, SHOULDER AND OFF-PEAK PERIODS**

PEAK HOURS:	June - September	--	8 a.m. - 10 p.m. Weekdays,
	December - February	--	7 a.m. - 10 p.m. Weekdays
	October - November and		
	March - May	--	8 a.m. - 9 p.m. Weekdays

OFF-PEAK HOURS: All other hours

Weekdays shall mean Monday through Friday, excluding the following holidays: New Year's Day, President's Day, Memorial Day, Independence Day, Columbus Day (observed), Labor Day, Veteran's Day, Thanksgiving Day and Christmas Day.

THE NARRAGANSETT ELECTRIC COMPANY  
**3000 kW DEMAND RATE (G-62)**  
RETAIL DELIVERY SERVICE

**RATE ADJUSTMENT PROVISIONS**

Transmission Service Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision.

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision.

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provision, whether or not the Customer is taking or has taken Standard Offer Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

Customer Credit Provision

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Customer Credit Provision as from time to time effective in accordance with law.

**STANDARD OFFER SERVICE**

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff.

**LAST RESORT SERVICE**

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff.

**DEMAND**

The Demand for each month under ordinary load conditions shall be the greatest of the following:

- a) The greatest fifteen-minute peak occurring in such month during Peak hours as measured in kilowatts,
- b) Through the billing month of December 2005, 80% of the greatest fifteen-minute peak occurring in such month during Peak hours as measured in kilovolt-amperes, and 90% thereafter,

THE NARRAGANSETT ELECTRIC COMPANY  
**3000 kW DEMAND RATE (G-62)**  
RETAIL DELIVERY SERVICE

- c) 75% of the greatest Demand as so determined above during the preceding eleven months, and
- d) 10 kilowatts.

**OPTIONAL DETERMINATION OF DEMAND**

A Customer who has been served hereunder for one year or more may upon written request have the Demand for each month, beginning with the next month after such request and running for a period of not less than two consecutive months, be based upon the greatest of items (a), (b) and (d) above. In such case, the Demand Charge and the Energy Charge will be increased by 20% during any such period.

**CREDIT FOR HIGH VOLTAGE DELIVERY**

If the Customer takes delivery at the Company's supply line voltage, not less than 2400 volts, and the Company is saved the cost of installing any transformer and associated equipment, a credit of 37 cents per kilowatt of billing demand for such month shall be allowed against the amount determined under the preceding provisions.

An additional credit of \$2.41 per kilowatt of the billing demand for such month shall also be allowed if said customer accepts delivery at not less than 115,000 volts, and the Company is saved the cost of installing any transformer and associated equipment.

The total amount of the credit allowed under this provision shall not exceed the sum of the Customer Charge, the Distribution Demand Charge and the Distribution kWh Charge.

**HIGH-VOLTAGE METERING ADJUSTMENT**

The Company reserves the right to determine the metering installation. Where service is metered at the Company's supply line voltage, in no case less than 2400 volts, thereby saving the Company transformer losses, a discount of 1% will be allowed from the amount determined under the preceding provisions.

**SECOND FEEDER SERVICE**

Except as provided below, Customers receiving second feeder service shall pay \$2.41 per 80% of KVA (through the billing month of December 2005; 90% of KVA thereafter) of reserved second feeder capability. The charge for second feeder capability shall apply only to Customers with second feeder capability installed on or after May 1, 1998. The charge for second feeder capability shall not apply to Customers taking service within the Capital Center of Providence or within the downtown Providence underground network system. The Company's Construction Advance Policy 3 shall apply to determine any advance contribution by the customer, using an estimate of revenues to be derived from this second feeder rate. The Company reserves the right to decline second feeder service for engineering reasons.

An additional \$0.37 per 80% of KVA (through the billing month of December 2005; 90% of KVA thereafter) of reserved second feeder capability shall be charged if an additional transformer is required at the Customer's facility.

THE NARRAGANSETT ELECTRIC COMPANY  
**3000 kW DEMAND RATE (G-62)**  
RETAIL DELIVERY SERVICE

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

**GROSS EARNINGS TAX CREDIT FOR MANUFACTURERS**

Consistent with the gross receipts tax exemption provided in Section 44-13-35 of Rhode Island General Laws, eligible manufacturing customers will be exempt from the Gross Earnings Tax to the extent allowed by the Division of Taxation.

Eligible manufacturing customers are those customers who have on file with the Company a valid certificate of exemption from the Rhode Island sales tax (under section 44-18-30(H) of Rhode Island General Laws) indicating the customer's status as a manufacturer. If the Division of Taxation (or other Rhode Island taxing authority with jurisdiction) disallows any part or all of the exemption as it applies to a customer, the customer will be required to reimburse the Company in the amount of the credits provided to such customer which were disallowed, including any interest required to be paid by the Company to such authority.

**TERMS AND CONDITIONS**

The Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: October 28, 2004



## THE NARRAGANSETT ELECTRIC COMPANY

**Limited Traffic Signal Service (R-02)**

Retail Delivery Service

Effective  
October 28, 2004

R.I.P.U.C. No. 1179

Monthly Charge as Adjusted

Rates for Retail Delivery Service

<u>Unmetered Charge per month</u>	\$0.36 (Eff. October 28, 2004)
	\$0.72 (Eff. January 1, 2006)
	\$1.08 (Eff. January 1, 2007)
	\$1.44 (Eff. January 1, 2008)
	\$1.83 (Eff. January 1, 2009)
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Charge per kWh</u>	0.259¢
<u>Transmission Adjustment Factor per kWh</u>	0.042¢
<u>Distribution Charge per kWh</u>	1.418¢ (Eff. October 28, 2004)
	1.969¢ (Eff. January 1, 2006)
	2.520¢ (Eff. January 1, 2007)
	3.071¢ (Eff. January 1, 2008)
	3.624¢ (Eff. January 1, 2009)
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢
<u>Customer Credit per kWh</u>	0.365¢ (Eff. November 1, 2004)

Rates for Standard Offer Service or Last Resort (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

**Tax Note:**      **The rates listed above do not reflect gross earnings tax or sales taxes (when applicable).  
However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

**THE NARRAGANSETT ELECTRIC COMPANY  
LIMITED TRAFFIC SIGNAL SERVICE (R-02)  
RETAIL DELIVERY SERVICE**

**AVAILABILITY**

Electric delivery service under this rate is available to the State or any City or Town, hereinafter referred to as the Customer, for the operation of traffic signals, hereinafter referred to as locations. The availability of this rate is limited to the following customers and locations: those customers and locations who were served under Traffic Signal Rate R - R.I.P.U.C. No. 937 on May 10, 1992 and have continuously been served under the Traffic Signal Rate and successor rate since that date. Effective during the billing month of January 2009, customers served on this Rate Schedule will be transferred to Small C&I Rate C-06 and the provisions of this tariff will no longer be in effect.

**MONTHLY CHARGE**

The Monthly Charge will be the sum of the applicable Retail Delivery Service Charges set forth in the cover sheet of this tariff.

**RATE ADJUSTMENT PROVISIONS**

Transmission Service Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision.

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision.

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provision, whether or not the Customer is taking or has taken Standard Offer Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

Customer Credit Provision

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Customer Credit Provision as from time to time effective in accordance with law.

**STANDARD OFFER SERVICE**

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff.

**THE NARRAGANSETT ELECTRIC COMPANY  
LIMITED TRAFFIC SIGNAL SERVICE (R-02)  
RETAIL DELIVERY SERVICE**

**LAST RESORT SERVICE**

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff.

**MINIMUM CHARGE**

Unmetered Service: See cover sheet.

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

**DETERMINATION OF ELECTRICITY DELIVERED**

The Company may determine the electricity delivered from the connected load and operating schedule, or at its option install a meter.

**FURNISHING OF EQUIPMENT**

The customer will furnish, install and maintain all traffic signals and operating mechanisms used in connection therewith including all necessary supports and foundations and all wiring and equipment between such signals and the switch or other mechanism for controlling and operating the signals. The company will furnish, install and maintain all wiring and other apparatus required in connection with the service to be furnished hereunder and located between its lines and the above-mentioned switch or operating mechanism.

**PAYMENTS**

Payments under this rate for traffic signal service furnished by the Company for any month will be due on the 20th day of the next following month.

**TERMS AND CONDITIONS**

The Company's Terms and Conditions in effect from time to time, where applicable hereto and not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: October 28, 2004

THE NARRAGANSETT ELECTRIC COMPANY

**Limited Service - Private Lighting (S-10)**  
Retail Delivery Service

Effective  
October 28, 2004

R.I.P.U.C. No. 1180

Luminaire  
Type/Lumens

	<u>Code</u>	<u>Annual kWh</u>
<u>Incandescent</u>		
1,000	10	440
<u>Mercury Vapor</u>		
8,000 Post Top	2	908
4,000	3	561
8,000	4	908
22,000	5	1,897
63,000	6	4,569
22,000 FL	23	1,897
63,000 FL	24	4,569
<u>Sodium Vapor</u>		
4,000	70	248
5,800	71	349
9,600	72	490
27,500	74	1,284
50,000	75	1,968
27,500 FL	77	1,284
50,000 FL	78	1,968
9,600 Post Top	79	490
27,500 (24 hr)	84	2,568

	<u>Narragansett</u> <u>Zone</u>	<u>Blackstone</u> <u>Zone</u>	<u>Newport</u> <u>Zone</u>
Non-Bypassable Transition Charge per kWh	0.855¢	0.855¢	0.855¢
Transmission Charge per kWh	0.259¢	0.259¢	0.259¢
Transmission Adjustment Factor per kWh	0.042¢	0.042¢	0.042¢
Conservation & Load Management Adjustment per kWh	0.230¢	0.230¢	0.230¢
Streetlight Credit per kWh	0.000¢	4.420¢	2.918¢
Customer Credit per kWh (Eff. November 1, 2004)	0.811¢	0.811¢	0.811¢
Plus Standard Offer	per Standard Offer Service tariff (Optional)		
Plus Last Resort	per Last Resort Service tariff (Optional)		

**Tax Note:**The rates listed above do not reflect gross earnings tax or sales taxes (when applicable).  
However, such taxes, when applicable, will appear on bills sent to customers.  
Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**LIMITED SERVICE - PRIVATE LIGHTING (S-10)**  
 RETAIL DELIVERY SERVICE

**AVAILABILITY**

Private lighting and floodlighting service is available under this rate to any Customer who prior to the date of this rate was served on Limited Service-Private Lighting Rate S-6, R.I.P.U.C. No. 872. There will be no new installations or relocations under this rate. However, private lighting customers in the Blackstone Valley Zone and Newport Zone who were served on a private lighting rate by Blackstone Valley Electric Company or Newport Electric Company at their current location as of April 30, 2000 shall be placed on this rate by the Company. No other private lighting customers are permitted on this rate, except that a new private lighting customer at a location that was served under this rate may request continuation of service under this rate provided that the request is made within a reasonable time of the customer moving into the service location and the light fixture has not otherwise been removed by the Company.

**RATE**

A. Luminaire Charge:

<u>Lumen Rating</u>	<u>Code</u>	<u>Watts</u>	<u>Annual Price</u> <u>Per Unit</u>
<u>Incandescent</u>			
<u>Streetlights</u>			
1,000	10	105	\$75.22
<u>Mercury Vapor</u>			
<u>Post Top</u>			
8,000	02	217	\$108.85
<u>Streetlights</u>			
4,000	03	134	\$58.40
8,000	04	217	\$70.77
22,000	05	454	\$122.31
63,000	06	1,094	\$234.25
<u>Floodlights</u>			
22,000	23	454	\$152.08
63,000	24	1,094	\$262.72
<u>Sodium Vapor*</u>			
<u>Streetlights</u>			
4,000	70	59	\$62.78
5,800	71	83	\$66.28
9,600	72	117	\$72.63
27,500	74	307	\$120.39
50,000	75	471	\$163.46
27,500 (24 hr)	84	300	\$172.21
<u>Floodlights</u>			
27,500	77	300	\$143.14
50,000	78	466	\$181.37
<u>Post Top</u>			
9,600	79	117	\$78.56

THE NARRAGANSETT ELECTRIC COMPANY  
**LIMITED SERVICE - PRIVATE LIGHTING (S-10)**  
RETAIL DELIVERY SERVICE

Rates for Retail Delivery Service

<u>Non-Bypassable Transition Charge per kWh</u>	see cover sheet
<u>Transmission Charge per kWh</u>	see cover sheet
<u>Distribution Charge per kWh</u>	see cover sheet

\* The above sodium vapor source lights are available for replacement of existing incandescent or mercury vapor source lights. Incandescent and mercury vapor source lights will be replaced by the equivalent sodium vapor equipment when light outage is due to other than lamp or photo cell failure. Conversion of existing incandescent or mercury vapor lights to sodium vapor source lights may also take place at the customer's request.

B. Pole and Accessory Charge

An additional annual charge as enumerated below in the schedule of pole prices will be applied to the foregoing charges for the luminaire stated in Section A where the Company is requested to furnish a suitable pole, for the sole purpose of supporting a luminaire. If at a future date the pole is used for any purpose approved by the Company in addition to supporting a street and/or floodlight luminaire, the pole charge will be terminated.

<u>Overhead Service</u>		<u>Annual Price</u>
<u>Mounting Height</u>	<u>Code</u>	<u>Per Unit</u>
<u>Wood Poles</u>	(P)	\$55.45
<u>Underground Service</u>		
<u>Non-Metallic Poles</u>		
Fiberglass poles with no base	(R)	\$57.34
Fiberglass poles with base		
<25 feet	(C)	\$111.04
Fiberglass poles with base		
=>25 feet	(D)	\$185.67
<u>Metal Poles</u>		
(With foundation)	(T)	\$253.37

**RATE ADJUSTMENT PROVISIONS**

Transmission Service Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision.

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision.

THE NARRAGANSETT ELECTRIC COMPANY  
**LIMITED SERVICE - PRIVATE LIGHTING (S-10)**  
RETAIL DELIVERY SERVICE

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provision, whether or not the Customer is taking or has taken Standard Offer Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

Customer Credit Provision

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Customer Credit Provision as from time to time effective in accordance with law.

**STANDARD OFFER SERVICE**

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff.

**LAST RESORT SERVICE**

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff.

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

**HOURS OF OPERATION**

All lights shall be operated each and every night from approximately one-half hour after sunset until approximately one-half hour before sunrise, a total of approximately 4,175 hours each year. No reduction in billing will be allowed for lamp outages.

**PAYMENTS**

One-twelfth of the annual price including such adjustments herein specified will be billed each and every month beginning with the month next following the month in which service is rendered.

**THE NARRAGANSETT ELECTRIC COMPANY  
LIMITED SERVICE - PRIVATE LIGHTING (S-10)  
RETAIL DELIVERY SERVICE**

**EXCESSIVE DAMAGE**

Excessive damage due to wanton or malicious acts shall be charged to the Customer at the actual cost of labor and material required to repair or replace the unit. Excessive damage is defined as a pole, lamp, fixture or conductors being broken or damaged more than once a year. Notification of excessive damage will be made to the Customer by the Company prior to billing for repairs.

**NOTIFICATION OF OUTAGES**

The Company agrees that it will replace lamps that are burned out, or are not functioning for other reasons, within a reasonable period of time after written notification by the Customer or verbal notification via the designated street light outage phone number. To the extent practicable, the Company also will use all reasonable efforts to respond to reports about outages from the general public, which reports are given by means other than written notice or the street light outage phone number. However, unless such report is made in writing or via the designated phone number, the Company cannot provide any assurances to the Customer that the Company will be able to respond in a timely manner.

The time it takes for the Company to repair or replace lamps depends on the extent of damage to the lamp and/or fixture, the means by which the Company was notified, the size of the backlog of reports, and whether any other abnormal conditions exist which affect the Company's ability to respond in a timely manner.

**MAINTENANCE OF STREET LIGHTS**

It is expressly understood and agreed that the Company has no responsibility to locate or identify burned out or malfunctioning lamps; this is the sole and exclusive responsibility of the Customer. The Company's obligation to the Customer to repair lamps arises only after receipt of appropriate notice of an outage.

**LOCATION OF STREET LIGHTS**

The Customer bears sole responsibility for determining where street lights will be placed and the type of lamp used at each location. The Company bears no responsibility for, and makes no representations or warranties concerning, the locations and lamps selected by the Customer or the adequacy of the resulting lighting.

**DISCLAIMER OF LIABILITY**

The Company's duties and obligations under this tariff extend only to the Customer, and not to any third parties. The Company does not assume and specifically disclaims any liability to third parties arising out of Company's obligations to Customer under this section.

**TERMS AND CONDITIONS**

The Company's Terms and Conditions in effect from time to time, where applicable hereto and not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: October 28, 2004



THE NARRAGANSETT ELECTRIC COMPANY  
**General Streetlighting Service (S-14)**  
Retail Delivery Service

Effective  
October 28, 2004

R.I.P.U.C. No. 1181

<u>Luminaire</u> <u>Type/Lumens</u>	<u>Code</u>	<u>Annual kWh</u>
<u>Incandescent</u>		
1,000	10	440
1,500	11	845
<u>Mercury Vapor</u>		
8,000 Post Top	02	908
4,000	03	561
8,000	04	908
15,000	17, 18	1,874
22,000	05	1,897
63,000	06	4,569
<u>Sodium Vapor</u>		
4,000	70, 710, 711, 750, 755, 756	248
5,800	71	349
9,600	72	490
27,500	74	1,284
50,000	75	1,968
27,500 (24 hr)	84	2,568
50,000 FL	78	1,968
9,600 Post Top	79	490

	<u>Narragansett</u> <u>Zone</u>	<u>Blackstone</u> <u>Zone</u>	<u>Newport</u> <u>Zone</u>
Non-Bypassable Transition Charge per kWh	0.855¢	0.855¢	0.855¢
Transmission Charge per kWh	0.259¢	0.259¢	0.259¢
Transmission Adjustment Factor per kWh	0.042¢	0.042¢	0.042¢
Conservation & Load Management Adj. per kWh	0.230¢	0.230¢	0.230¢
Streetlight Credit per kWh	0.000¢	4.420¢	2.918¢
Customer Credit per kWh (Eff. November 1, 2004)	0.811¢	0.811¢	0.811¢
Standard Offer Service	per Standard Offer Service tariff (Optional)		
Last Resort Service	per Last Resort Service tariff (Optional)		

**Tax Note:** The rates listed above do not reflect gross earnings tax or sales taxes (when applicable).  
However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**GENERAL STREET LIGHTING SERVICE (S-14)**  
RETAIL DELIVERY SERVICE

**AVAILABILITY**

Street Lighting Service is available under this rate to any city, town, or other public authority hereinafter referred to as the Customer, and to Customers who immediately prior to their transfer to this rate were served on Limited Street Lighting Service (S-12), R.I.P.U.C. NO. 1145-A, in accordance with the provisions and the specifications hereinafter set forth:

1. For municipally-owned or accepted roadways, which includes those classified as "private ways" for which a municipality has agreed to supply street lighting service.
2. Service under this rate is contingent upon Company ownership and maintenance of street lighting equipment.
3. Service under this rate is not available for limited access highways or the access and egress ramps.
4. Service under this rate is available to private contractors for street lighting service for streets which have not yet been accepted by the municipality.

**RATE**

A. Luminaire Charge:

<u>Lumen Rating</u>	<u>Code</u>	<u>Watts</u>	<u>Annual Price Per Unit</u>
<u>Incandescent</u>			
<u>Streetlight</u>			
1,000 *	10	105	\$75.22
2,500 *	11	206	\$67.45
 <u>Mercury Vapor</u>			
<u>Streetlights</u>			
4,000 *	03	134	\$58.40
8,000 *	04	217	\$70.77
15,000(In) *	17	299	\$122.97
15,000(Out) *	18	299	\$122.97
22,000 *	05	454	\$122.31
63,000 *	06	1,094	\$234.25
 <u>Post Top</u>			
8,000	02	217	\$108.85

THE NARRAGANSETT ELECTRIC COMPANY  
**GENERAL STREET LIGHTING SERVICE (S-14)**  
 RETAIL DELIVERY SERVICE

<u>Lumen Rating</u>	<u>Code</u>	<u>Watt</u>	<u>Annual Price</u> <u>Per Unit</u>
<u>Sodium Vapor</u>			
<u>Streetlights</u>			
4,000	70	59	\$62.78
5,800	71	83	\$66.28
9,600	72	117	\$72.63
27,500	74	307	\$120.39
50,000	75	471	\$163.46
27,500 (24 Hr)	84	300	\$172.21
<u>Incandescent Conversion</u>			
1,000 to 4,000	750	59	\$62.78
<u>Post Top</u>			
9,600	79	117	\$78.56
<u>Floodlights</u>			
27,500	77	300	\$143.14
50,000	78	466	\$181.37

\* No further installation or relocating of this size light.

Rates for Retail Delivery Service

<u>Non-Bypassable Transition Charge per kWh</u>	see cover sheet
<u>Transmission Charge per kWh</u>	see cover sheet
<u>Distribution Charge per kWh</u>	see cover sheet

B. Pole and Accessory Charge:

An additional annual charge as enumerated below in the schedule of pole prices will be applied to the foregoing charges for the luminaire stated in Section A where the Company is requested to furnish a suitable pole, for the sole purpose of supporting a luminaire. If at a future date the pole is used for any purpose approved by the Company in addition to supporting a street and/or floodlight luminaire, the pole charge will be terminated.

THE NARRAGANSETT ELECTRIC COMPANY  
**GENERAL STREET LIGHTING SERVICE (S-14)**  
RETAIL DELIVERY SERVICE

Overhead Service

<u>Mounting Height</u>	<u>Code</u>	<u>Annual Price Per Unit</u>
<u>Wood Poles</u>	(P)	\$55.45

Underground Service

Non-Metallic Poles

Fiberglass poles with no base (R) \$57.34

Fiberglass poles with base  
<25 feet (C) \$111.04

Fiberglass poles with base  
=>25 feet (D) \$185.67

Metal Poles

(With Foundation) (T) \$253.37

The following pole charges apply to customers formerly served on Limited Street Lighting Service (S-12), R.I.P.U.C. No. 1145-A:

Wood Poles	(G)	\$110.86
Fiberglass poles with no base	(I)	\$110.86
Metal Poles		
(With Foundation)	(J)	\$110.86

**RATE ADJUSTMENT PROVISIONS**

Transmission Service Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision.

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision.

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provision, whether or not the Customer is taking or has taken Standard Offer Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

THE NARRAGANSETT ELECTRIC COMPANY  
**GENERAL STREET LIGHTING SERVICE (S-14)**  
RETAIL DELIVERY SERVICE

Customer Credit Provision

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Customer Credit Provision as from time to time effective in accordance with law.

**STANDARD OFFER SERVICE**

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff.

**LAST RESORT SERVICE**

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff.

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

**HOURS OF OPERATION**

All lights shall be operated each and every night from approximately one-half hour after sunset until approximately one-half hour before sunrise, a total of approximately 4175 hours each year. No reduction in billing will be allowed for lamp outages.

**PAYMENTS**

One-twelfth of the annual price including such adjustments herein specified will be billed each and every month beginning with the month next following the month in which service is rendered.

**NOTIFICATION OF OUTAGES**

The Company agrees that it will replace lamps that are burned out, or are not functioning for other reasons, within a reasonable period of time after written notification by the Customer or verbal notification via the designated street light outage phone number. To the extent practicable, the Company also will use all reasonable efforts to respond to reports about outages from the general public, which reports are given by means other than written notice or the street light outage phone number. However, unless such report is made in writing or via the designated phone number, the Company cannot provide any assurances to the Customer that the Company will be able to respond in a timely manner.

The time it takes for the Company to repair or replace lamps depends on the extent of damage to the lamp and/or fixture, the means by which the Company was notified, the size of the backlog of reports, and whether any other abnormal conditions exist which affect the Company's ability to respond in a timely manner.

**THE NARRAGANSETT ELECTRIC COMPANY  
GENERAL STREET LIGHTING SERVICE (S-14)  
RETAIL DELIVERY SERVICE**

**MAINTENANCE OF STREET LIGHTS**

It is expressly understood and agreed that the Company has no responsibility to locate or identify burned out or malfunctioning lamps; this is the sole and exclusive responsibility of the Customer. The Company's obligation to the Customer to repair lamps arises only after receipt of appropriate notice of an outage.

**LOCATION OF STREET LIGHTS**

The Customer bears sole responsibility for determining where street lights will be placed and the type of lamp used at each location. The Company bears no responsibility for, and makes no representations or warranties concerning, the locations and lamps selected by the Customer or the adequacy of the resulting lighting.

**DISCLAIMER OF LIABILITY**

The Company's duties and obligations under this tariff extend only to the Customer, and not to any third parties. The Company does not assume and specifically disclaims any liability to third parties arising out of Company's obligations to Customer under this section.

**EXCESSIVE DAMAGE**

Excessive damage due to wanton or malicious acts shall be charged to the Customer at the actual cost of labor and material required to repair or replace the unit. Excessive damage is defined as a pole, lamp, fixture or conductors being broken or damaged more than once a year. Notification of excessive damage will be made to the Customer by the Company prior to billing for repairs.

**DISCONTINUANCE OF LIGHTS**

The Customer may not discontinue during any calendar year lights in excess of five (5) percent of the number of lights in service except that any number of lights above five (5) percent may be discontinued by mutual agreement upon payment of undepreciated value of the existing light if such light has been installed for a period of less than ten years.

**CONVERSION OF EXITING INCANDESCENT AND MERCURY VAPOR LIGHTS TO SODIUM VAPOR**

- (1) Incandescent lights - To any municipality or other governmental agency so requesting, the Company will initiate a conversion schedule for the replacement of incandescent lights with an appropriate sodium vapor light. The conversion will be completed in a period as agreed upon. See the above schedule of prices for conversion of incandescent lights to sodium vapor for the cost at time of conversion.
- (2) Mercury vapor lights - To any municipality or other governmental agency so requesting, the Company will initiate a conversion schedule for the replacement of mercury vapor lights with an appropriate sodium vapor light upon payment of the undepreciated value of the existing light if such light has been installed for a period less than ten years. This payment may be spread equally over the following twelve month period. The conversion will be completed in a period as agreed upon.

**THE NARRAGANSETT ELECTRIC COMPANY**  
**GENERAL STREET LIGHTING SERVICE (S-14)**  
RETAIL DELIVERY SERVICE

**TEMPORARY DISCONNECTION**

The customer may request that a light may be disconnected for a period not to exceed one (1) year. The Company will cease operation and billing of such light upon payment of a disconnect charge of \$25. If served underground, the underground charge will continue.

**TERMS AND CONDITIONS**

The Company's Terms and Conditions in effect from time to time, where applicable hereto and not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: October 28, 2004

## THE NARRAGANSETT ELECTRIC COMPANY

**Limited Service All-Electric Living (T-06)**

## Retail Delivery Service

Effective  
October 28, 2004

R.I.P.U.C. No. 1182

Monthly Charge As Adjusted

Rates for Retail Delivery ServiceResidential:

<u>Customer Charge per month</u>	\$2.75
<u>Distribution Charge per kWh</u>	2.473¢ (Eff. October 28, 2004) 2.699¢ (Eff. January 1, 2006) 2.924¢ (Eff. January 1, 2007) 3.150¢ (Eff. January 1, 2008) 3.376¢ (Eff. January 1, 2009)
<u>Minimum Charge per month</u>	\$2.75
<u>Customer Credit per kWh</u>	0.329¢ (Eff. November 1, 2004)

Commercial:

<u>Customer Charge per month</u>	\$6.00
<u>Distribution Charge per kWh</u>	2.522¢ (Eff. October 28, 2004) 2.797¢ (Eff. January 1, 2006) 3.072¢ (Eff. January 1, 2007) 3.347¢ (Eff. January 1, 2008) 3.624¢ (Eff. January 1, 2009)
<u>Minimum Charge per month</u>	\$6.00
<u>Customer Credit per kWh</u>	0.365¢ (Eff. November 1, 2004)

All Classes:

<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Charge per kWh</u>	0.361¢
<u>Transmission Adjustment Factor per kWh</u>	0.042¢
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable).****However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.



**THE NARRAGANSETT ELECTRIC COMPANY  
LIMITED SERVICE - ALL-ELECTRIC LIVING (T-06)  
RETAIL DELIVERY SERVICE**

**AVAILABILITY**

The availability of this rate is limited to those customers who were served under Limited Service - All Electric Living Rate T, on May 1, 1984 and have continuously been served under the All-Electric Living Rate since that date. Notwithstanding the foregoing, the Company may require any customer with a 12-month average Demand greater than 200 kW to take service on Rate G-32. Effective during the billing month of January 2009, all customers served under this Rate Schedule will be transferred to Basic Residential Rate A-16 or Small C&I Rate C-06 and the provisions of this tariff will no longer be in effect.

To such customers, delivery service under this Limited Service - All-Electric Living Rate T-06 is available for all purposes classified below, subject to the conditions hereinafter stated:

**CLASSIFICATIONS**

- (a) A building, or a group of buildings under common ownership and operation, where the principal use of electricity is for living quarters. If the owner does not furnish all the electric requirements to the tenants of a building, the balance of these requirements may be billed individually to the tenants under the applicable rate.
- (b) Hotels and Motels.
- (c) Hospitals and licensed Nursing Homes.
- (d) A school, including adjacent buildings owned and operated by such school and used principally for educational purposes.

**CONDITIONS**

- 1. Electricity must be the sole source of energy for space heating and water heating. It shall be supplied only under this rate except where tenants are metered individually.
- 2. All electric space heating equipment must be permanently installed. It is recommended that insulation be permanently installed and conform to the Company's standards.
- 3. All water heaters installed shall be of a type and size approved by the Company.
- 4. The Customer shall provide a separate circuit for the water heater, of ample capacity and designed for 240-volt operation, to which no equipment other than the water heater shall be connected.

**MONTHLY CHARGE**

The Monthly Charge will be the sum of the applicable Retail Delivery Service Charges set forth in the cover sheet of this tariff.

THE NARRAGANSETT ELECTRIC COMPANY  
**LIMITED SERVICE - ALL-ELECTRIC LIVING (T-06)**  
RETAIL DELIVERY SERVICE

**RATE ADJUSTMENT PROVISIONS**

Transmission Service Charge Adjustment

The prices under this rate as set forth under 'Monthly Charge' may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision.

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision.

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provision, whether or not the Customer is taking or has taken Standard Offer Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

Customer Credit Provision

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Customer Credit Provision as from time to time effective in accordance with law.

**STANDARD OFFER SERVICE**

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff.

**LAST RESORT SERVICE**

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff.

**MINIMUM CHARGE**

\$2.75 per month (Residential)  
\$6.00 per month (Commercial)

THE NARRAGANSETT ELECTRIC COMPANY  
**LIMITED SERVICE - ALL-ELECTRIC LIVING (T-06)**  
RETAIL DELIVERY SERVICE

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

**TERMS AND CONDITIONS**

The Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: October 28, 2004

THE NARRAGANSETT ELECTRIC COMPANY

**Electric Propulsion Rate (X-01)**  
High Voltage Delivery Service

Effective  
October 28, 2004

R.I.P.U.C. No. 1183

Monthly Charge As Adjusted

Rates for High Voltage Delivery Service

<u>Customer Charge per month</u>	\$10,000.00
<u>Transmission Demand Charge per kW</u>	\$1.34
<u>Non-Bypassable Transition Charge per kWh</u>	0.855¢
<u>Transmission Adjustment Factor per kWh</u>	0.042¢
<u>Distribution Energy Charge per kWh</u>	0.312¢
<u>Conservation and Load Management Adjustment per kWh</u>	0.230¢
<u>Customer Credit per kWh</u>	0.190¢ (Eff. November 1, 2004)

Rates for Standard Offer Service or Last Resort Service (Optional)

<u>Standard Offer per kWh</u>	per Standard Offer Service tariff
<u>Last Resort per kWh</u>	per Last Resort Service tariff

**Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable).  
However, such taxes, when applicable, will appear on bills sent to customers.**

Other Rate Clauses apply as usual.

THE NARRAGANSETT ELECTRIC COMPANY  
**ELECTRIC PROPULSION RATE (X-01)**  
HIGH VOLTAGE DELIVERY SERVICE

**AVAILABILITY**

This rate shall apply to any customer taking service for traction power at voltages of 69kV or greater.

**MONTHLY CHARGE**

The Monthly Charge will be the sum of the High Voltage Delivery Service Charges set forth in the cover sheet of this tariff.

**PEAK AND OFF-PEAK PERIODS:**

PEAK HOURS:	June - September	-- 8 a.m. - 10 p.m. Weekdays,
	December - February	-- 7 a.m. - 10 p.m. Weekdays
	October - November and	
	March - May	-- 8 a.m. - 9 p.m. Weekdays

OFF-PEAK HOURS: All other hours

Weekdays shall mean Monday through Friday, excluding the following holidays: New Year's Day, President's Day, Memorial Day, Independence Day, Columbus Day (observed), Labor Day, Veteran's Day, Thanksgiving Day and Christmas Day.

**DEMAND**

The Demand for each month under ordinary load conditions shall be the greatest of the following:

- a) The greatest peak occurring in such month during Peak hours as measured in kilowatts,
- b) Through the billing month of December 2005, 80% of the greatest peak occurring in such month during Peak hours as measured in kilovolt-amperes, and 90% thereafter,
- c) 75% of the greatest Demand as so determined above during the preceding eleven months, and
- d) 10 kilowatts.

Demand shall be measured in fifteen minute intervals.

THE NARRAGANSETT ELECTRIC COMPANY  
**ELECTRIC PROPULSION RATE (X-01)**  
HIGH VOLTAGE DELIVERY SERVICE

**RATE ADJUSTMENT PROVISIONS**

Transmission Service Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision.

Standard Offer Adjustment

The customer will pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provision, whether or not the customer is taking or has taken Standard Offer Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

Customer Credit Provision

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Customer Credit Provision as from time to time effective in accordance with law.

**STANDARD OFFER SERVICE**

The customer may take Standard Offer Service pursuant to the terms of the Standard Offer Service tariff.

**LAST RESORT SERVICE**

If at any time the customer does not take its power supply from a non-regulated power producer and becomes ineligible for Standard Offer Service, the customer will receive Last Resort Service pursuant to the Last Resort Service tariff.

**HIGH VOLTAGE SERVICE AGREEMENT**

As a condition for service at high voltage, the Company and the customer shall execute a service agreement that sets forth the terms and conditions for service, including as necessary any reasonable reliability and safety performance requirements and other just and reasonable terms and conditions for taking service, provided that such agreement is filed with the Commission for review and approval. If the Company and the customer are unable to agree on the terms of such agreement, the Company has the right to file an unexecuted

**THE NARRAGANSETT ELECTRIC COMPANY**  
**ELECTRIC PROPULSION RATE (X-01)**  
**HIGH VOLTAGE DELIVERY SERVICE**

form of agreement for approval by the Commission, provided that a copy of the filing is served on the customer. The customer has the right to dispute the reasonableness of any terms of the agreement. The final terms of the form of agreement approved by the Commission (with any modifications the Commission may deem appropriate) will become a part of this tariff with respect to service for the customer when the customer commences taking service at high voltage.

**CONSTRUCTION REIMBURSEMENT PAYMENT**

The customer shall be required to reimburse the Company for its capital costs incurred for the construction of facilities designed to serve the customer directly, which costs have been incurred prior to the commencement of commercial train service by the customer. Such reimbursement shall also include any applicable tax liability arising out of Internal Revenue Service requirements relating to contributions in aid of construction.

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

**TERMS AND CONDITIONS**

The Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof (including the high voltage service agreement), are a part of this rate.

**EFFECTIVE DATE OF RATES FOR SERVICE**

The rates set forth in this tariff shall be charged to the customer, commencing on the date that the customer is scheduled to begin electric service from the customer's Warwick substation to run trains on its traction power system, or such other date that may be mutually agreeable to the customer and the Company. However, to the extent that the customer consumes any kilowatthours during any testing period, the customer shall pay all applicable charges under the Company's Standard Offer Service Tariff.

Effective: October 28, 2004

THE NARRAGANSETT ELECTRIC COMPANY

**Station Power Delivery and Reliability Service Rate (M-1)**  
Retail Delivery Service

Effective  
October 28, 2004

R.I.P.U.C. No. 1184

Rates for Station Power Delivery and Reliability Service

Eligible Customers must select one of the two rate Options A or B below:

**Monthly Charges**

**OPTION A**

<u>Distribution Delivery Service Charge</u>	\$3,406.18 per month
<u>Non-Bypassable Transition Charge</u>	Higher of: 0.855¢ per kWh or \$3,500
<u>Conservation and Load Management Charge</u>	Higher of 0.230¢ per kWh or \$800
<u>Customer Credit per kWh</u>	0.231¢ (Eff. November 1, 2004)

**OPTION B**

<u>Distribution Delivery Service Charge</u>	\$3,406.18 per month
<u>Non-Bypassable Transition Charge</u>	0.855¢ per kWh
<u>Conservation and Load Management Charge</u>	0.230¢ per kWh
<u>Customer Credit per kWh</u>	0.231¢ (Eff. November 1, 2004)

**Tax Note:** The rates listed above do not reflect gross earnings tax or sales taxes (when applicable).  
However, such taxes, when applicable, will appear on bills sent to customers.



THE NARRAGANSETT ELECTRIC COMPANY  
**STATION POWER DELIVERY AND RELIABILITY SERVICE RATE (M-1)**  
Retail Delivery Service

**AVAILABILITY**

This service shall be available to all Customers meeting the following criteria:

1. The Customer is a "Merchant Generator" who owns and operates a generating facility with one or more generating units with an aggregate generating capacity of 50 MW or more and where all, or virtually all, of the electricity produced by the generating facility is delivered into the transmission grid for resale (net of any self-supplied Station Power);
2. The Customer's generating facility is interconnected directly or indirectly with high voltage facilities at 115 kV or greater where the high voltage facilities serving the customer are sized for deliveries into the transmission grid; and
3. The Customer receives deliveries of electricity from time to time directly or indirectly through the high voltage facilities to serve all or portion of the Customer's Station Power requirements at the generating facility.

This rate shall be mandatory for any Customer meeting the above listed criteria if such Customer arranges its own transmission service for delivery of Station Power into the generating facility, as described below under "Transmission Service Arrangements". Once a Customer takes service under this rate, the Customer may not choose to take service under a different rate without the consent of the Company.

**DEFINITIONS**

As used in this tariff:

**"Merchant Generator"** means a person or entity that owns and operates an electric power production facility and sells the output from such facility (net of self-supplied Station Power), either directly or through a marketer, at wholesale through the transmission grid.

**"Station Power"** means electrical energy and/or capacity used by the Customer for heating, lighting, power for station auxiliaries, office equipment, and/or other power production operating purposes.

**TYPE OF SERVICE**

Station Power Delivery and Reliability Service consists of delivery service through high voltage and/or other interconnected facilities to serve all or a portion of the Customer's Station Power requirements at the generating facilities.

**DELIVERY POINT CONSOLIDATION**

If the Customer has more than one delivery point for station service deliveries into interrelated generating facilities, the Company may consolidate the metering and delivery points into one billing account for purposes of billing under this rate.

THE NARRAGANSETT ELECTRIC COMPANY  
**STATION POWER DELIVERY AND RELIABILITY SERVICE RATE (M-1)**  
Retail Delivery Service

**MONTHLY CHARGE**

Customers must select either Option A or Option B. The Monthly Charge will be the sum of the Station Power Delivery Service Charges stated on the cover sheet for the applicable option. Once a Customer selects an Option, the Customer must remain on that Option for 12 consecutive months before changing Options.

**BILLING DETERMINANTS FOR TRANSITION AND CONSERVATION CHARGES**

Option A -- Monthly Netting

Under Option A, for purposes of determining whether the alternative kilowatt-hour charges apply for the Non-Bypassable Transition Charge and the Conservation and Load Management Charge, the Company will net gross generator output against remotely supplied station service deliveries each month. The charge for each month for such components shall be the higher of (i) the fixed charge or (ii) the kilowatt-hour charge multiplied by the net kilowatt-hours delivered for the month if the deliveries exceed generation output for the month.

Option B – Hourly Netting

Under Option B, for purposes of determining the kilowatt-hour charges that apply for the Non-Bypassable Transition Charge and the Conservation and Load Management Charges, the Company will net gross generator output against remotely supplied station service deliveries each hour. The charge for each month shall be the kilowatt-hour charge multiplied by the net kilowatt-hours delivered for the hour if the deliveries exceed generation output for such hour.

**RATE ADJUSTMENT CLAUSE APPLICABILITY**

The Transition Charge Adjustment Provision, the Conservation and Load Management Adjustment Provision, the Standard Offer Adjustment Provision, and the Transmission Service Charge Adjustment Provision shall not apply to Option A of this Rate.

The Standard Offer Adjustment Provision and the Transmission Service Charge Adjustment Provision shall not apply to Option B of this Rate.

Customer Credit Provision

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Customer Credit Provision as from time to time effective in accordance with law.

**THE NARRAGANSETT ELECTRIC COMPANY**  
**STATION POWER DELIVERY AND RELIABILITY SERVICE RATE (M-1)**  
Retail Delivery Service

**TRANSMISSION SERVICE ARRANGEMENTS**

Any Customer served under this rate must make its own arrangements for transmission service to the Customer's generating facility for delivery of Station Power. Such arrangements must be made with the appropriate transmission provider(s) pursuant to a tariff or tariffs jurisdictional to the Federal Energy Regulatory Commission (FERC) in order to assure that the Company is not required to account for any load delivered into the Customer's facility for Station Power for transmission billings assessed on the Company pursuant to FERC jurisdictional transmission tariffs applicable to the Company. This transmission service is distinguishable and separate from transmission service or interconnection arrangements that permit the Customer to deliver output from the generating facility into the transmission grid.

**ARRANGEMENTS FOR GENERATION SERVICE**

Any Customer served under this rate must either (1) establish a settlement account with ISO-New England, Inc., for power supply and must use the settlement account to arrange for any Station Power supply that is not self-supplied at the generating facility or (2) purchase electricity directly from a nonregulated power producer. By electing service under this tariff, the Customer agrees not to take service at any time under the Company's Last Resort Service or Standard Offer Service Tariffs.

**OTHER LOW VOLTAGE SERVICE EXCLUDED**

Any Customer served under this rate who also is receiving Station Power service or other retail delivery service through a separate distribution feeder that is not associated with the facilities through which the Customer delivers generated electricity into the transmission system must take such delivery service through a separate applicable retail delivery service tariff that is separately metered and established as a separate account.

**OTHER FACILITIES EXCLUDED**

This rate applies only to Station Power. The Customer may not use this rate to receive or provide power to other non-generation related facilities, the use of which falls outside of the definition of "Station Power", as defined in this rate.

**GROSS EARNINGS TAX**

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

**TERMS AND CONDITIONS**

The Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: October 28, 2004

## **Adjustment Factor Provisions**

THE NARRAGANSETT ELECTRIC COMPANY  
CUSTOMER CREDIT PROVISION

The Customer Credit Factor ("CCF") shall refund to customers all funds accumulated on the behalf of customers ("Customer Credit") pursuant to Section 11(A) of the Third Amended Stipulation and Settlement Agreement approved by the Rhode Island Public Utilities Commission ("Commission") in Docket No. 2930, in accordance with the adjustments and methodology set forth in the settlement filed by the Company and approved by the Commission in Docket No. 3617 (the "Current Rate Plan").

The Company shall estimate and adjust the Customer Credit for the period January 1, 2000 through December 31, 2004 as described in Section 7(C) of the Current Rate Plan. The Customer Credit shall be allocated to each of the Company's rate classes using a factor comprised of 50% of each class' base distribution revenues estimated for calendar year 2005 and 50% of each class' kilowatt-hour deliveries estimated for calendar year 2005. The factor for each class will be a cents-per-kilowatt-hour factor applicable to all kilowatt-hours delivered by the Company and will be applied to customer bills over a twelve-month period beginning for usage on and after November 1, 2004.

The estimated amounts included in the design of the CFF shall be reconciled to actual amounts in a report filed with the Commission by May 1, 2005. In addition, the amounts credited to customers pursuant to this provision shall be tracked by the Company and reconciled at the end of the twelve-month period to the actual amount reflected in the May 1, 2005 report. The result of this reconciliation shall be included in the Company's first annual reconciliation filing occurring after the expiration of the CCF. Any over or under recoveries of the Customer Credit will be allocated to customer classes using the methodology set forth in the prior paragraph and recovered from or returned to customers over the following twelve months in a Customer Credit adjustment factor.

Pursuant to the Commission Order in Docket No. 3551, all of some portion of the Customer Credit attributable to the U.S. Navy will be credited to the Company's revenues in calendar year 2004, and be subject to earnings sharing.

Under G.L. 42-98-1.1, the cities of Providence and East Providence ("Cities") have the option to waive the application of the CCF that would otherwise be applicable to the Company's customers in those communities for purposes of supporting the cost to underground the E-183 line in accordance with the settlement approved by the Energy Facilities Siting Board on May 28, 2004 in Docket SB-2003-1 ("E-183 Settlement"). In the event that one or both of the Cities elects the option under G.L. 42-98-1.1, the Company shall implement such election. In the event that: (i) the Company receives funding for the undergrounding from alternative sources; (ii) either City does not exercise the option under G.L. 42-98-1.1; or (iii) the Company is unable to secure funding, permits, and the rights to land and easements as set forth in the E-183 Settlement, then the Company shall notify the Cities and shall implement that portion of the Customer

Credit not otherwise used to fund the undergrounding project for the Company's customers in those communities.

Modifications to the CCF shall be in accordance with a notice filed with the Commission setting forth the amount of the revised factor and the amount of the increase or decrease. The notice shall further specify the effective date of such charges.

Effective: November 1, 2004

THE NARRAGANSETT ELECTRIC COMPANY  
NON-BYPASSABLE TRANSITION CHARGE ADJUSTMENT PROVISION

The Non-Bypassable Transition Charge shall collect from customers all Contract Termination Charges billed to the Narragansett Electric Company (the Company) by the New England Power Company or Montaup Electric Company. The Non-Bypassable Transition Charge may be subject to adjustment each time any Contract Termination Charge changes.

On an annual basis, the Company shall reconcile its total cost of Contract Termination Charges against its total transition charge revenue to determine any excess or deficiency ("Transition Charge Adjustment Balance"). Any positive or negative balance will accrue interest calculated at the rate in effect for customer deposits.

For purposes of the above reconciliation, total transition charge revenues shall mean all revenue collected from customers through the transition charges for the applicable reconciliation period. If there is a positive or negative balance in the then current Transition Charge Adjustment Balance outstanding from the prior period, the balance shall be credited against or added to the new reconciliation amount, as appropriate, in establishing the Transition Charge Adjustment Balance for the new reconciliation period. The Company shall annually determine the Transition Charge Adjustment Balance, if any, for the prior calendar year and make a filing with the Commission. The Company will propose at that time a rate recovery /refund methodology to recover or refund the balance, as appropriate, over a twelve-month period or over any reasonable time period as approved by the Commission.

Modifications to the Non-Bypassable Transition Charge shall be in accordance with a notice filed with the Public Utilities Commission setting forth the revised charge and the amount of the increase or decrease. The notice shall further specify the effective date of the change.

This provision is applicable to all Retail Delivery Service rates of the Company.

Effective: November 1, 2004

THE NARRAGANSETT ELECTRIC COMPANY  
TRANSMISSION SERVICE COST ADJUSTMENT PROVISION

The Transmission Service Cost Adjustment (TCA) shall collect from customers transmission costs billed to The Narragansett Electric Company (Narragansett or the Company) by entities such as New England Power Company, by any other transmission provider, and by regional transmission entities such as the New England Power Pool, a regional transmission group, an independent system operator or any other entity that is authorized to bill Narragansett directly for transmission services.

The TCA shall be a uniform cents per kilowatt-hour factor applicable to all kilowatt-hours delivered by the Company. The TCA shall be established annually based on a forecast of transmission costs, taking into account revenues that will be received from base rate transmission charges, and shall include a full reconciliation and adjustment for any over- or under-recoveries of transmission costs incurred during the prior year. The Company may file to change the TCA at any time should significant over- or under-recoveries occur. The reconciliation shall calculate all revenues received by the Company through the base rate transmission charges and this TCA, compare these revenues to all transmission costs incurred during the corresponding year, and pass through the resulting credit or charge, as appropriate, on a uniform per kWh basis, as provided above.

Modifications to the TCA Factor shall be in accordance with a notice filed with the Public Utilities Commission setting forth the amount of the revised factor and the amount of the increase or decrease. The notice shall further specify the effective date of such charges.

Effective: November 1, 2004



## **Line Extension Policies**

# **THE NARRAGANSETT ELECTRIC COMPANY**

## **POLICY 1**

### **LINE EXTENSION POLICY FOR INDIVIDUAL RESIDENTIAL CUSTOMERS**

When an individual residential customer ("Customer") requests that a distribution line be extended to serve such customer's home whether over private property, along common way or along a public way, the terms of this policy shall apply.

1. Installation of Overhead Distribution Line

The Narragansett Electric Company ("Company") will provide a regular overhead 120/240 volts, single phase, 3 wire service up to a capacity limit of 50 kVA for the Customer. The Company will determine the route of the distribution line in consultation with the Customer.

2. Distance of Overhead Distribution Line Allowed Without Charge

The Company will provide up to two poles and two spans of overhead distribution line needed to serve the Customer plus a service drop (that does not require a carrier pole) to the Customer's home free of charge.

3. Overhead Installation Charge

If more than two poles and two spans of overhead distribution line are required to serve the Customer's home, the Customer will pay an "Overhead Installation Charge", as determined below.

The Overhead Installation Charge will be equal to the number of feet of distribution line (beyond two poles and two spans) required to serve the Customer's home, multiplied by the "Overhead Cost Per Foot" (as defined in section 9 below), plus the applicable tax contribution factor.

All responsibility on private property for blasting and/or tree trimming and removal remains with the Customer.

Tree trimming and blasting requirements along public ways and common ways are the responsibility of the Company, but the Company may bill the cost of such tree trimming and blasting to the Customer.

4. Payment Terms

If the Overhead Installation Charge is less the \$1,500, the Customer will be required to pay the entire amount before the start of construction.

If the Overhead Installation Charge is \$1,500 or greater, the Customer will have the option to either pay the entire amount before the start of construction, or pay the amount within a period of (5) years in sixty (60) equal monthly payments, plus interest at the rate of interest applicable to Narragansett Electric's customer deposit accounts.

5. More Than One Customer

Where overhead service is requested by more than one Customer for the same line, the Overhead Installation Charge will be prorated among those Customers, based on the amount of line attributable to each Customer. (The calculation of the Overhead Installation Charge shall allow for a credit equal to the Overhead Cost Per Foot of two poles and two spans for each Customer).

6. Customer Added After Initial Construction

If a new Customer (or group of customers) is supplied service from facilities constructed under this policy, and if such service begins within five (5) years from the date of the first payment received by the Company from the original Customer or group of Customers, the Company will require such new Customer(s) to make prorated contribution to payment of the balance of the Overhead Installation Charge. Any contribution received from a new Customer will be used to proportionately reduce the balance owed by the initial Customer(s). In addition, a credit of two poles and two spans per customer will be applied against the remaining balance. However, no refunds will be paid if the credit exceeds the balance.

7. Change of Customer

The Customer must agree, as a condition for the line extension monthly payment terms, that if he/she sells, leases or otherwise transfers control and use of the home to another individual ("New Occupant"), and such New Occupant opens a new account with the Company, the Customer will obtain an agreement from such New Occupant to pay the remaining balance as prescribed in the agreement of the Overhead Installation Charge that would have been owed by the Customer at that location. Otherwise, the Customer will remain personally liable for the balance owed.

The Company reserves the right to place a lien on the property until such time that the obligation is fulfilled.

8. Underground Lines

If the Customer requests an underground distribution line in lieu of the standard overhead line, the Company will give reasonable consideration to the request. If the Company believes that there are technical complications, safety issues, engineering concerns, or other reasonable concerns regarding the feasibility and/or maintenance of an underground system in the given circumstances, the Company may decline to provide underground service.

If the Company agrees to an underground service, the Company will estimate the cost of providing the underground line to the home, using a predetermined underground cost per foot ("Underground Cost Per Foot"). The Customer will be required to pay an "Underground Charge" equal to:

- (A) the total cost of installing the underground line; minus
- (B) an amount equal to the Overhead Cost Per Foot of two poles and two spans; plus
- (C) the applicable tax contribution factor.

The Underground Charge must be paid before the start of construction (even if it exceeds \$1,500) and it is nonrefundable if the underground line is built.

The Customer will be responsible for removal of ledge, trenching, backfilling in accordance with the Company's construction standards and/or the "Information & Requirements for Electric Service" as published by the Company from time to time, and shall comply with codes and requirements of legally constituted authorities having jurisdiction. In addition, the Customer will be responsible for the installation and ownership of the underground secondary service to the home as served from the Company's distribution line.

The Company will also require the Customer to install, in accordance with the Company's specifications, the underground conduits, foundations, risers, manholes, and hand holes supplied by the Company.

9. Current Per Foot Costs

The "Cost Per Foot" for underground and overhead construction used under this policy shall be the same as used under the Company's "Line Extension Policy for Residential Developments".

10. Tree Trimming

The Customer will be responsible for all necessary tree trimming on private property. Tree trimming along public ways and common ways will remain the responsibility of the Company but may cause additional charges to be billed to the Customer.

11. Line Extension Agreement

The Company will require the Customer to sign a Line Extension Agreement setting forth the terms of this policy and any other terms that the Company deems are reasonably necessary in connection with the installation line to the Customer's home, provided that such terms are not inconsistent with the terms expressed in this policy.

12. Temporary Service

This policy shall not apply to lines constructed for temporary service, unless the Company, in its sole discretion, deems it appropriate in the given circumstances of each case.

13. Winter Moratorium on Underground Construction

From the period of December 15 to April 1, the Company may decline, in its sole discretion, to install any underground facilities.

14. Easements

The Company will, as a condition on the installation of the service, require the Customer to provide the Company with an easement (drafted by the Company) for all facilities located on private property.

Effective: November 1, 2004

# **THE NARRAGANSETT ELECTRIC COMPANY**

## **POLICY 2**

### **LINE EXTENSION POLICY FOR RESIDENTIAL DEVELOPMENTS**

When a developer, contractor, builder or other customer ("Developer") proposing to construct a residential development or individual homes requests that distribution lines be constructed to serve the development or homes, the terms of this policy shall apply.

#### **1. Installation of Overhead Distribution Lines**

The Narragansett Electric Company ("Company") will provide a regular overhead distribution line to the development or individual homes designed to provide regular residential service to each home proposed in the project. The Company will determine the route of the line in consultation with the Developer. The Developer shall wire to the point designated by the Company, at which point the Company will connect its facilities. In addition, the Developer's facilities shall comply with the Company's construction standards and/or the "Information & Requirements for Electric Service" as published by the Company from time to time and shall comply to codes and requirements of legally constituted authorities having jurisdiction.

#### **2. Distance of Overhead Distribution Line Allowed Without Charge**

The Company will provide 150 feet of overhead distribution line, not including the secondary service drop, per each "house lot" free of charge.

#### **3. Overhead Installation Charge**

If the number of centerline feet of overhead distribution line required to serve the development ("Required Line Distance") is greater than the "Allowed Distance" of 150 feet per "House Lot", then there will be a charge to the Developer for the overhead line extension for the additional feet ("Overhead Installation Charge"). The additional charge shall be paid by the Developer in advance of the Company's construction.

The Overhead Installation Charge will be equal to the "Overhead Cost Per Foot" times the number of feet in excess of the "Allowed Distance" of 150 feet per House Lot (plus applicable tax contribution factor).

All responsibility on private property for blasting and/or tree trimming and removal remains with the Developer.

Tree trimming and blasting requirements along public ways and common ways will remain the responsibility of the Company but the Company may bill the Developer the cost of such tree trimming and blasting.

The "Overhead Cost Per Foot" will be a predetermined cost per foot as calculated by the Company.

The Overhead Installation Charge is nonrefundable if the line is built.

4. Underground Lines

A Developer may request an underground distribution line in lieu of the regular overhead line. If requested, however, the Company will estimate the cost of providing the underground line to the development using a predetermined underground cost per foot ("Underground Cost Per Foot"). The Developer will be required to pay an "Underground Charge" equal to:

- (A) the difference between the estimated underground construction cost (based on Underground Cost Per Foot) and the estimated construction cost for a regular overhead line (based on the Overhead Cost Per Foot); plus
- (B) the Overhead Installation Charge, if any, that would have been paid for an overhead line in the development; plus
- (C) the applicable tax contribution factor.

The Underground Charge shall be paid by the Developer in advance of the Company's construction and is nonrefundable if the line is built.

The Developer will be responsible for removal of ledge, trenching and backfilling in accordance with the Company's construction standards and/or the "Information & Requirements for Electric Service" as published by the Company from time to time and shall comply with codes and requirements of legally constituted authorities having jurisdiction. In addition, it will be the responsibility of the Developer or home owner to construct the underground secondary services to the homes served from the Company's primary or secondary underground lines.

The Company will also require the Developer to install, in accordance with the Company's specifications and as supplied by the Company, underground conduits, foundations, risers, manholes, and hand holes including conduits and bases for proposed street lighting as requested by a Municipality.

5. Publication of Current Per Foot Costs

The Overhead Costs Per Foot and Underground Costs Per Foot for new construction shall be as calculated by the Company and placed on file with the Public Utilities Commission.

The Company also will provide the current "Overhead and Underground Costs Per Foot" and the method of calculating the applicable tax contribution factor to anyone who inquires.

If the Company changes the Overhead and Underground Cost Per Foot or method of calculating the tax contribution factor, it will notify the Commission in writing and provide a copy of the written notice to the Rhode Island Builders Association, if in existence.

The Company will not increase the Overhead or Underground Costs Per Foot by more than 10% per year without specific approval from the Commission and advance notice to the Rhode Island Builders Association, if in existence.

6. Developer Provides Plans and Documentation

The total number of house lots proposed to be constructed ("House Lots") will be provided in advance to the Company by the Developer (prior to the Company building the distribution line), along with a copy of the subdivision plan approved by the planning board in the applicable community.

The Company may require the Developer to provide, in advance, the following:

- (A) a copy of the approval of the planning board for the subdivision;
- (B) a copy of all permits and approvals that have been obtained for constructing the development;
- (C) the name and address of the bank or credit union providing financing for the development, including a contact person and phone number;
- (D) a copy of a city/town-approved street light proposal for the development. If installation is requested after construction is completed, the actual, incremental cost of installing the street lights may be borne by the city/town if the tariff does not collect all costs of construction.
- (E) a schedule or Developer's best estimate for the construction of homes in the development; and
- (F) if requested by the Company, such other reasonable information that may be requested to confirm the viability of the development.

7. Building the Distribution Line in Segments

The Company may, in its own discretion, construct the distribution line in segments, rather than all at once in the proposed development.

8. Line Extension Agreement

The Company will require the Developer to sign a Line Extension Agreement setting forth the terms of this policy and any other terms that the Company deems are reasonably necessary in connection with the installation of a distribution line in the development, provided that such terms are not inconsistent with the terms expressed in this policy.

9. Winter Moratorium on Underground Construction

From the period of December 15 to April 1, the Company may decline, in its sole discretion, to install any underground facilities.



10. Easements

The Company will require the Developer to provide the Company with easements (drafted by the Company) for all facilities to reach and serve the development.

Effective: November 1, 2004

# THE NARRAGANSETT ELECTRIC COMPANY

## POLICY 3

### LINE EXTENSION AND CONSTRUCTION ADVANCE POLICY

#### FOR COMMERCIAL, INDUSTRIAL AND NON-RESIDENTIAL CUSTOMERS

The terms of this policy shall apply when a commercial, industrial or non-residential (a real estate development which is not an approved subdivision of single-family homes) customer ("Customer") requests that a distribution line and/or other facilities ("New Facilities") necessary to properly supply electricity to the Customer's facilities be installed.

1. Amount of Overhead Distribution Provided without Charge

If the New Facilities being requested by the Customer consists of an overhead, single phase, secondary voltage distribution line extension that does not exceed two poles and two spans of line, the Company will provide the poles and spans of line needed to serve the New Facilities plus a service drop (that does not require a carrier pole) free of charge to the Customer. Otherwise, the costs of all poles and spans of line determined by the Company as needed to serve the New Facilities will be included in the cost component of the Construction Advance Formula described below.

2. Estimated Revenue

Before undertaking the construction of the New Facilities to serve the Customer, the Company will estimate the annual incremental revenue to be derived by the Company under the local distribution service rates from the installation of the New Facilities.

3. Construction Advance

The Company will determine the facilities required to meet the distribution service requirements of the Customer. Facilities in excess of those required to meet the distribution service requirements of the Customer are outside the scope of this policy and may entail additional payments from the Customer.

In accordance with the formula below (the "Formula"), the Company shall determine whether a payment by the Customer of a Construction Advance shall be required. The Construction Advance shall be paid in full prior to the start of any construction.

$$\text{Construction Advance (A)} = [C - [D \times M] \div K]$$

where:

A=	Construction Advance paid to the Company by the Customer.
C=	The total estimated cost of construction for facilities required exclusively to meet the distribution service requirements of the Customer. This cost includes capital and non-capital costs and the Company's liability for tax required on the value of the material and labor provided by the Customer. Where these new or upgraded facilities are not solely to provide service to the Customer, the Company shall appropriately apportion these costs.

- D= For a single customer, the estimated annual Distribution Revenue derived from the Customer within the first year following the completion of the Company's construction of facilities; or for developments, the estimated additional annual Distribution Revenue derived from those new customers in the development anticipated to be supplied directly with electric service within one year from the commencement of the delivery of electricity to the first customer in the development.
- M= 0.5, the revenue apportionment factor.
- K= The annual carrying charge factor, expressed as a decimal.

Where the calculation of (A) results in a positive number, a Construction Advance in the amount of (A) shall be required from the Customer. Where the calculation of (A) results in a negative number, (A) shall be considered to be zero. Where the calculation of (A) results in a Construction Advance of \$500 or less, the payment of the Construction Advance will be waived. The Company shall exercise good faith in making each estimate and determination required above.

Any revenues from Transmission Service, the Non-Bypassable Transition Charge, Standard Offer Service, Last Resort Service, and the Demand Side Management Charge shall be excluded from this calculation.

The Construction Advance in the formula shall be further adjusted to include a tax contribution factor on the Construction Advance received from the Customer. This tax contribution factor shall be paid in full by the Customer prior to the start of construction.

#### 4. Refund

Whenever the Company collects a Construction Advance from the Customer, the Customer has the option to request the Company to perform a one-time recalculation of the Construction Advance payment using actual construction costs and actual Distribution Revenue to determine if a refund of all or a portion of the original payment is warranted. The request for the one-time review may be made at any time between twelve and thirty-six months after commencement of the delivery of electricity.

To determine the refund, the Formula shall be modified as follows:

- C= The actual cost of construction. If the actual cost of construction exceeds the estimate, then the estimated cost of construction shall be used. This cost includes capital and non-capital costs and the Company's liability for tax required on the value of the material and labor provided by the Customer. Where these new or upgraded facilities are not solely to provide service to the Customer, the Company shall appropriately apportion these costs.
- D= The actual annual Distribution Revenue for the most recent twelve months.
- M= 0.5, the revenue apportionment factor.
- K= The annual carrying charge factor, expressed as a decimal.

If a lower or negative (A) results from applying the Formula as so modified, and if, in the Company's opinion, a risk does not exist regarding either a future reduction in the level of the Customer's usage or the collectability of the Customer's account, then the Company shall refund a portion of or the entire calculated Construction Advance, or the full cost of construction, without interest. In no case shall the amount refunded exceed the original Construction Advance (A); nor shall the review result in additional payments from the Customer.

If a refund is made, the Company will refund the appropriate portion of any tax contribution factor at the current tax rate.

#### 5. Underground Lines

- (A) If the Customer requests an underground distribution line in lieu of the standard overhead line, the Company will give reasonable consideration to the request. If the Company believes that there are technical complications, safety issues, engineering concerns, or other reasonable concerns regarding the feasibility and/or maintenance of an underground system in the given circumstances, the Company may decline to provide underground service.
- (B) If the underground line requested would result in a higher cost to serve the Customer than what would have been required with standard overhead service, the Company will require the Customer to make a contribution toward the cost of the underground service over and above what would be required under the Construction Advance Formula for a Regular Service as defined in the Cost of Construction Estimate Guidelines.
- (C) If the Company agrees to underground service, the Customer will be responsible for removal of ledge, trenching and backfilling in accordance with the Company's construction standards and/or the "Information & Requirements for Electric Service" as published by the Company from time to time and shall comply with the codes and requirements of legally constituted authorities having jurisdiction. In addition, it will be the responsibility of the Customer for the installation and ownership of the underground secondaries as served from the Company's facilities.

The Company will also require the Customer to install, in accordance with the Company's specifications and as supplied by the Company, underground conduits, foundations, risers, manholes, hand holes.

#### 6. Winter Moratorium on Underground Construction

From December 15 to April 1, the Company may decline, in its sole discretion, to install any underground facilities.

#### 7. Easements

The Company will require the Customer to provide the Company a permanent easement (drafted by the Company) for all facilities to reach and serve the New Facilities.

8. Additional Payment

When, in the Company's opinion, significant engineering is required to determine the method of service or prepare construction estimates, the Company will estimate the cost of such engineering. The Company may charge the Customer this cost before engineering begins. If construction is undertaken, this payment will be applied to any required Construction Advance. If construction is not undertaken, the Company will refund any balance not spent. If no Construction Advance is required, the entire additional advance payment will be refunded.

Effective: November 1, 2004

**The Narragansett Electric Company**  
**Policy 1**  
**Line Extension Policy for Individual Residential Customers**  
**Installation of Overhead Distribution Lines**

Name of Customer: \_\_\_\_\_

Address: \_\_\_\_\_

No. and Street

\_\_\_\_\_  
City/Town

\_\_\_\_\_  
Zip Code

The Narragansett Electric Company ("Company") agrees to install an overhead distribution line to provide services to the customer at the above address. Based on the plans submitted by the Customer, the total charge for such installation is \$\_\_\_\_\_. The Customer agrees to pay this amount in full, in advance of construction by the Company.

**Grant of Easement**

To accommodate the installation of the distribution line, Customer also agrees to grant a permanent easement and right-of-way to the Company (on such reasonable terms acceptable to the Company). The easement will be for the installation, operation and maintenance of the distribution line and related appurtenances on any private property on which the distribution line and appurtenances will be located.

**Terms of Policy 1 Apply**

The terms of the Company's Policy 1, entitled "Line Extension Policy for Individual Residential Customers" shall apply to this Agreement and are incorporated by reference.

I agree to the terms set forth in this Agreement:

\_\_\_\_\_  
Customer's Signature

\_\_\_\_\_  
Date

**The Narragansett Electric Company**  
**Policy 1**  
**Line Extension Policy for Individual Residential Customers**  
**Installation of Underground Distribution Lines**

Name of Customer: \_\_\_\_\_

Address: \_\_\_\_\_

No. and Street

\_\_\_\_\_  
City/Town

\_\_\_\_\_  
Zip Code

The Narragansett Electric Company ("Company") agrees to install an underground distribution line to provide services to the customer referenced above. Based on the plans submitted by the Customer, the total charge for such installation is \$\_\_\_\_\_. The Customer agrees to pay this amount in full, in advance of construction by the Company.

**Grant of Easement**

To accommodate the installation of the distribution line, Customer also agrees to grant a permanent easement and right-of-way to the Company (on such reasonable terms acceptable to the Company). The easement will be for the installation, operation and maintenance of the distribution line and related appurtenances on any private property on which the distribution line and appurtenances will be located.

**Terms of Policy 1 Apply**

The terms of the Company's Policy 1, entitled "Line Extension Policy for Individual Residential Customers" shall apply to this Agreement and are incorporated by reference.

I agree to the terms set forth in this Agreement:

\_\_\_\_\_  
Customer's Signature

\_\_\_\_\_  
Date

**The Narragansett Electric Company**  
**Policy 1**  
**Line Extension Policy for Individual Residential Customers**  
**Installation of Overhead Distribution Lines (with 60 month payment plan)**

Name of Customer: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
No. and Street

\_\_\_\_\_  
City/Town

\_\_\_\_\_  
Zip Code

The Narragansett Electric Company ("Company") agrees to install an overhead distribution line to provide services to the customer at the above address. Based on the plans submitted by the Customer, the total charge for such installation is \$\_\_\_\_\_.

**Payment plan**

The Customer has chosen to pay this amount in sixty (60) monthly installments of \$\_\_\_\_\_, plus interest at the rate applicable to the Company's customer deposit accounts, as approved by the Rhode Island Public Utilities Commission. The Customer agrees to make these payments monthly to the Company until the entire balance, plus interest, is paid.

**Grant of Easement**

To accommodate the installation of the distribution line, Customer also agrees to grant a permanent easement and right-of-way to the Company (on such reasonable terms acceptable to the Company). The easement will be for the installation, operation and maintenance of the distribution line and related appurtenances on any private property on which the distribution line and appurtenances will be located.

**Transfer of Property**

If the Customer sells, leases, or otherwise transfers control or use of the property located at the above address and the new occupant opens an account with the Company, the Customer agrees to obtain an agreement from the new occupant to pay the remaining balance as prescribed in the Agreement of the overhead installation charge owed as of the time of transfer. The Customer further agrees that, unless such agreement is obtained in writing and the new occupant signs a new superseding Overhead Installation Charge Payment Agreement, the Customer will remain personally liable for the balance owed under this Agreement.

**Terms of Policy 1 Apply**

The terms of the Company's Policy 1, entitled "Line Extension Policy for Individual Residential Customers" shall apply to this Agreement and are incorporated by reference.

I agree to the terms set forth in this Agreement:

Customer's Signature \_\_\_\_\_ Date \_\_\_\_\_



**The Narragansett Electric Company**  
**Policy 2**  
**Line Extension Policy for Residential Developments**  
**Installation of Overhead Distribution Lines**

Name and Location of Development: \_\_\_\_\_

\_\_\_\_\_  
City/Town

Name of Developer: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
No. and Street

\_\_\_\_\_  
City/Town

\_\_\_\_\_  
Zip Code

The Narragansett Electric Company ("Company") agrees to install an overhead distribution line to serve the residential development referenced above. Based on the plans submitted by the Developer, the total charge for such installation is \$\_\_\_\_\_. The Developer agrees to pay this non-refundable amount in full, in advance of construction by the Company.

**Grant of Easement**

To accommodate the installation of the distribution line, Developer also agrees to grant a permanent easement and right-of-way to the Company (on such reasonable terms acceptable to the Company). The easement will be for the installation, operation and maintenance of the distribution line and related appurtenances on any private property on which the distribution line and appurtenances will be located.

**Terms of Policy 2 Apply**

The terms of the Company's Policy 2, entitled "Line Extension Policy for Residential Developments" shall apply to this Agreement and are incorporated by reference.

AGREED by Developer:

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**The Narragansett Electric Company**  
**Policy 2**  
**Line Extension Policy for Residential Developments**  
**Installation of Underground Distribution Lines**

Name and Location of Development: \_\_\_\_\_

\_\_\_\_\_  
City/Town

Name of Developer: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
No. and Street

\_\_\_\_\_  
City/Town Zip Code

The Narragansett Electric Company ("Company") agrees to install an underground distribution line to serve the residential development referenced above. Based on the plans submitted by the Developer, the total charge for such installation is \$\_\_\_\_\_. The Developer agrees to pay this non-refundable amount in full, in advance of construction by the Company.

**Grant of Easement**

To accommodate the installation of the distribution line, Developer also agrees to grant a permanent easement and right-of-way to the Company (on such reasonable terms acceptable to the Company). The easement will be for the installation, operation and maintenance of the distribution line and related appurtenances on any private property on which the distribution line and appurtenances will be located.

**Street Lighting Plan**

The Developer agrees to provide a street lighting plan which has been approved by the appropriate municipal authority or a permanent waiver of street lighting construction requirements from the municipality. The Company encourages and is willing to be a participant in any discussions on the development of the street lighting service plan. However, the Company shall not be responsible for the effectiveness of the street lighting design.

**Terms of Policy 2 Apply**

The terms of the Company's Policy 2, entitled "Line Extension Policy for Residential Developments" shall apply to this Agreement and are incorporated by reference.

AGREED by Developer:

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**The Narragansett Electric Company**  
**Policy 3**  
**Line Extension and Construction Advance Policy**  
**for Commercial, Industrial and Non-Residential Customers**

Name and Location of Complex: \_\_\_\_\_

\_\_\_\_\_  
No. and Street

\_\_\_\_\_  
City/Town

Name of Customer: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
No. and Street

\_\_\_\_\_  
City/Town

The Narragansett Electric Company ("Company") agrees to install the necessary regular distribution facilities to serve the complex referenced above. Based on the plans provided by the Customer, the total charge for such installation is \$ \_\_\_\_\_. The Customer agrees to pay this amount in full, in advance of construction by the Company.

The Company shall review, upon the Customer's request, whether a refund of the construction advance is warranted by applying the formula in accordance with Policy 3, Section 4.

Cost of added service, as requested by the Customer, is \$ \_\_\_\_\_. Said cost is not applicable to Policy 3 and non-refundable and also must be paid in advance of construction by the Company.

**Grant of Easement**

To accommodate the installation of the distribution line, Customer also agrees to grant a permanent easement and right-of-way to the Company (on such reasonable terms acceptable to the Company). The easement will be for the installation, operation, and maintenance of the distribution line and related appurtenances on any private property on which the distribution line and appurtenances will be located.

**Terms of Policy 3 Apply**

The terms of the Company's Policy 3, entitled "Line Extension and Construction Advance Policy for Commercial, Industrial and Non-Residential Customers" shall apply to this Agreement and are incorporated by reference.

I agree to the terms set forth in this Agreement:

\_\_\_\_\_  
Customer Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date



## **Exhibit 3**

### **Allocation of Rate Decrease**

The Narragansett Electric Company  
Rate Settlement  
Calculation of Revenue Reduction  
Allocated on 50% kWhs/50% Revenues

<u>Rate Class</u>	<u>kWhs Deliveries</u> (a)	<u>Class kWhs as a % of Total</u> (b)	<u>Present Revenues</u> (c)	<u>Class Revs as a % of Total</u> (d)	<u>Simple Average</u> (e)	<u>Allocation of Rev Reduction</u> (f)	<u>% Reduction</u> (g)	<u>Design Revenue</u> (h)
A-16	2,732,930,119		\$109,332,435					
A-60	<u>192,080,000</u>		<u>\$4,297,553</u>					
Subtotal	2,925,010,119	37.31%	\$113,629,988	50.31%	43.81%	(\$4,487,277)	-3.95%	\$109,142,711
C-06	545,374,356	6.96%	\$23,654,275	10.47%	8.71%	(\$892,621)	-3.77%	\$22,761,654
G-02	1,383,147,543	17.64%	\$35,865,662	15.88%	16.76%	(\$1,716,754)	-4.79%	\$34,148,907
G-32	2,236,817,982	28.53%	\$37,245,488	16.49%	22.51%	(\$2,305,655)	-6.19%	\$34,939,833
G-62	653,960,000	8.34%	\$5,968,416	2.64%	5.49%	(\$562,502)	-9.42%	\$5,405,914
X-01	26,230,000	0.33%	\$223,871	0.10%	0.22%	(\$22,210)	-9.92%	\$201,661
M-1	798,000	0.01%	\$126,000	0.06%	0.03%	(\$3,378)	-2.68%	\$122,622
Str	<u>69,378,771</u>	<u>0.88%</u>	<u>\$9,141,137</u>	<u>4.05%</u>	<u>2.47%</u>	<u>(\$252,603)</u>	<u>-2.76%</u>	<u>\$8,888,534</u>
	7,840,716,771	100.00%	\$225,854,837	100.00%	100.00%	(\$10,243,000)	-4.54%	\$215,611,837

(a) forecasted kWh deliveries for 2005 per Company forecast

(b) column (a) ÷ sum of column (a)

(c) 2005 normalized rate revenues

(d) column (c) ÷ sum of column (c)

(e) ( column (b) + column (d))/2

(f) column (e) x Settlement Revenue Reduction of \$10,243,000 (See Exhibit 1)

(g) column (f) ÷ column (c)

(h) column (c) + column (f)



## **Exhibit 4**

### **Allocation of Customer Credit**



The Narragansett Electric Company  
Rate Settlement  
Calculation of Customer Credit

Rate Class	Forecasted Test Year kWhs Deliveries (a)	Class kWhs as a % of Total (b)	Present Revenues (c)	Class Revs as a % of Total (d)	Simple Average (e)	Allocation of Credit (f)	Rate Year kWhs Deliveries (g)	per kWh Credit (h)
<b>Section 1: Initial Allocation of Customer Credit Including Navy</b>								
Customer Credit						(\$22,769,000)		
A-16	2,732,930,119		\$109,332,435					
A-60	<u>192,080,000</u>		<u>\$4,297,553</u>					
Subtotal	2,925,010,119	37.31%	\$113,629,988	50.31%	43.81%	(\$9,974,696)	2,925,010,119	(\$0.00341)
C-06	545,374,356	6.96%	\$23,654,275	10.47%	8.71%	(\$1,984,192)	545,374,356	(\$0.00363)
G-02	1,383,147,543	17.64%	\$35,865,662	15.88%	16.76%	(\$3,816,146)	1,383,147,543	(\$0.00275)
G-32/M-1	2,237,615,982	28.54%	\$37,371,488	16.55%	22.54%	(\$5,132,713)	2,237,615,982	(\$0.00229)
G-62	653,960,000	8.34%	\$5,968,416	2.64%	5.49%	(\$1,250,377)	612,811,673	(\$0.00204)
X-01	26,230,000	0.33%	\$223,871	0.10%	0.22%	(\$49,370)	26,230,000	(\$0.00188)
Str	<u>69,378,771</u>	<u>0.88%</u>	<u>\$9,141,137</u>	<u>4.05%</u>	<u>2.47%</u>	<u>(\$561,507)</u>	<u>69,378,771</u>	<u>(\$0.00809)</u>
Total	7,840,716,771	100.00%	\$225,854,837	100.00%	100.00%	(\$22,769,000)	7,799,568,444	(\$0.00291)

- (a) Forecasted kWh deliveries for 2005 per Company forecast  
(b) Column (a) ÷ sum of Column (a)  
(c) 2005 normalized revenues  
(d) Column (c) ÷ sum of Column (c)  
(e) (Column (b) + Column (d))÷2  
(f) Column (e) x Customer Credit of \$22,769,000 (See Exhibit 8)  
(g) Forecasted kWh deliveries excluding Backup Service kWhs (Credit will apply only to Supplemental kWh deliveries).  
(h) Column (f) ÷ Column (a), truncated to five (5) decimal places

**Section 2: Calculation of Estimated Navy Customer Credit:**

		Company Share @ 25%	Customer Share
kWhs	119,720,000		
G-62 Credit per kWh	<u>(\$0.00204)</u>		
Credit	(\$244,229)	(\$61,057)	(\$183,172)

Pursuant to settlement agreement in RIPUC Docket No. 3551, US Navy will forego their share of the Customer Credit or 20% of the credit calculated under the Docket 3551 settlement agreement, whichever is less. Actual Navy share of the Navy credit under Docket No. 3551 will be determined prior to implementation of Customer Credit. Final Customer Credit shall be subject to adjustment and reconciliation as set forth in Section 7(c) (1) of the Settlement.

Rate Class	kWhs Deliveries (a)	Class kWhs as a % of Total (b)	Present Revenues (c)	Class Revs as a % of Total (d)	Simple Average (e)	Allocation of Credit (f)	Rate Year kWhs Deliveries (g)	per kWh Credit (h)
<b>Section 3: Final Allocation of Customer Credit Excluding Navy Customer Credit</b>								
Customer Credit						(\$22,707,943)		
A-16	2,732,930,119		\$109,332,435					
A-60	<u>192,080,000</u>		<u>\$4,297,553</u>					
Subtotal	2,925,010,119	37.88%	\$113,629,988	50.48%	44.18%	(\$10,032,518)	2,925,010,119	(\$0.00342) (1)
C-06	545,374,356	7.06%	\$23,654,275	10.51%	8.79%	(\$1,995,050)	545,374,356	(\$0.00365)
G-02	1,383,147,543	17.91%	\$35,865,662	15.93%	16.92%	(\$3,842,932)	1,383,147,543	(\$0.00277)
G-32/M-1	2,237,615,982	28.98%	\$37,371,488	16.60%	22.79%	(\$5,175,405)	2,237,615,982	(\$0.00231)
G-62	534,240,000	6.92%	\$5,223,881	2.32%	4.62%	(\$1,049,096)	493,091,673	(\$0.00212)
X-01	26,230,000	0.34%	\$223,871	0.10%	0.22%	(\$49,864)	26,230,000	(\$0.00190)
Str	<u>69,378,771</u>	<u>0.90%</u>	<u>\$9,141,137</u>	<u>4.06%</u>	<u>2.48%</u>	<u>(\$563,079)</u>	<u>69,378,771</u>	<u>(\$0.00811)</u>
Total	7,720,996,771	100.00%	\$225,110,302	100.00%	100.00%	(\$22,707,943)	7,679,848,444	(\$0.00294)

- (1) To mitigate the bill impacts on Rate A-32 resulting from the consolidation of that class with Rate A-16, the Customer Credit for Rate A-32 customers will be \$0.00820 per kWh and the Customer Credit for A-16 will be reduced to \$0.00329 per kWh.

- (a) Forecasted kWh deliveries for 2005 per Company forecast, excluding Navy kWh of 119,720,000  
(b) Column (a) ÷ sum of Column (a)  
(c) 2005 normalized revenues, excluding Navy \$744,535  
(d) Column (c) ÷ sum of Column (c)  
(e) (Column (b) + Column (d))÷2  
(f) Column (e) x Customer Credit of \$22,769,000 (See Exhibit 8)  
(g) Forecasted kWh deliveries excluding Backup Service kWhs (Credit will apply only to Supplemental kWh deliveries) and Navy kWhs.  
(h) Column (f) ÷ Column (a), truncated to five (5) decimal places



**Exhibit 5**

**Rate Design**

THE NARRAGANSETT ELECTRIC COMPANY  
Summary of Proposed Rate Changes  
Rates not adjusted for Gross Earnings Tax

Rate/ Type of Charge	Present Distribution Charges	Rate/ Type of Charge	Proposed Distribution Charges
A-16		A-16	
Customer Charge	\$2.54	Customer Charge	\$2.75
kWh Charge (1)	\$0.03642	kWh Charge (Effective Date)	\$0.03380
		kWh Charge (Eff. 1/1/2006)	\$0.03379
		kWh Charge (Eff. 1/1/2007)	\$0.03378
		kWh Charge (Eff. 1/1/2008)	\$0.03377
		kWh Charge (Eff. 1/1/2009)	\$0.03376
A-18		A-16	
Customer Charge	\$2.52	Customer Charge	\$2.75
kWh Charge (1)	\$0.03536	kWh Charge (Effective Date)	\$0.03380
Interruptible Credit (1st 750 kWhs)	(\$0.00661)	kWh Charge (Eff. 1/1/2006)	\$0.03379
		kWh Charge (Eff. 1/1/2007)	\$0.03378
		kWh Charge (Eff. 1/1/2008)	\$0.03377
		kWh Charge (Eff. 1/1/2009)	\$0.03376
A-32		A-16	
Customer Charge	\$2.30	Customer Charge	\$2.75
Meter Charge	\$4.44	kWh Charge (Effective Date)	\$0.03380
kWh Charge (1)	\$0.02558	kWh Charge (Eff. 1/1/2006)	\$0.03379
		kWh Charge (Eff. 1/1/2007)	\$0.03378
		kWh Charge (Eff. 1/1/2008)	\$0.03377
		kWh Charge (Eff. 1/1/2009)	\$0.03376
A-60		A-60	
Customer Charge	\$0.00	Customer Charge	\$0.00
kWh Charge (1)	\$0.02551	<u>December through March :</u>	
Interruptible Credit		First 450 kWh Chg	\$0.01688
First 750 kWh	(\$0.00661)	Next 750 kWh Chg	\$0.03055
BV First 300 kWh Chg	(\$0.01436)	kWh in excess of 1200 kWh Chg	\$0.02548
BV Over 300 kWh Chg	\$0.01194	<u>April through November :</u>	
NP First 300 kWh Chg	(\$0.00782)	First 450 kWh Chg	\$0.01688
NP Over 300 kWh Chg	\$0.01952	kWh in excess of 450 kWh Chg	\$0.03055
		Int. Credit - 1st 750 kWh (Effective Date)	(\$0.00528)
S-10, S-12, S-14		S10/S14	
Customer Charge	See Tariff	Customer Charge	See Tariff
kWh Charge (1)	\$0.00396	kWh Charge	\$0.00000
BV kWh Credit S-10 & S-14	(\$0.04420)	BV kWh Credit S-10 & S-14	(\$0.04420)
NP kWh Credit S-10 & S-14	(\$0.02918)	NP kWh Credit S-10 & S-14	(\$0.02918)
C-06		C-06	
Customer Charge	\$5.73	Customer Charge	\$6.00
Unmetered Charge	\$1.83	Unmetered Charge	\$1.83
kWh Charge (1)	\$0.03860	kWh Charge (Effective Date)	\$0.03662
		kWh Charge (Eff. 1/1/2006)	\$0.03652
		kWh Charge (Eff. 1/1/2007)	\$0.03643
		kWh Charge (Eff. 1/1/2008)	\$0.03634
		kWh Charge (Eff. 1/1/2009)	\$0.03624
R-02		R-02 (Phase-out to C-06)	
kWh Charge (1)	\$0.00867	Unmetered Charge (Effective Date)	\$0.36
		Unmetered Charge (Eff. 1/1/2006)	\$0.72
		Unmetered Charge (Eff. 1/1/2007)	\$1.08
		Unmetered Charge (Eff. 1/1/2008)	\$1.44
		Unmetered Charge (Eff. 1/1/2009)	\$1.83
		kWh Charge (Effective Date)	\$0.01418
		kWh Charge (Eff. 1/1/2006)	\$0.01969
		kWh Charge (Eff. 1/1/2007)	\$0.02520
		kWh Charge (Eff. 1/1/2008)	\$0.03071
		kWh Charge (Eff. 1/1/2009)	\$0.03624

(1) Includes settlement credit of \$.00038 per kWh.

THE NARRAGANSETT ELECTRIC COMPANY  
Summary of Proposed Rate Changes  
Rates not adjusted for Gross Earnings Tax

<u>Rate/ Type of Charge</u>	<u>Present Distribution Charges</u>	<u>Rate/ Type of Charge</u>	<u>Proposed Distribution Charges</u>
G-02		G-02	
Customer Charge	\$103.41	Customer Charge	\$103.41
kW > 10 Charge	\$2.91	kW > 10 Charge (Effective Date)	\$3.23
kWh Charge (1)	\$0.00992	kW > 10 Charge (Eff. 1/1/2006)	\$3.22
		kWh Charge	\$0.00777
G-22		G-02/G-32	
Customer Charge	\$0.00		
kW Charge	\$1.50		
kWh Charge (1)	\$0.02215		
G-32		G-32	
Customer Charge	\$236.43	Customer Charge	\$236.43
kW Charge	\$1.56	kW Charge (Effective Date)	\$2.10
kWh Charge (1)	\$0.01101	kW Charge (Eff. 1/1/2006)	\$2.02
		kW Charge (Eff. 1/1/2007)	\$2.01
		kW Charge (Eff. 1/1/2008)	\$2.00
		kW Charge (Eff. 1/1/2009)	\$1.99
		kWh Charge	\$0.00889
G-62		G-62	
Customer Charge	\$17,118.72	Customer Charge	\$17,118.72
kW Charge	\$0.75	kW Charge (Effective Date)	\$2.34
kWh Charge (1)	\$0.00396	kW Charge (Eff. 1/1/2006)	\$2.26
		kW Charge (Eff. 1/1/2007)	\$2.25
		kW Charge (Eff. 1/1/2008)	\$2.24
		kW Charge (Eff. 1/1/2009)	\$2.22
		kWh Charge	\$0.00000
H-72		Withdrawn	
Customer Charge	\$63.75		
kW Charge	\$0.35		
kWh Charge (1)	\$0.00396		
N-01		G-62	
Customer Charge	\$0.00	Customer Charge	\$17,118.72
kW Charge	\$5.52	kW Charge (Effective Date)	\$2.34
Reactive Charge	\$0.17	kW Charge (Eff. 1/1/2006)	\$2.26
kWh Charge (1)	\$0.00574	kW Charge (Eff. 1/1/2007)	\$2.25
		kW Charge (Eff. 1/1/2008)	\$2.24
		kW Charge (Eff. 1/1/2009)	\$2.22
		kWh Charge	\$0.00000
E-30		E-30 (Phase-out to A-16)	
Customer Charge	\$7.54	Customer Charge	\$2.75
kWh Charge (1)	\$0.01582	kWh Charge (Effective Date)	\$0.01941
		kWh Charge (Eff. 1/1/2006)	\$0.02300
		kWh Charge (Eff. 1/1/2007)	\$0.02658
		kWh Charge (Eff. 1/1/2008)	\$0.03017
		kWh Charge (Eff. 1/1/2009)	\$0.03376
E-40		G-02/G-32 (effective 1/1/2007)	
Customer Charge	\$75.15		
Peak kWh Charge (1)	\$0.02536		
Offpeak kWh Charge (1)	\$0.00949		

(1) Includes settlement credit of \$.00038 per kWh.

THE NARRAGANSETT ELECTRIC COMPANY  
Summary of Proposed Rate Changes  
Rates not adjusted for Gross Earnings Tax

<u>Rate/ Type of Charge</u>	<u>Present Distribution Charges</u>	<u>Rate/ Type of Charge</u>	<u>Proposed Distribution Charges</u>
T-06		T-06 (Phase-out to A-16)	
Customer Charge	\$7.84	Customer Charge	\$2.75
kWh Charge (1)	\$0.02247	kWh Charge (Effective Date)	\$0.02473
		kWh Charge (Eff. 1/1/2006)	\$0.02699
		kWh Charge (Eff. 1/1/2007)	\$0.02924
		kWh Charge (Eff. 1/1/2008)	\$0.03150
		kWh Charge (Eff. 1/1/2009)	\$0.03376
T-06		T-06 (Phase-out to C-06)	
Customer Charge	\$7.84	Customer Charge	\$6.00
kWh Charge (1)	\$0.02247	Unmetered Charge	n/a
		kWh Charge (Effective Date)	\$0.02522
		kWh Charge (Eff. 1/1/2006)	\$0.02797
		kWh Charge (Eff. 1/1/2007)	\$0.03072
		kWh Charge (Eff. 1/1/2008)	\$0.03347
		kWh Charge (Eff. 1/1/2009)	\$0.03624
V-02		C-06/G-02	
Customer Charge	\$7.85		
kWh Charge (1)	\$0.03038		
B-02		Withdrawn	
Customer Charge	\$103.41		
kW Charge - Back-up & Supplemental	\$2.91		
kWh Charge - Back-up & Supplemental	\$0.00992		
B-06		Withdrawn	
Customer Charge	\$5.73		
kW Charge - Back-up & Supplemental	\$0.00		
kWh Charge - Back-up & Supplemental	\$0.03860		
B-32		B-32	
Customer Charge	\$236.43	Customer Charge	\$236.43
kW Charge - Back-up & Supplemental	\$1.56	Backup Dist kW Charge (Effective Date)	\$5.33
kWh Charge - Back-up & Supplemental	\$0.01101	Backup Dist kW Charge (Eff. 1/1/2006)	\$5.15
		Backup Dist kW Charge (Eff. 1/1/2007)	\$5.13
		Backup Dist kW Charge (Eff. 1/1/2008)	\$5.12
		Backup Dist kW Charge (Eff. 1/1/2009)	\$5.11
		Supplemental Dist kW Charge (Effective Date)	\$2.10
		Supplemental Dist kW Charge (Eff. 1/1/2006)	\$2.02
		Supplemental Dist kW Charge (Eff. 1/1/2007)	\$2.01
		Supplemental Dist kW Charge (Eff. 1/1/2008)	\$2.00
		Supplemental Dist kW Charge (Eff. 1/1/2009)	\$1.99
		Supplemental Dist kWh Charge	\$0.00889
B-62		B-62	
Customer Charge	\$17,118.72	Customer Charge	\$17,118.72
kW Charge - Back-up & Supplemental	\$0.75	Backup/Supp Dist kW Charge (Effective Date)	\$2.34
kWh Charge - Back-up & Supplemental	\$0.00396	Backup/Supp Dist kW Charge (Eff. 1/1/2006)	\$2.26
		Backup/Supp Dist kW Charge (Eff. 1/1/2007)	\$2.25
		Backup/Supp Dist kW Charge (Eff. 1/1/2008)	\$2.24
		Backup/Supp Dist kW Charge (Eff. 1/1/2009)	\$2.22
		Supplemental Dist kWh Charge	\$0.00000

(1) Includes settlement credit of \$.00038 per kWh.

THE NARRAGANSETT ELECTRIC COMPANY  
Summary of Proposed Rate Changes  
Rates not adjusted for Gross Earnings Tax

<u>Rate/ Type of Charge</u>	<u>Present Distribution Charges</u>	<u>Rate/ Type of Charge</u>	<u>Proposed Distribution Charges</u>
B-72		Withdrawn	
Customer Charge	\$63.75		
kW Charge - Back-up & Supplemental	\$0.35		
kWh Charge - Back-up & Supplemental	\$0.00396		
X-01		X-01	
Customer Charge	\$10,000.00	Customer Charge	\$10,000.00
kW Charge	\$0.00	kW Charge	\$0.00
kWh Charge (1)	\$0.00396	kWh Charge	\$0.00312
M-1		M-1	
Option A:		Option A:	
fixed charges	\$3,500.00	fixed charges	\$3,406.15
variable charges		variable charges	
(transition and conservation		(transition and conservation	
charges billed on higher		charges billed on higher	
of fixed charges or kWhs		of fixed charges or kWhs	
times variable charges)		times variable charges)	
Option B:		Option B:	
fixed charge	\$3,500.00	fixed charge	\$3,406.15
kWh charge		kWh charge	

(1) Includes settlement credit of \$.00038 per kWh.

The Narragansett Electric Company  
Proposed Rate Design

**A-16 - Residential**

**Section 1. Present and Proposed Revenues**

		Units (a)	Present Revenues (b)	Units (c)	Proposed Rates (d)	Proposed Revenues (e)		
<u>Customer Charges</u>	A16 - Basic Res	4,393,558	\$11,159,637	4,393,558	\$2.75	\$12,082,285		
	A18 - Water Heating	235,682	\$593,919	235,682	\$2.75	\$648,126		
	A32 - Time-of-Use	29,741	\$68,404	29,741	\$2.75	\$81,788		
	A60 - Low Income	385,005	\$0	385,005	\$0.00	\$0	(1)	
		5,043,986	\$11,821,960	5,043,986		\$12,812,198		
<u>Customer Charge Prorate Revenue</u>	A16 - Basic Res	0.291%	\$32,502	0.291%		\$35,189		
	A18 - Water Heating	0.532%	\$3,157	0.532%		\$3,445		
	A32 - Time-of-Use	0.882%	\$603	0.882%		\$721		
	A60 - Low Income	0.000%	\$0	0.000%		\$0		
			\$36,262			\$39,356		
<u>kWh Charges</u>	A16 - Basic Res	2,433,840,000	\$88,640,453	2,433,840,000	\$0.03376	\$82,166,438		
	A18 - Water Heating	207,500,000	\$7,481,374	207,500,000	\$0.03376	\$7,005,200		
	A32 - Time-of-Use	80,910,000	\$2,173,885	80,910,000	\$0.03376	\$2,731,522		
	A60 - Low Income - 1st Block	134,167,880	\$4,784,035	134,167,880	\$0.01688	\$2,264,754	(1)	
	A60 - Low Income - 2nd Block	52,322,592		52,322,592	\$0.03055	\$1,598,455	(1)	
	A60 - Low Income - 3rd Block	5,589,528		5,589,528	\$0.02548	\$142,421	(1)	
		2,914,330,000	\$103,079,747	2,914,330,000		\$95,908,790		
<u>Other Charges and Credits</u>	A18 Water Heating Credit		(\$1,067,984)					
	A62 Water Heating Credit		(\$55,444)					
	A32 Meter Charge							
	Low Income Credit		(\$431,039)					
			(\$1,554,466)					
<u>Total Revenue</u>	A16 - Basic Res		\$99,832,592			\$94,283,912	Revenue Difference (f)	Percentage Difference (g)
	A18 - Water Heating		\$7,010,466			\$7,656,771	(\$5,548,680)	-5.56%
	A32 - Time-of-Use		\$2,242,892			\$2,814,030	\$646,305	9.22%
	A60 - Low Income - 3rd Block		\$4,297,553			\$4,005,630	\$571,138	25.46%
			\$113,383,503			\$108,760,343	(\$4,623,160)	-4.08%
(1) Low Income Charges calculated on Page 7								
(a) Rate Year (2005) Billing Units per Company forecast								
(b) Normalized Rate Year (2005) Revenues								
(c) Column (a)								
(d) Section 2								
(e) Column (c) x Column (d)								
(f) Column (d) - Column (b)								
(g) Column (f) ÷ Column (b)								

**Section 2. Proposed Rate Design:**

	<u>Revenue Requirement (h)</u>
A16/A40 Design Revenue	\$109,142,711

**Calculation of Residential Rate A-16:**

	<u>Charges</u>	<u>Units</u>	<u>Revenue</u>
Customer Charge (2)	\$2.75	4,658,981	\$12,812,198
Customer Charge Proration Adjustment			\$39,356
		Subtotal	\$12,851,553
Remaining Revenue Requirement.....			\$96,291,158
less: Low Income Revenue (page 7).....			\$4,005,630
kWh Charge Revenue less Low Income .....			\$92,285,527.68

<b>Revenue Proof:</b>	
Revenue Requirement	\$109,142,711
Proposed Revenue - A-16	\$108,760,343
Proposed Revenue - T-06/E-30	\$367,036
Total Proposed Revenue	<u>\$109,127,380</u>
Difference	\$15,331

(h) Exhibit 3

(2) Units exclude Low Income Rate A-60 billing units



The Narragansett Electric Company Proposed Rate Design <b>5-Year Phase in - Rate E-30 &amp; Rate T-06</b>
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Calculation of kWh Charges - E-30

1. E-30 Annual Bills					158				
2. E-30 Annual kWh					1,770,000				
3. E-30 Current kWh Charge					\$0.01582				
4. Proposed A-16 kWh Charge (Year 2009)					\$0.03376				
5. Difference					\$0.01794				
6. Estimated Annual Increase in kWh Charge Over 5 Years (Line 5 ÷ 5)					\$0.00359				
7. Current Charge	\$0.01582	per kWh		A-16 Cust Chg	\$2.75	per month	Incremental Annual <u>E-30 Revenue</u>	Total Annual <u>E-30 Revenue</u>	
8. 2005 kWh Charge	\$0.01941	per kWh	(Line 7. + Line 6.)				\$6,351	\$34,787	
9. 2006 kWh Charge	\$0.02300	per kWh	(Line 8. + Line 6.)				\$12,702	\$41,137	
10. 2007 kWh Charge	\$0.02658	per kWh	(Line 9. + Line 6.)				\$19,052	\$47,488	
11. 2008 kWh Charge	\$0.03017	per kWh	(Line 10. + Line 6.)				\$25,403	\$53,839	
12. 2009 kWh Charge	\$0.03376	per kWh	(Line 11. + Line 6.)				<u>\$31,754</u>	<u>\$60,190</u>	
13.				Average Annual Increase			\$19,052	\$47,488	

Calculation of kWh Charges - T-06

14. T06 Annual Bills					2,197				
15. T06 Annual kWh					8,910,119				
16. T-06 Current kWh Charge					\$0.02247				
17. Proposed A-16 kWh Charge (Year 2009)					\$0.03376				
18. Difference					\$0.01129				
19. Estimated Annual Increase in kWh Charge Over 5 Years (Line 18 ÷ 5)					\$0.00226				
20. Current Charge	\$0.02247	per kWh		A-16 Cust Chg	\$2.75		Incremental Annual <u>T-06 Revenue</u>	Total Annual <u>T-06 Revenue</u>	
21. 2005 kWh Charge	\$0.02473	per kWh	(Line 20. + Line 19.)				\$20,119	\$226,370	
22. 2006 kWh Charge	\$0.02699	per kWh	(Line 22. + Line 19.)				\$40,238	\$246,489	
23. 2007 kWh Charge	\$0.02924	per kWh	(Line 23. + Line 19.)				\$60,357	\$266,608	
24. 2008 kWh Charge	\$0.03150	per kWh	(Line 24. + Line 19.)				\$80,476	\$286,727	
25. 2009 kWh Charge	\$0.03376	per kWh	(Line 25. + Line 19.)				<u>\$100,595</u>	<u>\$306,847</u>	
26.				Average Annual Revenue			\$60,357	\$266,608	

Calculation of kWh Charges - A-16

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
27. Remaining Revenue Requirement (Page 5)	\$92,285,527.68	92,285,528	92,285,528	92,285,528	92,285,528
28. E-30/T-06 Revenue (Lines 8-12 + Lines 21-25)	<u>\$261,157</u>	<u>\$287,627</u>	<u>\$314,097</u>	<u>\$340,566</u>	<u>\$367,036</u>
29. Remaining Revenue for A-16 kWh Charge Design (Line 27 - Line 28)	92,024,371	91,997,901	91,971,431	91,944,961	91,918,491
30. A-16 kWh (Page 5)	2,722,250,000	2,722,250,000	2,722,250,000	2,722,250,000	2,722,250,000
31. A-16 kWh Charge (Line 29 ÷ Line 30, truncated to 5 decimal places)	\$0.03380	\$0.03379	\$0.03378	\$0.03377	\$0.03376

The Narragansett Electric Company	
Proposed Rate Design	
<b>A-60 - Low Income Residential</b>	

**Design Determinants****Billing Units for Rate A-60 Customers**

	Total Class
Number of Bills	385,005
First 450 kWh (1)	134,167,880
Next 750 kWh (December through March) and kWh in excess of 450 kWh (April through November)	52,322,592
kWhs in excess of 1200 (December through March)	5,589,528
Total kWhs	192,080,000

(1) Based on Test Year billing data

**Calculation of Charges**

Customer Charge	\$0.00
Rate A16 kWh Charge	\$0.03376
Proposed % Discount for Initial Block	50.0%
Proposed Initial Block Charge	\$0.01688
Rate A16 kWh Charge	\$0.03376
Proposed % Discount for Tail Block	24.5%
Proposed Tail Block Charge	\$0.02548
Rate A16 kWh Charge	\$0.03376
Proposed % Discount for Second Block	9.5%
Second Block Charge	\$0.03055

**Calculation of Subsidy - LIHEAP and non-LIHEAP Customers**

Rate A-60 Revenues	Units	Charges	Revenues	
Customer Charge	385,005	\$0.00	\$0	
Initial Block Charge	134,167,880	\$0.01688	\$2,264,754	
Second Block Charge	52,322,592	\$0.03055	\$1,598,455	
Tail Block Charge	5,589,528	\$0.02548	\$142,421	
Revenue on Rate A-60				\$4,005,630
Rate A-16 Revenues	Units	Charges	Revenues	
Rate A16 Customer Charge	385,005	\$2.75	\$1,058,764	
Rate A16 kWh Charge	192,080,000	\$0.03376	\$6,484,621	
Revenue on A16				\$7,543,385
		Subsidy (All Customers).....		\$3,537,754

The Narragansett Electric Company <b>Proposed Rate Design</b>
<b>C-06 - Small C&amp;I</b>

**Section 1. Present and Proposed Revenues**

		<u>Units</u> (a)	<u>Present Revenues</u> (b)	<u>Units</u> (c)	<u>Proposed Rates</u> (d)	<u>Proposed Revenues</u> (e)		
<u>Customer Charge</u>	C06 - Small C&I	508,156	\$2,911,778	508,156	\$6.00	\$3,048,936		
	V02 - Space Heat (1)	<u>2,095</u>	<u>\$16,446</u>	-	<u>\$0.00</u>	<u>\$0</u>		
		510,251	\$2,928,224	508,156		\$3,048,936		
<u>Customer Charge Prorate Revenue</u>	C06 - Small C&I	0.875%	\$25,549	0.875%		\$26,693		
	V02 - Space Heat (1)	-0.228%	<u>(\$37)</u>	-0.228%		<u>\$0</u>		
			\$25,512			\$26,693		
<u>Unmetered Charge kWh Charge</u>	C08 - C&I Unmetered	3,551	\$6,454	3,551	\$1.83	\$6,498		
	C06 - Small C&I	525,930,000	\$20,300,898	525,930,000	\$0.03624	\$19,059,703		
	V02 - Space Heat (1)	<u>3,733,171</u>	<u>\$113,414</u>	<u>3,733,171</u>	<u>\$0.03624</u>	<u>\$135,290</u>		
		529,663,171	\$20,414,312	529,663,171		\$19,194,993		
<u>Other Charges and Credits</u>							<u>Revenue Difference</u> (f)	<u>Percentage Difference</u> (g)
	<u>Total Revenue</u>		\$23,244,679			\$22,141,831	(\$1,102,848)	-4.74%
			<u>\$129,822</u>			<u>\$135,290</u>	<u>\$5,468</u>	<u>4.21%</u>
			\$23,374,501			\$22,277,121	(\$1,097,380)	-4.69%
	(1) Page 21							
	(a) Rate Year (2005) Billing Units per Company forecast							
	(b) Normalized Rate Year (2005) Revenues							
	(c) Column (a), except for V-02 number of bills, which will not be assessed a customer charge on C-06							
	(d) Section 2							
	(e) Column (c) x Column (d)							
	(f) Column (d) - Column (b)							
	(g) Column (f) ÷ Column (b)							

**Section 2. Proposed Rate Design:**

	<u>Revenue Requirement</u> (h)
C-06 Class Revenue Requirement	\$22,761,654
<b><u>Calculation of Rates</u></b>	
Customer Charge	Units: 508,156      Charges: \$6.00      Revenue: \$3,048,936
Customer Charge Proration Adjustment	Revenue: \$26,693
Unmetered Charge	Units: 3,551      Charges: \$1.83      Revenue: <u>\$6,498</u>
Total Customer Charge Revenue	\$3,082,128
Remaining Revenue Requirement.....	\$19,679,526

(h) Exhibit 3

<b>Revenue Proof:</b>	
Revenue Requirement	\$22,761,654
Proposed Revenue - C-06	\$22,277,121
Proposed Revenue - T-06/R-02	<u>\$481,692</u>
Total Proposed Revenue	\$22,758,813
Difference	\$2,841

The Narragansett Electric Company  
Proposed Rate Design

**5-Year Phase in - Rate R-02 & Rate T-06**

Calculation of kWh Charges - R-02

1. R-02 Annual Bills	7,368
2. R-02 Annual kWh	4,450,000
3. C-06 Unmetered Charge	\$1.83
4. Estimated Annual Increase Years 2005 through 2008 (Line 3 ÷ 5, truncated to 2 decimal places)	\$0.36
5. Estimated Annual Increase Year 2009	\$0.39
6. R-02 Current kWh Charge	\$0.00867
7. Proposed C-06 kWh Charge (Year 2009)	\$0.03624
8. Difference	\$0.02757
9. Estimated Annual Increase in kWh Charge Over 5 Years (Line 8 ÷ 5, truncated to 5 decimal places)	\$0.00551
10. Estimated Annual Increase in kWh Charge in Year 2009	\$0.00553

11. Current Charge	0.00867 per kWh		Current Charge	\$0.00 per month		Incremental Annual <u>R-02 Revenue</u>	Total Annual <u>R-02 Revenue</u>
12. 2005 kWh Charge	\$0.01418 per kWh	(Line 11. + Line 9.)	2005 Cust Charge	\$0.36 per month	(Line 11. + Line 4.)	\$27,172	\$65,753
13. 2006 kWh Charge	\$0.01969 per kWh	(Line 12. + Line 9.)	2006 Cust Charge	\$0.72 per month	(Line 12. + Line 4.)	\$54,344	\$92,925
14. 2007 kWh Charge	\$0.02520 per kWh	(Line 13. + Line 9.)	2007 Cust Charge	\$1.08 per month	(Line 13. + Line 4.)	\$81,516	\$120,097
15. 2008 kWh Charge	\$0.03071 per kWh	(Line 14. + Line 9.)	2008 Cust Charge	\$1.44 per month	(Line 14. + Line 4.)	\$108,688	\$147,269
16. 2009 kWh Charge	\$0.03624 per kWh	(Line 15. + Line 10.)	2009 Cust Charge	\$1.83 per month	(Line 15. + Line 5.)	<u>\$135,860</u>	<u>\$174,751</u>
17.				Average Annual Increase		\$81,516	\$120,159

Calculation of kWh Charges - T-06

18. T06 Annual Bills	844
19. T06 Annual kWh	8,329,881
20. T-06 Current kWh Charge	\$0.02247
21. Proposed C-06 kWh Charge (Year 2009)	\$0.03624
22. Difference	\$0.01377
23. Estimated Annual Increase in kWh Charge Over 5 Years (Line 22 ÷ 5, truncated to 5 decimal places)	\$0.00275
24. Estimated Annual Increase in kWh Charge in Year 2009	\$0.00277

25. Current Charge	\$0.02247 per kWh		Proposed C06 Cust Chg	\$6.00	Incremental Annual <u>T-06 Revenue</u>	Total Annual <u>T-06 Revenue</u>
26. 2005 kWh Charge	\$0.02522 per kWh	(Line 25. + Line 23.)			\$22,907	\$215,145
27. 2006 kWh Charge	\$0.02797 per kWh	(Line 26. + Line 23.)			\$45,814	\$238,053
28. 2007 kWh Charge	\$0.03072 per kWh	(Line 27. + Line 23.)			\$68,722	\$260,960
29. 2008 kWh Charge	\$0.03347 per kWh	(Line 28. + Line 23.)			\$91,629	\$283,867
30. 2009 kWh Charge	\$0.03624 per kWh	(Line 29. + Line 24.)			<u>\$114,536</u>	<u>\$306,941</u>
31.				Average Annual Revenue	\$68,722	\$260,993

Calculation of kWh Charges - C-06

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
32. Remaining Revenue Requirement (Page 8)	\$19,679,526.45	19,679,526	19,679,526	19,679,526	19,679,526
33. R-02/T-06 Revenue (Lines 12-16 + Lines 26-30)	<u>\$280,899</u>	<u>\$330,978</u>	<u>\$381,057</u>	<u>\$431,136</u>	<u>\$481,692</u>
34. Remaining Revenue for C-06 kWh Charge Design (Line 32 - Line 33)	19,398,628	19,348,548	19,298,469	19,248,390	19,197,834
35. C-06 kWh (Page 8)	529,663,171	529,663,171	529,663,171	529,663,171	529,663,171
36. C-06 kWh Charge (Line 34 ÷ Line 35, truncated to 5 decimal places)	\$0.03662	\$0.03652	\$0.03643	\$0.03634	\$0.03624

The Narragansett Electric Company  
Proposed Rate Design  
**G-02 - General C&I - (for Rates in Effect on Effective Date - Reflecting 80% Power Factor)**

**Section 1. Present and Proposed Revenues**

		Units (a)	Present Revenues (b)	Units (c)	Proposed Rates (d)	Proposed Revenues (e)		
<u>Customer Charge</u>	G02 - General C&I	82,592	\$8,540,839	82,592	\$103.41	\$8,540,839		
	E40 - Cooling (1)	54	\$4,058	-	\$0.00	\$0		
	V02 - Space Heat (1)	403	\$3,164	-	\$0.00	\$0		
	G22 - Med C&I (1)	28,597	\$0	28,597	\$103.41	\$2,957,216		
		111,646	\$8,548,060	111,189		\$11,498,054		
<u>Customer Charge</u>	G02 - General C&I	-0.275%	(\$23,526)	-0.275%		(\$23,526)		
<u>Prorate Revenue</u>	E40 - Cooling (1)	1.473%	\$60	1.473%		\$0		
	V02 - Space Heat (1)	-0.228%	(\$7)	-0.228%		\$0		
			(\$23,473)			(\$23,526)		
<u>Demand Charge</u>	G02 - General C&I	3,059,655.7	\$8,903,598	3,059,655.7	\$3.23	\$9,882,688		
	E40 - Cooling (1)	-	\$0	-	\$0.00	\$0 (2)		
	V02 - Space Heat (1)	-	\$0	-	\$0.00	\$0 (2)		
	G22 - Med C&I (1)	894,805.0	\$1,342,208	608,835.0	\$3.23	\$1,966,537 (3)		
		3,954,461	\$10,245,806	3,668,491		\$11,849,225		
<u>Demand Charge</u>	G02 - General C&I	0.887%	\$78,999	0.887%		\$87,686		
<u>Prorate Revenue</u>	G22 - Med C&I (1)	0.636%	\$8,538	0.636%		\$12,509		
			\$87,536			\$100,195		
<u>kWh Charge</u>	G02 - General C&I	1,113,000,000	\$11,040,960	1,113,000,000	\$0.00777	\$8,648,010		
	E40 - Cooling (1)	2,104,944	\$31,944	2,104,944	\$0.00777	\$16,355		
	V02 - Space Heat (1)	2,436,829	\$74,031	2,436,829	\$0.00777	\$18,934		
	G22 - Med C&I (1)	265,605,690	\$5,883,167	265,605,690	\$0.00777	\$2,063,756		
		1,383,147,463	\$17,030,101	1,383,147,463		\$10,747,056		
<u>Other Charges and Credits</u>	HVD - G02	47,149.9	(\$17,445)	47,149.9	(\$0.37)	(\$17,445)		
	HVM - G02	-0.017%	(\$4,925)		-0.017%	(\$5,901)		
			(\$22,370)			(\$23,346)	Revenue Difference (f)	Percentage Difference (g)
<u>Total Revenue</u>	G02 - General C&I		\$28,518,500			\$27,112,351	(\$1,406,149)	-4.93%
	E40 - Cooling (1)		\$36,061			\$16,355	(\$19,706)	-54.65%
	V02 - Space Heat (1)		\$77,187			\$18,934	(\$58,253)	-75.47%
	G22 - Med C&I (1)		\$7,233,912			\$7,000,018	(\$233,894)	-3.23%
			\$35,865,661			\$34,147,658	(\$1,718,002)	-4.79%
(1) Pages 21-23								
(2) Billing demand not metered for these customers								
(3) Column (a) units in excess of 10 kW								
(a) Rate Year (2005) Billing Units per Company forecast								
(b) Normalized Rate Year (2005) Revenues								
(c) Column (a), except for V-02 number of bills, which will not be assessed a customer charge on C-06								
(d) Section 2								
(e) Column (c) x Column (d)								
(f) Column (d) - Column (b)								
(g) Column (f) ÷ Column (b)								

**Section 2. Proposed Rate Design:**

	Revenue Requirement (h)			
Rate G-02	\$34,148,907			
<u>Calculation of Charges</u>		<u>Units</u>	<u>Charges</u>	<u>Revenue</u>
Customer Charge		111,189	\$103.41	\$11,498,054
Customer Charge Proration Adjustment				(\$23,526)
Distribution kW Charge (kW>10kW)		3,668,490.7	\$3.23	\$11,849,225
Demand Charge Proration Adjustment				\$100,195
HVD Credit (4)		47,149.9	(\$0.37)	(\$17,445)
HVM Credit (4)	-0.0173%		-1.0%	(\$5,901)
Revenue from Customer and Demand Charges.....				\$23,400,603
Remaining Revenue Requirement.....				\$10,748,305
divided by: kWhs.....			1,383,147,463	
kWh Charge.....			\$0.00777	
				Revenue Proof:
				Revenue Requirement
				Proposed Revenue
				Difference

(h) Exhibit 3  
(4) Estimated from 2003 Test Year Billing Data

**The Narragansett Electric Company**  
**Proposed Rate Design**  
**G-02 - General C&I - (for Rates in Effect on Effective Date - Reflecting 90% Power Factor)**

**Section 1. Present and Proposed Revenues**

		Units (a)	Present Revenues (b)	Units (c)	Proposed Rates (d)	Proposed Revenues (e)		
<u>Customer Charge</u>	G02 - General C&I	82,592	\$8,540,839	82,592	\$103.41	\$8,540,839		
	E40 - Cooling (1)	54	\$4,058	-	\$0.00	\$0		
	V02 - Space Heat (1)	403	\$3,164	-	\$0.00	\$0		
	G22 - Med C&I (1)	28,597	\$0	28,597	\$103.41	\$2,957,216		
		111,646	\$8,548,060	111,189		\$11,498,054		
<u>Customer Charge</u>	G02 - General C&I	-0.275%	(\$23,526)	-0.275%		(\$23,526)		
<u>Prorate Revenue</u>	E40 - Cooling (1)	1.473%	\$60	1.473%		\$0		
	V02 - Space Heat (1)	-0.228%	(\$7)	-0.228%		\$0		
			(\$23,473)			(\$23,526)		
<u>Demand Charge</u>	G02 - General C&I	3,059,655.7	\$8,903,598	3,066,234.0	\$3.22	\$9,873,273		
	E40 - Cooling (1)	-	\$0	-	\$0.00	\$0 (2)		
	V02 - Space Heat (1)	-	\$0	-	\$0.00	\$0 (2)		
	G22 - Med C&I (1)	894,805.0	\$1,342,208	610,144.0	\$3.22	\$1,964,664 (3)		
		3,954,461	\$10,245,806	3,676,378		\$11,837,937		
<u>Demand Charge</u>	G02 - General C&I	0.887%	\$78,999	0.887%		\$87,602		
<u>Prorate Revenue</u>	G22 - Med C&I (1)	0.636%	\$8,538	0.636%		\$12,497		
			\$87,536			\$100,099		
<u>kWh Charge</u>	G02 - General C&I	1,113,000,000	\$11,040,719	1,113,000,000	\$0.00777	\$8,648,010		
	E40 - Cooling (1)	2,104,944	\$31,944	2,104,944	\$0.00777	\$16,355		
	V02 - Space Heat (1)	2,436,829	\$74,031	2,436,829	\$0.00777	\$18,934		
	G22 - Med C&I (1)	265,605,690	\$5,883,167	265,605,690	\$0.00777	\$2,063,756		
		1,383,147,463	\$17,029,861	1,383,147,463		\$10,747,056		
<u>Other Charges and Credits</u>	HVD - G02	47,149.9	(\$17,445)	47,150.9	(\$0.37)	(\$17,446)		
	HVM - G02	-0.017%	(\$4,684)		-0.017%	(\$5,901)		
			(\$22,129)			(\$23,347)	Revenue Difference (f)	Percentage Difference (g)
<u>Total Revenue</u>	G02 - General C&I		\$28,518,500			\$27,102,852	(\$1,415,648)	-4.96%
	E40 - Cooling (1)		\$36,061			\$16,355	(\$19,706)	-54.65%
	V02 - Space Heat (1)		\$77,187			\$18,934	(\$58,253)	-75.47%
	G22 - Med C&I (1)		\$7,233,912			\$6,998,133	(\$235,779)	-3.26%
			\$35,865,661			\$34,136,275	(\$1,729,386)	-4.82%
(1) Pages 21-23								
(2) Billing demand not metered for these customers								
(3) Column (a) units in excess of 10 kW								
(a) Rate Year (2005) Billing Units per Company forecast								
(b) Normalized Rate Year (2005) Revenues								
(c) Column (a), except for V-02 number of bills, which will not be assessed a customer charge on C-06								
(d) Section 2								
(e) Column (c) x Column (d)								
(f) Column (d) - Column (b)								
(g) Column (f) ÷ Column (b)								

**Section 2. Proposed Rate Design:**

	Revenue Requirement (h)			
Rate G-02	\$34,148,907			
<u>Calculation of Charges</u>		Units	Charges	Revenue
Customer Charge		111,189	\$103.41	\$11,498,054
Customer Charge Proration Adjustment				(\$23,526)
Distribution kW Charge (kW>10kW)		3,676,378.0	\$3.22	\$11,837,937
Demand Charge Proration Adjustment				\$100,099
HVD Credit (4)		47,150.9	(\$0.37)	(\$17,446)
HVM Credit (4)	-0.0173%		-1.0%	(\$5,901)
Revenue from Customer and Demand Charges.....				\$23,389,219
Remaining Revenue Requirement.....				\$10,759,689
divided by: kWhs.....			1,383,147,463	
kWh Charge.....			\$0.00777	
				Revenue Proof:
				Revenue Requirement
				Proposed Revenue
				Difference

(h) Exhibit 3  
(4) Estimated from 2003 Test Year Billing Data

The Narragansett Electric Company Proposed Rate Design G-32 - 200kW Demand Rate (for Rates in Effect on Effective Date - Reflecting 80% Power Factor)						
<b>Section 1. Present and Proposed Revenues</b>						
		Units (a)	Present Revenues (b)	Proposed Units (c)	Proposed Rates (d)	Proposed Revenues (e)
Customer Charge	G32 - 200kW Demand	12,160	\$2,874,989	12,160	\$236.43	\$2,874,989
	E-40 - Cooling (1)	131	\$9,845	-	\$0.00	\$0
	G-22 - Med C&I (1)	1,230	\$0	1,230	\$236.43	\$290,809
		13,521	\$2,884,833	13,390		\$3,165,798
Customer Charge Prorate Revenue	G32 - 200kW Demand	-0.320%	(\$9,115)	-0.320%		(\$9,200)
	E-40 - Cooling (1)	1.473%	\$145	1.473%		\$0
	G-22	0	0	0		0
			(\$8,970)			(\$9,200)
Demand Charge	G32 - 200kW Demand	5,851,129.7	\$9,127,762	5,851,129.7	\$2.09	\$12,228,861
	E-40 - Cooling (1)	-	\$0	-	\$0.00	\$0 (2)
	G-22 - Med C&I (1)	300,009.0	\$450,014	300,009.0	\$2.09	\$627,019
	Auxiliary Service	-	\$0	72,000.0	\$2.09	\$150,480
		6,151,138.7	\$9,577,776	6,223,138.7		\$13,006,360
Demand Charge Prorate Revenue	G32 - 200kW Demand	0.377%	\$34,372	0.377%		\$46,049
	G-22 - Med C&I (1)	0.636%	\$2,863	0.636%		\$957
			\$37,234			\$47,007
kWh Charge	G32 - 200kW Demand	2,138,610,000	\$23,545,837	2,138,610,000	\$0.00889	\$19,012,243
	E-40 - Cooling (1)	5,574,768	\$82,724	5,574,768	\$0.00889	\$49,560
	G-22 - Med C&I (1)	95,564,310	\$2,116,749	95,564,310	\$0.00889	\$849,567
		2,239,749,078	\$25,745,311	2,239,749,078		\$19,911,369
Other Charges and Credits	HVD - G32	1,565,367.8	(\$579,186)	1,565,367.8	(\$0.37)	(\$579,186)
	HVD - 115kV - G32	126,601.6	(\$305,110)	126,601.6	(\$2.41)	(\$305,110)
	HVM - G32	-0.359%	(\$127,717)	-0.359%		(\$125,529)
	G22 Power Factor Credit		(\$8,379)			0
	Second Feeder Service Revs		\$77,120			\$77,120
	Lost Revenue		0			(\$250,000)
			(\$943,271)			(\$1,182,705)
Total Revenue	G32 - 200kW Demand		\$34,638,952			\$33,120,717
	E-40 - Cooling (1)		\$92,714			\$49,560
	G-22 - Med C&I (1)		\$2,561,247			\$1,768,352
			\$37,292,913			\$34,938,629
						(\$2,354,284)
						-4.38%
						(\$43,154)
						-46.55%
						(\$792,895)
						-30.96%
						-6.31%
(1) Pages 21-23						
(2) Billing demand not metered for these customers						
(a) Rate Year (2005) Billing Units per Company forecast						
(b) Normalized Rate Year (2005) Revenues						
(c) Column (a), except for E-40 number of bills, which will not be assessed a customer charge on G-32						
(d) Section 2						
(e) Column (c) x Column (d)						
(f) Column (d) - Column (b)						
(g) Column (f) ÷ Column (b)						

**Section 2. Proposed Rate Design:**

	Revenue Requirement (h)					
Revenue Requirement	\$34,939,833					
<b>Calculation of Charges</b>						
Customer Charge		Units	Charges	Revenue		
Customer Charge Proration Adjustment		13,390	\$236.43	\$3,165,798		
Second Feeder Service		32,000.0	\$2.41	\$77,120		
Distribution kW Charge		6,223,138.7	\$2.09	\$13,006,360		
Demand Charge Proration Adjustment				\$47,007		
Lost Revenue per Legislative Exemption				(\$250,000)		
HVD Credit (3)		1,565,367.8	(\$0.37)	(\$579,186)		
HVD Credit (3)		126,602	(\$2.41)	(\$305,110)		
HVM Credit (3)		-0.3593%	-1.0%	(\$125,529)		
Revenue from Customer and Demand Charges.....				\$15,027,259		
Remaining Revenue Requirement.....				\$19,912,574		
divided by: kWhs.....				2,239,749,078		
kWh Charge.....				\$0.00889		
(h) Exhibit 3						
(3) Estimated from 2003 Test Year Billing Data						

<b>Revenue Proof:</b>	
Revenue Requirement	\$34,939,833
Proposed Revenue	\$34,938,629
Difference	\$1,204

The Narragansett Electric Company						
Proposed Rate Design						
G-32 - 200kW Demand Rate Backup Demand Charge Calculation (for Rates in Effect on Effective Date - Reflecting 80% Power Factor)						
Section 1. Present and Proposed Revenues						
		Units (a)	Present Revenues (b)	Proposed Units (c)	Proposed Rates (d)	Proposed Revenues (e)
Customer Charge	G32 - 200kW Demand	12,160	\$2,874,989	12,160	\$236.43	\$2,874,989
	E-40 - Cooling (1)	131	\$9,845	-	\$0.00	\$0
	G-22 - Med C&I (1)	1,230	\$0	1,230	\$236.43	\$290,809
		13,521	\$2,884,833	13,390		\$3,165,798
Customer Charge Prorate Revenue	G32 - 200kW Demand	-0.320%	(\$9,115)	-0.320%		(\$9,200)
	E-40 - Cooling (1)	1.473%	\$145	1.473%		\$0
	G-22	0	0	0		0
			(\$8,970)			(\$9,200)
Demand Charge	G32 - 200kW Demand	5,851,129.7	\$9,127,762	5,851,129.7	\$5.28	\$30,893,965
	E-40 - Cooling (1)	-	\$0	-	\$0.00	\$0 (2)
	G-22 - Med C&I (1)	300,009.0	\$450,014	300,009.0	\$5.28	\$1,584,048
	Auxiliary Service	-	\$0	72,000.0	\$5.28	\$380,160
		6,151,138.7	\$9,577,776	6,223,138.7		\$32,858,172
Demand Charge Prorate Revenue	G32 - 200kW Demand	0.377%	\$34,372	0.377%		\$116,335
	G-22 - Med C&I (1)	0.636%	\$2,863	0.636%		\$2,418
			\$37,234			\$118,754
kWh Charge	G32 - 200kW Demand	2,138,610,000	\$23,545,837	2,138,610,000	\$0.00000	\$0
	E-40 - Cooling (1)	5,574,768	\$82,724	5,574,768	\$0.00000	\$0
	G-22 - Med C&I (1)	95,564,310	\$2,116,749	95,564,310	\$0.00000	\$0
		2,239,749,078	\$25,745,311	2,239,749,078		\$0
Other Charges and Credits	HVD - G32	1,565,367.8	(\$579,186)	1,565,367.8	(\$0.37)	(\$579,186)
	HVD - 115kV - G32	126,601.6	(\$305,110)	126,601.6	(\$2.41)	(\$305,110)
	HVM - G32	-0.359%	(\$127,717)	-0.359%		(\$125,529)
	G22 Power Factor Credit		(\$8,379)			0
	Second Feeder Service Revs		\$77,120			\$77,120
	Lost Revenue		0			(\$250,000)
			(\$943,271)			(\$1,182,705)
Total Revenue	G32 - 200kW Demand		\$34,638,952			\$33,073,544
	E-40 - Cooling (1)		\$92,714			\$0
	G-22 - Med C&I (1)		\$2,561,247			\$1,877,275
			\$37,292,913			\$34,950,819
						(\$1,565,408)
						(\$92,714)
						(\$683,972)
						-4.52%
						-100.00%
						-26.70%
						-6.28%
(1) Pages 21-23						
(2) Billing demand not metered for these customers						
(a) Rate Year (2005) Billing Units per Company forecast						
(b) Normalized Rate Year (2005) Revenues						
(c) Column (a), except for E-40 number of bills, which will not be assessed a customer charge on G-32						
(d) Section 2						
(e) Column (c) x Column (d)						
(f) Column (d) - Column (b)						
(g) Column (f) ÷ Column (b)						

## Section 2. Proposed Rate Design:

	Revenue Requirement (h)					
Revenue Requirement	\$34,939,833					
<b>Calculation of Charges</b>						
Customer Charge		Units	Charges	Revenue		
Customer Charge Proration Adjustment		13,390	\$236.43	\$3,165,798		
Second Feeder Service		32,000.0	\$2.41	\$77,120		
Distribution kW Charge		6,223,138.7	\$5.28	\$32,858,172		
Demand Charge Proration Adjustment				\$118,754		
Lost Revenue per Legislative Exemption				(\$250,000)		
HVD Credit (3)		1,565,367.8	(\$0.37)	(\$579,186)		
HVD Credit (3)		126,602	(\$2.41)	(\$305,110)		
HVM Credit (3)		-0.3593%	-1.0%	(\$125,529)		
Revenue from Customer and Demand Charges.....				\$34,950,819		
Remaining Revenue Requirement.....				(\$10,986)		
divided by: kWhs.....				2,239,749,078		
kWh Charge.....				\$0.00000		
(h) Exhibit 3						
(3) Estimated from 2003 Test Year Billing Data						

<b>Revenue Proof:</b>	
Revenue Requirement	\$34,939,833
Proposed Revenue	\$34,950,819
Difference	(\$10,986)



The Narragansett Electric Company Proposed Rate Design G-32 - 200kW Demand Rate (for Rates in Effect on Effective Date - Reflecting 90% Power Factor)						
<b>Section 1. Present and Proposed Revenues</b>						
		Units (a)	Present Revenues (b)	Proposed Units (c)	Proposed Rates (d)	Proposed Revenues (e)
<b>Customer Charge</b>	G32 - 200kW Demand	12,160	\$2,874,989	12,160	\$236.43	\$2,874,989
	E-40 - Cooling (1)	131	\$9,845	-	\$0.00	\$0
	G-22 - Med C&I (1)	1,230	\$0	1,230	\$236.43	\$290,809
		13,521	\$2,884,833	13,390		\$3,165,798
<b>Customer Charge Prorate Revenue</b>	G32 - 200kW Demand	-0.320%	(\$9,115)	-0.320%		(\$9,200)
	E-40 - Cooling (1)	1.473%	\$145	1.473%		\$0
	G-22	0	0	0		0
			(\$8,970)			(\$9,200)
<b>Demand Charge</b>	G32 - 200kW Demand	5,851,129.7	\$9,127,762	6,043,081.8	\$2.03	\$12,267,456
	E-40 - Cooling (1)	-	\$0	-	\$0.00	\$0 (2)
	G-22 - Med C&I (1)	300,009.0	\$450,014	309,851.1	\$2.03	\$628,998
	Auxiliary Service	-	\$0	72,000.0	\$2.03	\$146,160
		6,151,138.7	\$9,577,776	6,424,932.9		\$13,042,614
<b>Demand Charge Prorate Revenue</b>	G32 - 200kW Demand	0.377%	\$34,372	0.377%		\$46,195
	G-22 - Med C&I (1)	0.636%	\$2,863	0.636%		\$930
			\$37,234			\$47,124
<b>kWh Charge</b>	G32 - 200kW Demand	2,138,610,000	\$23,545,837	2,138,610,000	\$0.00889	\$19,012,243
	E-40 - Cooling (1)	5,574,768	\$82,724	5,574,768	\$0.00889	\$49,560
	G-22 - Med C&I (1)	95,564,310	\$2,116,749	95,564,310	\$0.00889	\$849,567
		2,239,749,078	\$25,745,311	2,239,749,078		\$19,911,369
<b>Other Charges and Credits</b>	HVD - G32	1,565,367.8	(\$579,186)	1,616,721.3	(\$0.37)	(\$598,187)
	HVD - 115kV - G32	126,601.6	(\$305,110)	130,754.9	(\$2.41)	(\$315,119)
	HVM - G32	-0.359%	(\$127,717)	-0.359%		(\$125,529)
	G22 Power Factor Credit		(\$8,379)			0
	Second Feeder Service Revs		\$77,120			\$77,120
	Lost Revenue		0			(\$250,000)
			(\$943,271)			(\$1,211,715)
<b>Total Revenue</b>	G32 - 200kW Demand		\$34,638,952			\$33,126,128
	E-40 - Cooling (1)		\$92,714			\$49,560
	G-22 - Med C&I (1)		\$2,561,247			\$1,770,303
			\$37,292,913			\$34,945,990
						(\$2,346,922)
						-6.29%
(1) Pages 21-23 (2) Billing demand not metered for these customers (a) Rate Year (2005) Billing Units per Company forecast (b) Normalized Rate Year (2005) Revenues (c) Column (a), except for E-40 number of bills, which will not be assessed a customer charge on G-32 (d) Section 2 (e) Column (c) x Column (d) (f) Column (d) - Column (b) (g) Column (f) ÷ Column (b)						

**Section 2. Proposed Rate Design:**

	Revenue Requirement (h)				
Revenue Requirement	\$34,939,833				
<b>Calculation of Charges</b>					
Customer Charge		Units	Charges	Revenue	
Customer Charge Proration Adjustment		13,390	\$236.43	\$3,165,798	
Second Feeder Service		32,000.0	\$2.41	\$77,120	(\$9,200)
Distribution kW Charge		6,424,932.9	\$2.03	\$13,042,614	
Demand Charge Proration Adjustment				\$47,124	
Lost Revenue per Legislative Exemption				(\$250,000)	
HVD Credit (3)		1,616,721.3	(\$0.37)	(\$598,187)	
HVD Credit (3)		130,755	(\$2.41)	(\$315,119)	
HVM Credit (3)	-0.3593%		-1.0%	(\$125,529)	
Revenue from Customer and Demand Charges.....				\$15,034,621	
Remaining Revenue Requirement.....				\$19,905,212	
divided by: kWhs.....			2,239,749,078		
kWh Charge.....				\$0.00889	
(h) Exhibit 3					
(3) Estimated from 2003 Test Year Billing Data					

<b>Revenue Proof:</b>	
Revenue Requirement	\$34,939,833
Proposed Revenue	\$34,945,990
Difference	(\$6,157)

The Narragansett Electric Company						
Proposed Rate Design						
5-Year Phase in - Auxiliary Rate Customers						
Calculation of kW Charges			80% Power Factor	90% Power Factor		
1. Auxiliary Service Estimated Annual Backup Billing Demand		72,000.0				
2. Proposed B-32 Backup Demand Charge			\$5.28	\$5.12		
3. Estimated Annual Increase in kW Charge in Year 1(Line 2 ÷ 5, truncated to 2 decimal places)			\$1.05			
4. Estimated Annual Increase in kW Charge in Years 2-4 (Line 2 ÷ 5, truncated to 2 decimal places)				\$1.02		
5. Estimated Annual Increase in kW Charge in Year 5				\$1.01		
6. Current Charge	\$0.00	per kW			Total Annual Revenue	
7. 2005 kW Charge	\$1.05	per kW	(Line 6. + Line 3.)		\$75,600	
8. 2006 kW Charge	\$2.07	per kW	(Line 7. + Line 4.)		\$149,040	
9. 2007 kW Charge	\$3.09	per kW	(Line 8. + Line 4.)		\$222,480	
10. 2008 kW Charge	\$4.11	per kW	(Line 9. + Line 4.)		\$295,920	
11. 2009 kW Charge	\$5.12	per kW	(Line 10. + Line 5.)		\$368,640	
12.			Average Annual Revenue		\$222,336	
Calculation of kW Charge -G-32						
		2005	2006	2007	2008	2009
13. Revenue Requirement (Page 14 )		\$34,939,833.25	34,939,833	34,939,833	34,939,833	34,939,833
14. less:						
15. Cust Chg Rev		\$3,165,798	\$3,165,798	\$3,165,798	\$3,165,798	\$3,165,798
16. Customer Charge Prorated Rev		(\$9,200)	(\$9,200)	(\$9,200)	(\$9,200)	(\$9,200)
17. Second Feeder Serv. Rev		\$77,120	\$77,120	\$77,120	\$77,120	\$77,120
18. Lost Revenue		(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
19. kWh Charge Rev		\$19,911,369	\$19,911,369	\$19,911,369	\$19,911,369	\$19,911,369
20. HVD Pri		(\$579,186)	(\$598,187)	(\$598,187)	(\$598,187)	(\$598,187)
21. HVD 115kV		(\$305,110)	(\$315,119)	(\$315,119)	(\$315,119)	(\$315,119)
22. Demand Prorate						
23.	0.377%	\$46,049	\$45,967	\$45,740	\$45,512	\$45,285
24.	0.636%	\$957	\$3,981	\$3,961	\$3,941	\$3,922
25. HVM		(\$125,759)	(\$125,626)	(\$125,661)	(\$125,695)	(\$125,727)
26.	Subtotal	\$21,932,039	\$21,906,103	\$21,905,821	\$21,905,539	\$21,905,261
27. Remaining Revenue		\$13,007,795	\$13,033,730	\$13,034,012	\$13,034,294	\$13,034,572
28. less: Auxiliary Service Rev		\$75,600	\$149,040	\$222,480	\$295,920	\$368,640
29. Remaining Rev		\$12,932,195	\$12,884,690	\$12,811,532	\$12,738,374	\$12,665,932
Billing Demand						
30. G-32 (less: Aux Serv)		5,851,129.7	6,043,081.8	6,043,081.8	6,043,081.8	6,043,081.8
31. G-22		300,009.0	309,851.1	309,851.1	309,851.1	309,851.1
32. Total Billing Units		6,151,138.7	6,352,932.9	6,352,932.9	6,352,932.9	6,352,932.9
33. Demand Charge		\$2.10	\$2.02	\$2.01	\$2.00	\$1.99
34. Revenue for HVM Calculation		\$34,925,030	\$34,888,067	\$34,897,696	\$34,907,325	\$34,916,237
35.		-0.3593%	-0.3593%	-0.3593%	-0.3593%	-0.3593%

The Narragansett Electric Company Proposed Rate Design G-32 - 200kW Demand Rate (for Rates in Effect on Effective Date - Reflecting 90% Power Factor)						
<b>Section 1. Present and Proposed Revenues</b>						
		Units (a)	Present Revenues (b)	Proposed Units (c)	Proposed Rates (d)	Proposed Revenues (e)
<u>Customer Charge</u>	G32 - 200kW Demand	12,160	\$2,874,989	12,160	\$236.43	\$2,874,989
	E-40 - Cooling (1)	131	\$9,845	-	\$0.00	\$0
	G-22 - Med C&I (1)	1,230	\$0	1,230	\$236.43	\$290,809
		13,521	\$2,884,833	13,390		\$3,165,798
<u>Customer Charge Prorate Revenue</u>	G32 - 200kW Demand	-0.320%	(\$9,115)	-0.320%		(\$9,200)
	E-40 - Cooling (1)	1.473%	\$145	1.473%		\$0
	G-22	0	0	0		0
			(\$8,970)			(\$9,200)
<u>Demand Charge</u>	G32 - 200kW Demand	5,851,129.7	\$9,127,762	6,043,081.8	\$5.12	\$30,940,579
	E-40 - Cooling (1)	-	\$0	-	\$0.00	\$0 (2)
	G-22 - Med C&I (1)	300,009.0	\$450,014	309,851.1	\$5.12	\$1,586,438
	Auxiliary Service	-	\$0	72,000.0	\$5.12	\$368,640
		6,151,138.7	\$9,577,776	6,424,932.9		\$32,895,657
<u>Demand Charge Prorate Revenue</u>	G32 - 200kW Demand	0.377%	\$34,372	0.377%		\$116,511
	G-22 - Med C&I (1)	0.636%	\$2,863	0.636%		\$2,345
			\$37,234			\$118,856
<u>kWh Charge</u>	G32 - 200kW Demand	2,138,610,000	\$23,545,837	2,138,610,000	\$0.00000	\$0
	E-40 - Cooling (1)	5,574,768	\$82,724	5,574,768	\$0.00000	\$0
	G-22 - Med C&I (1)	95,564,310	\$2,116,749	95,564,310	\$0.00000	\$0
		2,239,749,078	\$25,745,311	2,239,749,078		\$0
<u>Other Charges and Credits</u>	HVD - G32	1,565,367.8	(\$579,186)	1,616,721.3	(\$0.37)	(\$598,187)
	HVD - 115kV - G32	126,601.6	(\$305,110)	130,754.9	(\$2.41)	(\$315,119)
	HVM - G32	-0.359%	(\$127,717)	-0.359%		(\$125,529)
	G22 Power Factor Credit		(\$8,379)			0
	Second Feeder Service Revs		\$77,120			\$77,120
	Lost Revenue		0			(\$250,000)
			(\$943,271)			(\$1,211,715)
<u>Total Revenue</u>	G32 - 200kW Demand		\$34,638,952			\$33,079,804
	E-40 - Cooling (1)		\$92,714			\$0
	G-22 - Med C&I (1)		\$2,561,247			\$1,879,591
			\$37,292,913			\$34,959,395
						(\$2,333,518)
						-4.50%
						(\$92,714)
						-100.00%
						(\$681,655)
						-26.61%
						-6.26%
(1) Pages 21-23						
(2) Billing demand not metered for these customers						
(a) Rate Year (2005) Billing Units per Company forecast						
(b) Normalized Rate Year (2005) Revenues						
(c) Column (a), except for E-40 number of bills, which will not be assessed a customer charge on G-32						
(d) Section 2						
(e) Column (c) x Column (d)						
(f) Column (d) - Column (b)						
(g) Column (f) ÷ Column (b)						

**Section 2. Proposed Rate Design:**

	Revenue Requirement (h)				
Revenue Requirement	\$34,939,833				
<b>Calculation of Charges</b>					
Customer Charge		Units	Charges	Revenue	
Customer Charge Proration Adjustment		13,390	\$236.43	\$3,165,798	
Second Feeder Service		32,000.0	\$2.41	\$77,120	
Distribution kW Charge		6,424,932.9	\$5.12	\$32,895,657	
Demand Charge Proration Adjustment				\$118,856	
Lost Revenue per Legislative Exemption				(\$250,000)	
HVD Credit (3)		1,616,721.3	(\$0.37)	(\$598,187)	
HVD Credit (3)		130,755	(\$2.41)	(\$315,119)	
HVM Credit (3)		-0.3593%	-1.0%	(\$125,529)	
Revenue from Customer and Demand Charges.....				\$34,959,395	
Remaining Revenue Requirement.....				(\$19,562)	
divided by: kWhs.....			2,239,749,078		
kWh Charge.....				\$0.00000	
(h) Exhibit 3					
(3) Estimated from 2003 Test Year Billing Data					

Revenue Proof:	
Revenue Requirement	\$34,939,833
Proposed Revenue	\$34,959,395
Difference	(\$19,562)

The Narragansett Electric Company						
Proposed Rate Design						
5-Year Phase in - Auxiliary Rate Customers						
Calculation of kW Charges			80% Power Factor	90% Power Factor		
Auxiliary Service Estimated Annual Backup Billing Demand			72,000.0			
Proposed B-32 Backup Demand Charge			\$5.28	\$5.12		
Estimated Annual Increase in kW Charge in Year 1(Line 2 ÷ 5, truncated to 2 decimal places)			\$1.05			
Estimated Annual Increase in kW Charge in Years 2-4 (Line 2 ÷ 5, truncated to 2 decimal places)				\$1.02		
Estimated Annual Increase in kW Charge in Year 5				\$1.00		
					Total Annual Revenue	
Current Charge	\$0.00	per kW				
2005 kW Charge	\$1.05	per kW	(Line 6. + Line 3.)		\$75,600	
2006 kW Charge	\$2.07	per kW	(Line 7. + Line 4.)		\$149,040	
2007 kW Charge	\$3.09	per kW	(Line 8. + Line 4.)		\$222,480	
2008 kW Charge	\$4.11	per kW	(Line 9. + Line 4.)		\$295,920	
2009 kW Charge	\$5.11	per kW	(Line 10. + Line 5.)		<u>\$367,920</u>	
Average Annual Revenue					\$222,192	
Calculation of kW Charge -G-32						
		2005	2006	2007	2008	2009
Revenue Requirement (Page 16)		\$34,939,833.25	34,939,833	34,939,833	34,939,833	34,939,833
less:						
Cust Chg Rev		\$3,165,798	\$3,165,798	\$3,165,798	\$3,165,798	\$3,165,798
Customer Charge Prorated Rev		(\$9,200)	(\$9,200)	(\$9,200)	(\$9,200)	(\$9,200)
Second Feeder Serv. Rev		\$77,120	\$77,120	\$77,120	\$77,120	\$77,120
Lost Revenue		(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
kWh Charge Rev		\$0	\$0	\$0	\$0	\$0
HVD Pri		(\$579,186)	(\$598,187)	(\$598,187)	(\$598,187)	(\$598,187)
HVD 115kV		(\$305,110)	(\$315,119)	(\$315,119)	(\$315,119)	(\$315,119)
Demand Prorate						
	0.377%	\$46,049	\$116,966	\$116,739	\$116,511	\$116,283
	0.636%	\$957	\$10,131	\$10,111	\$10,091	\$10,072
HVM		<u>(\$125,617)</u>	<u>(\$125,592)</u>	<u>(\$125,627)</u>	<u>(\$125,662)</u>	<u>(\$125,694)</u>
Subtotal		\$2,020,811	\$2,071,917	\$2,071,635	\$2,071,352	\$2,071,073
Remaining Revenue		<u>\$32,919,022</u>	<u>\$32,867,917</u>	<u>\$32,868,199</u>	<u>\$32,868,482</u>	<u>\$32,868,761</u>
less: Auxiliary Service Rev		<u>\$75,600</u>	<u>\$149,040</u>	<u>\$222,480</u>	<u>\$295,920</u>	<u>\$367,920</u>
Remaining Rev		\$32,843,422	\$32,718,877	\$32,645,719	\$32,572,562	\$32,500,841
Billing Demand						
G-32 (less: Aux Serv)		5,851,129.7	6,043,081.8	6,043,081.8	6,043,081.8	6,043,081.8
G-22		<u>300,009.0</u>	<u>309,851.1</u>	<u>309,851.1</u>	<u>309,851.1</u>	<u>309,851.1</u>
Total Billing Units		<u>6,151,138.7</u>	<u>6,352,932.9</u>	<u>6,352,932.9</u>	<u>6,352,932.9</u>	<u>6,352,932.9</u>
Demand Charge		\$5.33	\$5.15	\$5.13	\$5.12	\$5.11
Revenue for HVM Calculation		\$34,881,980	\$34,938,561	\$34,884,660	\$34,894,288	\$34,902,480
		-0.3593%	-0.3593%	-0.3593%	-0.3593%	-0.3593%

The Narragansett Electric Company  
Proposed Rate Design  
**G-62 - 3000kW Demand Rate (for Rates in Effect on Effective Date - Reflecting 80% Power Factor)**

**Section 1. Present and Proposed Revenues**

		Units (a)	Present Revenues (b)	Proposed Units (c)	Proposed Rates (d)	Proposed Revenues (e)		
<u>Customer Charge</u>	G62 - 3000kW Demand	132	\$2,259,671	132	\$17,118.72	\$2,259,671		
	B62 - Backup Service	24	\$410,849	24	\$17,118.72	\$410,849		
	N01 - 69kV	12	\$205,425 (1)	12	\$17,118.72	\$205,425		
		168	\$2,875,945	168		\$2,875,945		
<u>Customer Charge Prorate Revenue</u>	G62 - 3000kW Demand	-1.49%	(\$33,606)	-1.49%		(\$33,606)		
	B62 - Backup Service	2.73%	\$11,206	2.73%		\$11,206		
	N01 - 69kV	0.00%	\$0 (1)	0.00%		\$0		
			(\$22,401)			(\$22,401)		
<u>Demand Charge</u>	G62 - 3000kW Demand	651,131.2	\$488,348	651,131.2	\$2.28	\$1,484,579		
	B62 - Backup Service	377,873.8	\$283,405	377,873.8	\$2.28	\$861,552		
	N01 - 69kV	223,129.0	\$167,347 (1)	223,129.0	\$2.28	\$508,734		
	Auxiliary Service	-	\$0	36,000	\$2.28	\$82,080		
		1,252,134	\$939,101	1,288,134		\$2,936,946		
<u>Demand Charge Prorate Revenue</u>	G62 - 3000kW Demand	1.416%	\$6,915	1.416%		\$21,023		
	B62 - Backup Service	0.000%	\$0	0.000%		\$0		
	N01 - 69kV	0.000%	\$0 (1)	0.000%		\$0		
			\$6,915			\$21,023		
<u>kWh Charge</u>	G62 - 3000kW Demand	315,690,000	\$1,250,128	315,690,000	\$0.00000	\$0		
	B62 - Backup Service	218,550,000	\$865,458	177,401,673	\$0.00000	\$0		
	N01 - 69kV	119,720,000	\$474,091 (1)	119,720,000	\$0.00000	\$0		
		653,960,000	\$2,589,678	612,811,673		\$0		
<u>Other Charges and Credits</u>	HVD - G62	545,040.5	(\$201,665)	545,040.5	(\$0.37)	(\$201,665)		
	HVD - B62	104,643.0	(\$38,718)	104,643.0	(\$0.37)	(\$38,718)		
	HVD - N01	223,129.0	(\$82,558) (1)	223,129.0	(\$0.37)	(\$82,558)		
	HVM - G62	-1.169%	(\$46,415)	-1.169%		(\$45,207)		
	HVM - B62	-2.018%	(\$31,700)	-2.018%		(\$25,676)		
	HVM - N01	-2.335%	(\$19,770) (1)	-2.335%		(\$16,672)		
			(\$420,825)			(\$410,496)	Revenue Difference (f)	Percentage Difference (g)
<u>Total Revenue</u>	G62 - 3000kW Demand		\$3,723,377			\$3,566,875	(\$156,503)	-4.20%
	B62 - Backup Service		\$1,500,501			\$1,219,213	(\$281,287)	-18.75%
	N01 - 69kV		\$744,535			\$614,929	(\$129,606)	-17.41%
			\$5,968,413			\$5,401,017	(\$567,396)	-9.51%
(1) Reflects N-01 billing on Rate G-62								
(a) Rate Year (2005) Billing Units per Company forecast								
(b) Normalized Rate Year (2005) Revenues								
(c) Column (a)								
(d) Section 2								
(e) Column (c) x Column (d)								
(f) Column (d) - Column (b)								
(g) Column (f) ÷ Column (b)								

**Section 2. Proposed Rate Design:**

Revenue Requirement (h)									
Rate G62/B62/N01	\$5,405,914								
<b>Calculation of Charges</b>									
Customer Charge	Units 168 Charges \$17,118.72 Revenue \$2,875,945								
Customer Charge Proration Adjustment	(\$22,401)								
Distribution kW Charge	1,288,134 \$2.28 \$2,936,946								
Demand Charge Proration Adjustment	\$21,023								
HVD Credit (2)	872,813 (\$0.37) (\$322,941)								
HVM Credit (2)	-1.5283% -1.0% (\$87,555)								
Revenue from Customer and Demand Charges.....	\$5,401,017								
Remaining Revenue Requirement.....	\$4,897								
divided by: kWhs.....	612,811,673								
kWh Charge.....	\$0.00000								
<table><tr><td colspan="2"><b>Revenue Proof:</b></td></tr><tr><td>Revenue Requirement</td><td>\$5,405,914</td></tr><tr><td>Proposed Revenue</td><td>\$5,401,017</td></tr><tr><td>Difference</td><td>\$4,897</td></tr></table>		<b>Revenue Proof:</b>		Revenue Requirement	\$5,405,914	Proposed Revenue	\$5,401,017	Difference	\$4,897
<b>Revenue Proof:</b>									
Revenue Requirement	\$5,405,914								
Proposed Revenue	\$5,401,017								
Difference	\$4,897								

(h) Exhibit 3

(2) Estimated from 2003 Test Year Billing Data

The Narragansett Electric Company  
Proposed Rate Design  
**G-62 - 3000kW Demand Rate (for Rates in Effect on Effective Date - Reflecting 90% Power Factor)**

**Section 1. Present and Proposed Revenues**

		<u>Units</u> (a)	<u>Present Revenues</u> (b)	<u>Proposed Units</u> (c)	<u>Proposed Rates</u> (d)	<u>Proposed Revenues</u> (e)		
<u>Customer Charge</u>	G62 - 3000kW Demand	132	\$2,259,671	132	\$17,118.72	\$2,259,671		
	B62 - Backup Service	24	\$410,849	24	\$17,118.72	\$410,849		
	N01 - 69kV	12	\$205,425 (1)	12	\$17,118.72	\$205,425		
		168	\$2,875,945	168		\$2,875,945		
<u>Customer Charge Prorate Revenue</u>	G62 - 3000kW Demand	-1.49%	(\$33,606)	-1.49%		(\$33,606)		
	B62 - Backup Service	2.73%	\$11,206	2.73%		\$11,206		
	N01 - 69kV	0.00%	\$0 (1)	0.00%		\$0		
			(\$22,401)			(\$22,401)		
<u>Demand Charge</u>	G62 - 3000kW Demand	651,131.2	\$488,348	669,958.0	\$2.23	\$1,494,006		
	B62 - Backup Service	377,873.8	\$283,405	388,799.7	\$2.23	\$867,023		
	N01 - 69kV	223,129.0	\$167,347 (1)	229,580.6	\$2.23	\$511,965		
	Auxiliary Service	-	\$0	36,000	\$2.23	\$80,280		
		651,131	\$939,101	1,324,338		\$2,953,274		
<u>Demand Charge Prorate Revenue</u>	G62 - 3000kW Demand	1.416%	\$6,915	1.416%		\$21,157		
	B62 - Backup Service	0.000%	\$0	0.000%		\$0		
	N01 - 69kV	0.000%	\$0 (1)	0.000%		\$0		
			\$6,915			\$21,157		
<u>kWh Charge</u>	G62 - 3000kW Demand	315,690,000	\$1,250,128	315,690,000	\$0.00000	\$0		
	B62 - Backup Service	218,550,000	\$865,458	177,401,673	\$0.00000	\$0		
	N01 - 69kV	119,720,000	\$474,091 (1)	119,720,000	\$0.00000	\$0		
		653,960,000	\$2,589,678	612,811,673		\$0		
<u>Other Charges and Credits</u>	HVD - G62	545,040.5	(\$201,665)	560,799.8	(\$0.37)	(\$207,496)		
	HVD - B62	104,643.0	(\$38,718)	107,668.6	(\$0.37)	(\$39,837)		
	HVD - N01	223,129.0	(\$82,558) (1)	229,580.6	(\$0.37)	(\$84,945)		
	HVM - G62	-1.169%	(\$46,415)	-1.169%		(\$45,164)		
	HVM - B62	-2.018%	(\$31,700)	-2.018%		(\$25,786)		
	HVM - N01	-2.335%	(\$19,770) (1)	-2.335%		(\$16,748)		
			(\$420,825)			(\$419,976)	<u>Revenue Difference</u> (f)	<u>Percentage Difference</u> (g)
<u>Total Revenue</u>	G62 - 3000kW Demand		\$3,723,377			\$3,568,848	(\$154,530)	-4.15%
	B62 - Backup Service		\$1,500,501			\$1,223,454	(\$277,046)	-18.46%
	N01 - 69kV		\$744,535			\$615,697	(\$128,838)	-17.30%
			\$5,968,413			\$5,407,999	(\$560,414)	-9.39%
(1) Reflects N-01 billing on Rate G-62								
(a) Rate Year (2005) Billing Units per Company forecast								
(b) Normalized Rate Year (2005) Revenues								
(c) Column (a)								
(d) Section 2								
(e) Column (c) x Column (d)								
(f) Column (d) - Column (b)								
(g) Column (f) ÷ Column (b)								

**Section 2. Proposed Rate Design:**

	<u>Revenue Requirement</u> (h)	
Rate G62/B62/N01	\$5,405,914	
<u>Calculation of Charges</u>	<u>Units</u>	<u>Charges</u>
Customer Charge	168	\$17,118.72
Customer Charge Proration Adjustment		\$2,875,945
Distribution kW Charge	1,324,338	\$2.23
Demand Charge Proration Adjustment		\$2,953,274
HVD Credit (2)	898,049	\$21,157
HVM Credit (2)	-1.5283%	(\$332,278)
		(\$87,698)
Revenue from Customer and Demand Charges.....		\$5,407,999
Remaining Revenue Requirement.....		(\$2,085)
divided by: kWhs.....	612,811,673	
kWh Charge.....	\$0.00000	
		<u>Revenue Proof:</u>
		Revenue Requirement \$5,405,914
		Proposed Revenue \$5,407,999
		Difference (\$2,085)

(h) Exhibit 3  
(2) Estimated from 2003 Test Year Billing Data

The Narragansett Electric Company						
Proposed Rate Design						
5-Year Phase in - Auxiliary Rate Customers						
Calculation of kW Charges			80% Power Factor	90% Power Factor		
1. Auxiliary Service Estimated Annual Backup Billing Demand		36,000.0				
2. Proposed B-62 Backup Demand Charge			\$2.28	\$2.23		
3. Estimated Annual Increase in kW Charge in Year 1 (Line 2 ÷ 5, truncated to 2 decimal places)			\$0.45			
4. Estimated Annual Increase in kW Charge in Years 2-4 (Line 2 ÷ 5, truncated to 2 decimal places)				\$0.44		
5. Estimated Annual Increase in kW Charge in Year 5				\$0.45		
6. Current Charge	\$0.00	per kW				Total Annual Revenue
7. 2005 kW Charge	\$0.45	per kW	(Line 6. + Line 3.)			\$16,200
8. 2006 kW Charge	\$0.89	per kW	(Line 7. + Line 4.)			\$32,040
9. 2007 kW Charge	\$1.33	per kW	(Line 8. + Line 4.)			\$47,880
10. 2008 kW Charge	\$1.77	per kW	(Line 9. + Line 4.)			\$63,720
11. 2009 kW Charge	\$2.22	per kW	(Line 10. + Line 5.)			<u>\$79,920</u>
12.			Average Annual Revenue			\$47,952
Calculation of kW Charge -G-62						
		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
13. Revenue Requirement (Page 19 )		\$5,405,914	5,405,914	5,405,914	5,405,914	5,405,914
14. less:						
15. Cust Chg Rev		\$2,875,945	\$2,875,945	\$2,875,945	\$2,875,945	\$2,875,945
16. Customer Charge Prorated Rev		(\$22,401)	(\$22,401)	(\$22,401)	(\$22,401)	(\$22,401)
17. kWh Charge Rev		\$0	\$0	\$0	\$0	\$0
18. HVD Pri		(\$322,941)	(\$332,278)	(\$332,278)	(\$332,278)	(\$332,278)
19. Demand Prorate	1.416%	\$6,915	\$21,441	\$21,346	\$21,251	\$21,062
20. HVM		<u>(\$88,497)</u>	<u>(\$88,438)</u>	<u>(\$88,240)</u>	<u>(\$88,041)</u>	<u>(\$87,645)</u>
21. Subtotal		\$2,449,022	\$2,454,269	\$2,454,372	\$2,454,476	\$2,454,683
22. Remaining Revenue		<u>\$2,956,892</u>	<u>\$2,951,645</u>	<u>\$2,951,542</u>	<u>\$2,951,438</u>	<u>\$2,951,231</u>
23. less: Auxiliary Service Rev		<u>\$16,200</u>	<u>\$32,040</u>	<u>\$47,880</u>	<u>\$63,720</u>	<u>\$79,920</u>
24. Remaining Rev		\$2,940,692	\$2,919,605	\$2,903,662	\$2,887,718	\$2,871,311
25. Billing Demand (less: Aux. Service Demand)		<u>1,252,134.0</u>	<u>1,288,338.2</u>	<u>1,288,338.2</u>	<u>1,288,338.2</u>	<u>1,288,338.2</u>
26. Demand Charge		\$2.34	\$2.26	\$2.25	\$2.24	\$2.22
27. Revenue for HVM Calculation		5790453.128	5786629.436	5773651.054	5760672.671	5734716.907
28.		-1.5283%	-1.5283%	-1.5283%	-1.5283%	-1.5283%

The Narragansett Electric Company  
Proposed Rate Design  
Reallocation of Billing Units and Revenues for Rates V-02

Rate V-02 Space Heating

Allocation of Rate Year billing Determinants and Revenue Requirement

<u>New Class</u>	<u>Number of Bills</u>	<u>Forecasted Growth</u>	<u>Forecasted Bills</u>	<u>kWhs</u>	<u>Forecasted Growth</u>	<u>Forecasted kWhs</u>
	(a)	(b)	(c)	(d)	(e)	(f)
C06	2,282	-8.20%	2,095	3,902,160	-4.33%	3,733,171
G02	<u>439</u>	-8.20%	<u>403</u>	<u>2,547,137</u>	-4.33%	<u>2,436,829</u>
Total	2,721		2,498	6,449,297		6,170,000

- (a) Based on Test Year Billing Data  
(b) per Company forecast  
(c) Column (a) x Column (b)  
(d) Based on Test Year Billing Data  
(e) per Company forecast  
(f) Column (d) x Column (e)

Present Revenues

<u>New Class</u>	<u>Forecasted Units</u>	<u>Charges</u>	<u>Revenues</u>	<u>Prorated Customer Charge Revs</u>	<u>Calculated Charge plus Prorated Rev</u>	
	(g)	(h)	(i)	(j)	(k)	
Customer Charge	C06	2,095	\$7.85	\$16,446	(\$37)	\$16,408
	G02	<u>403</u>	\$7.85	<u>\$3,164</u>	<u>(\$7)</u>	<u>\$3,156</u>
Total Customer	2,498		\$19,609	(\$45)	\$19,565	
<u>New Class</u>	<u>Forecasted Units</u>	<u>Charges</u>	<u>Revenues</u>			
	(l)	(m)	(n)			
kWhs Charge	C06	3,733,171	\$0.03038	\$113,414		
	G02	<u>2,436,829</u>	\$0.03038	<u>\$74,031</u>		
Total kWh Charge	6,170,000		\$187,445			

<u>Check Total:</u>
Total Rate Revenue
Total Calculated Revenue
Difference.....

<u>Check Total:</u>	
Total Rate Year Revenue.....	\$207,009
Total Calculated Revenue (w/Prorates).....	<u>\$207,009</u>
Difference.....	\$0

- (g) Column (c)  
(h) per tariff  
(i) Column (g) x column (h)  
(j) Column (i) ÷ Total Column (i) x Test Year Customer Charge Prorate  
(k) Column (i) + Column (j)  
(l) Column (f)  
(m) per tariff  
(n) Column (l) x Column (m)



The Narragansett Electric Company  
Proposed Rate Design  
Reallocation of Billing Units and Revenues for Rate E-40

Rate E-40 - Storage Cooling

Allocation of Rate Year billing Determinants and Revenue Requirement

<u>New Class</u>	<u>Number of Bills (a)</u>	<u>Forecasted Growth (b)</u>	<u>Forecasted Bills (c)</u>	<u>Peak kWhs (d)</u>	<u>Forecasted Growth (e)</u>	<u>Forecasted Peak kWhs (f)</u>
G02	60	-10.19%	54	752,454	0.22%	754,109
G32	<u>146</u>	<u>-10.19%</u>	<u>131</u>	<u>1,874,884</u>	<u>0.22%</u>	<u>1,879,009</u>
Total	206		185	2,627,338		2,633,118

<u>New Class</u>	<u>Off Peak kWhs (g)</u>	<u>Forecasted Growth (h)</u>	<u>Forecasted Off-Peak kWhs (i)</u>	<u>Total kWhs (j)</u>
G02	1,347,870	0.22%	1,350,835	2,104,944
G32	<u>3,687,646</u>	<u>0.22%</u>	<u>3,695,759</u>	<u>5,574,768</u>
Total	5,035,516		5,046,594	7,679,712

- (a) Based on Test Year Billing Data  
(b) per Company forecast  
(c) Column (a) x Column (b)  
(d) Based on Test Year Billing Data  
(e) per Company forecast  
(f) Column (d) x Column (e)  
(g) Based on Test Year Billing Data  
(h) per Company forecast  
(i) Column (g) x Column (h)  
(j) Column (f) + Column (i)

Present Revenues

<u>New Class</u>	<u>Forecasted Units (k)</u>	<u>Charges (l)</u>	<u>Revenues (m)</u>	<u>Prorated Customer Charge Revs (n)</u>	<u>Calculated Charge plus Prorated Rev (o)</u>
Customer Charge					
G02	54	\$75.15	\$4,058	\$60	\$4,118
G32	<u>131</u>	<u>\$75.15</u>	<u>\$9,845</u>	<u>\$145</u>	<u>\$9,990</u>
Total Customer	185		\$13,903	\$205	\$14,108

<u>New Class</u>	<u>Forecasted Peak kWhs (p)</u>	<u>Charge (q)</u>	<u>Revenues (r)</u>	<u>Forecasted Offpeak kWhs (s)</u>	<u>Charge (t)</u>	<u>Revenues (u)</u>	<u>Total kWh Rev (v)</u>
kWhs Charge							
G02	754,109	\$0.02536	\$19,124	1,350,835	0.00949	\$12,819	\$31,944
G32	<u>1,879,009</u>	<u>\$0.02536</u>	<u>\$47,652</u>	<u>3,695,759</u>	<u>0.00949</u>	<u>\$35,073</u>	<u>\$82,724</u>
Total kWh	2,633,118		\$66,776	5,046,594		\$47,892	\$114,668

- (k) Column (c)  
(l) per tariff  
(m) Column (k) x column (l)  
(n) Column (m) ÷ Total Column (m) x Test Year Customer Charge Prorate  
(o) Column (m) + Column (n)  
(p) Column (f)  
(q) per tariff  
(r) Column (p) x Column (q)  
(s) Column (i)  
(t) per tariff  
(u) Column (s) x Column (t)  
(v) Column (o) + Column (r) + Column (u)

<u>Check Total:</u>	
Total Rate Year Revenue.....	\$128,784
Total Calculated Revenue (w/Prorates).....	<u>\$128,776</u>
Difference.....	\$8

The Narragansett Electric Company  
Proposed Rate Design  
Reallocation of Billing Units and Revenues for Rate G-22

Rate G-22 - Limited Medium C&IAllocation of Rate Year billing Determinants and Revenue Requirement

New Class	Number of Bills (a)	Forecasted Growth (b)	Forecasted Bills (c)	kWhs (d)	Forecasted Growth (e)	Forecasted kWhs (f)
G02	30,965	-7.65%	28,597	281,076,800	-5.50%	265,605,690
G32	<u>1,332</u>	-7.65%	<u>1,230</u>	<u>101,130,780</u>	-5.50%	<u>95,564,310</u>
Total	32,297		29,827	382,207,580		361,170,000

New Class	Demand (g)	Forecasted Growth (h)	Forecasted Demand (i)	Demand >10kW (j)
G02	946,926.4	-5.50%	894,805.0	608,835.0
G32	<u>317,484.2</u>	-5.50%	<u>300,009.0</u>	
Total	1,264,410.6		1,194,814.0	

- (a) Based on Test Year Billing Data  
(b) per Company forecast  
(c) Column (a) x Column (b)  
(d) Based on Test Year Billing Data  
(e) per Company forecast  
(f) Column (d) x Column (e)  
(g) Based on Test Year Billing Data  
(h) per Company forecast  
(i) Column (g) x Column (h)  
(j) Column (i) - (Column (c) x10)

Present Revenues - G-22

New Class	Forecasted Units (k)	Charges (l)	Revenues (m)
Customer Charge	G02 28,597	\$0.00	\$0
	G32 <u>1,230</u>	\$0.00	<u>\$0</u>
Total Customer	29,827		\$0

New Class	Forecasted Units (n)	Charges (o)	Revenues (p)	Power Factor Credits (q)	Prorated Demand Charge Revs (r)	Calculated Charge plus Prorated Rev (s)
Demand Charge	G02 894,805.0	\$1.50	\$1,342,208		\$8,538	\$1,350,745
	G32 <u>300,009.0</u>	\$1.50	<u>\$450,014</u>	<u>(\$8,379)</u>	<u>\$2,863</u>	<u>\$444,497</u>
Total Demand	1,194,814.0		\$1,792,221	(\$8,379)	\$11,400	\$1,795,243

New Class	Forecasted Units (t)	Charges (u)	Revenues (v)
kWhs Charge	G02 265,605,690	\$0.02215	\$5,883,166
	G32 <u>95,564,310</u>	<u>\$0.02215</u>	<u>\$2,116,749</u>
Total kWh	361,170,000		\$7,999,916

<u>Check Total:</u>	
Total Rate Year Revenue.....	\$9,795,159
Total Calculated Revenue (w/Prorates).....	<u>\$9,795,158</u>
Difference.....	\$1

- (k) Column (c)  
(l) per tariff  
(m) Column (k) x column (l)  
(n) Column (i)  
(o) per tariff  
(p) Column (n) x Column (o)  
(q) Based on Test Year Data  
(r) Column (p) ÷ Total Column (p) x Test Year Demand Charge Prorate  
(s) Column (p) + Column (q) + Column (r)  
(t) Based on Test Year Data  
(u) per tariff  
(v) Column (t) x Column (u)

The Narragansett Electric Company	
<u>Proposed Rate Design</u>	
<b>Streetlighting Summary</b>	

**Section 1. Present and Proposed Revenues**

							%
			Present Revenue		Proposed Revenue	Difference	Difference
			(a)		(b)	(c) = (b)-(a)	(d)=(c)÷(a)
<u>Pole and Fixture Revenue</u>							
S-10			\$1,036,752		\$1,036,752		
S-14			<u>\$8,622,921</u>		<u>\$8,622,921</u>		
			\$9,659,673		\$9,659,673	\$0	
<u>Customer Charge Proration</u>							
S-10			(\$2,258)		(\$2,258)		
S-14			<u>\$21,810</u>		<u>\$21,810</u>		
			\$19,553		\$19,553	\$0	
Total Fixture and Pole Revenue w/ Customer Proration			\$9,679,226		\$9,679,226	\$0	
<u>kWh Charge Revenue</u>							
	Annual kWh Use (e)	Present kWh Charges (f)	Revenue (g)=(e) x (f)		Proposed kWh Charges (h)	Revenue (i)=(e) x (h)	
Base Charge	69,378,771	\$0.00396	\$274,740		\$0.00000	\$0	\$0
Zonal Credit - Blackstone	14,110,606	(\$0.04420)	(\$623,689)		(\$0.04420)	(\$623,689)	(\$623,689)
Zonal Credit - Newport	5,323,893	(\$0.02918)	<u>(\$155,351)</u>		(\$0.02918)	<u>(\$155,351)</u>	(\$155,351)
Total Calculated Energy Charge Revenue			<u>(\$504,300)</u>			<u>(\$779,040)</u>	<u>(\$274,740)</u>
Total Revenue			\$9,174,926		\$8,900,186	(\$274,740)	-2.99%

(a),(b),(e) Rate Year (2005) Revenues and Billing Units per Company forecast  
(f) Base kWh charge set to \$0.000 to arrive at Section 2, Line 5

**Section 2. Proposed Rate Design:**

1. Streetlight Revenue Requirement (1)	\$8,888,534
2. S-10 Fixture and Pole Revenue w/ Customer Proration	\$1,034,494
3. S-14 Fixture and Pole Revenue w/ Customer Proration	<u>\$8,644,732</u>
4. Total Fixture and Pole Revenue	\$9,679,226
5. kWh Charge Revenue Requirement	(\$790,692)

Revenue Proof:	
Revenue Requirement	\$8,888,534
Proposed Revenue	<u>\$8,900,186</u>
Difference	<u>(\$11,652)</u>

- Exhibit 3
- Section 1
- Section 1
- Line 2 + Line 3
- Line 1 - Line 4

The Narragansett Electric Company Proposed Rate Design
<b>Rate S-10</b>

**Proposed Fixture and Pole Charges**

			S-10 Units	Current Luminaire Charge	S-10 Luminaire Revenue
<u>Incandescent</u>	10	1,000	168	\$75.20	\$1,052
	11	2,500	0	\$67.45	\$0
	50	1,000	0	\$75.20	\$0
	Total		168		\$1,052
<u>Mercury Vapor</u>	2	8,000 Post Top	0	\$108.85	\$0
	3	4,000	2340	\$58.40	\$11,372
	4	8,000	3252	\$70.77	\$19,154
	5	22,000	1284	\$122.31	\$13,084
	6	63,000	72	\$234.25	\$1,405
	16	12,100	0	\$70.77	\$0
	17	15,000 In	0	\$122.97	\$0
	18	15,000 Out	0	\$122.97	\$0
	23	22,000 Flood	10392	\$152.08	\$131,667
	24	63,000 Flood	5604	\$262.72	\$122,672
	64	22,000 24 Hour	0	\$222.87	\$0
	90	63,000 twin	0	\$234.25	\$0
	91	15,000 twin	0	\$122.97	\$0
	92	22,000 twin	0	\$122.31	\$0
	95	22,000 twin	0	\$122.31	\$0
	96	63,000 twin	0	\$234.25	\$0
	Total		22,944		\$299,354
<u>Sodium Vapor</u>	70	4,000	768	\$62.78	\$4,017
	71	5,800	3840	\$66.28	\$21,197
	72	9,600	1824	\$72.63	\$11,035
	73	16,000	120	\$72.63	\$726
	74	27,500	1992	\$120.39	\$19,980
	75	50,000	636	\$163.46	\$8,662
	77	27,500 Flood	15480	\$143.14	\$184,522
	78	50,000 Flood	28788	\$181.37	\$434,987
	79	9,600 Post Top	96	\$78.55	\$628
	80	115,000 met hallide	516	\$181.37	\$7,797
	83	4,000	720	\$66.28	\$3,974
	84	27,500 24 Hour	0	\$172.21	\$0
	93	27,500 twin	0	\$120.39	\$0
	97	27,500 twin	0	\$120.39	\$0
	98	50,000 twin	0	\$163.46	\$0
	710	1,000 to 4,000	0	\$62.78	\$0
	711	2,500 to 4,000	0	\$62.78	\$0
	750	1,000 to 4,000	0	\$62.78	\$0
	755	600 to 4,000	0	\$62.78	\$0
	756	600 to 4,000	0	\$62.78	\$0
	Total		54,780		\$697,524
Total Fixture Charge Revenue			77,892		\$997,930
<u>Poles</u>	Wood	P	3024	\$55.45	\$13,973
	Non-Metalic	R	1644	\$57.34	\$7,856
	Fiberglass<25	C	84	\$111.04	\$777
	Fiberglass>25	D	0	\$185.67	\$0
	Metal With Base	T	768	\$253.37	\$16,216
Total Pole Charge Revenue			5,520		\$38,822
Total Fixture and Pole Revenue					\$1,036,752
Customer Charge Proration					<u>(\$2,258)</u>
Total Fixture and Pole Revenue w/ Customer Charge Proration					\$1,034,494

**Proposed kWh Charges:**

	S-10		
	Annual kWh Use	Proposed kWh Charges	Revenue
Base Charge	11,379,997	\$0.00000	\$0
Zonal Credit - Blackstone	4,619,079	(\$0.04420)	(\$204,163)
Zonal Credit - Newport	1,853,504	(\$0.02918)	(\$54,085)
Hold Harmless Credits - 2003			<u>(\$2,397)</u>
Total Calculated Energy Charge Revenue			(\$258,249)
Total Fixture, Pole and kWh Revenue			\$776,246

The Narragansett Electric Company Proposed Rate Design <b>Rate S-14</b>
---

**Proposed Fixture and Pole Charges**

			S-14 Units	Current Luminaire Charge	S-14 Luminaire Revenue
<u>Incandescent</u>	10	1,000	3,924	\$75.20	\$24,564.24
	11	2,500	384	\$67.45	\$2,158.08
	50	1,000	-	\$75.20	\$0.00
		Total	4,308		\$26,722.32
<u>Mercury Vapor</u>	2	8,000 Post Top	48	\$108.85	\$435.36
	3	4,000	58,668	\$58.40	\$285,126.48
	4	8,000	10,968	\$70.77	\$64,601.52
	5	22,000	21,564	\$122.31	\$219,737.16
	6	63,000	1,020	\$234.25	\$19,910.40
	16	12,100	12	\$70.77	\$70.68
	17	15,000 In	1,116	\$122.97	\$11,427.84
	18	15,000 Out	696	\$122.97	\$7,127.04
	23	22,000 Flood	480	\$152.08	\$6,081.60
	24	63,000 Flood	96	\$262.72	\$2,101.44
	64	22,000 24 Hour	-	\$222.87	\$0.00
	90	63,000 twin	24	\$234.25	\$468.48
	91	15,000 twin	84	\$122.97	\$860.16
	92	22,000 twin	60	\$122.31	\$611.40
	95	22,000 twin	420	\$122.31	\$4,279.80
	96	63,000 twin	12	\$234.25	\$234.24
		Total	95,268		\$623,073.60
<u>Sodium Vapor</u>	70	4,000	330,300	\$62.78	\$1,727,469.00
	71	5,800	172,116	\$66.28	\$950,080.32
	72	9,600	181,716	\$72.63	\$1,099,381.80
	73	16,000	264	\$72.63	\$1,597.20
	74	27,500	202,812	\$120.39	\$2,034,204.36
	75	50,000	15,912	\$163.46	\$216,721.44
	77	27,500 Flood	3,708	\$143.14	\$44,199.36
	78	50,000 Flood	10,584	\$181.37	\$159,924.24
	79	9,600 Post Top	6,144	\$78.55	\$40,181.76
	80	115,000 met hallide	48	\$181.37	\$725.28
	83	4,000	2,352	\$66.28	\$12,983.04
	84	27,500 24 Hour	504	\$172.21	\$7,232.40
	93	27,500 twin	132	\$120.39	\$1,323.96
	97	27,500 twin	120	\$120.39	\$1,203.60
	98	50,000 twin	144	\$163.46	\$1,961.28
	710	1,000 to 4,000	127,608	\$62.78	\$667,389.84
	711	2,500 to 4,000	7,332	\$62.78	\$38,346.36
	750	1,000 to 4,000	5,904	\$62.78	\$30,877.92
	755	600 to 4,000	28,836	\$62.78	\$150,812.28
	756	600 to 4,000	5,472	\$62.78	\$28,618.56
		Total	1,102,008		\$7,215,234.00
		Total Fixture Charge Revenue	1,201,584		\$7,865,029.92
<u>Poles</u>	Wood	P	2,580	\$55.45	\$11,921.75
	Non-Metalic	R	10,320	\$57.34	\$49,312.40
	Fiberglass<25	C	1,392	\$111.04	\$12,880.64
	Fiberglass>25	D	504	\$185.67	\$7,798.14
	Metal With Base T		14,904	\$253.37	\$314,685.54
	Underground Charge		39,108	\$110.86	\$361,292.74
		Total Pole Charge Revenue			\$757,891.21
		Total Fixture and Pole Revenue			\$8,622,921.13
		Customer Charge Proration			\$21,810
		Total Fixture and Pole Revenue w/ Customer Charge Proration			\$8,644,732

**Proposed kWh Charges:**

	S-14		
	Annual kWh Use	Proposed kWh Charges	Revenue
Base Charge	57,998,774	\$0.00000	\$0
Zonal Credit - Blackstone	9,491,527	(\$0.04420)	(\$419,525)
Zonal Credit - Newport	3,470,389	(\$0.02918)	(\$101,266)
Hold Harmless Credits - 2003			(\$2,397)
Total Calculated Energy Charge Revenue			(\$520,791)
Total Fixture, Pole and kWh Revenue			\$8,123,940.17



**Exhibit 6**

**Typical Bill Analysis**

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Date: 14-Oct-04

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The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on A-16 Rate Customers

Monthly kWh	Present Rates			Proposed Distribution Rates			Increase/(Decrease)		Number of Custs
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
120	\$17.53	\$8.38	\$9.15	\$17.01	\$8.38	\$8.63	-\$0.52	-3.0%	29,288
240	\$32.41	\$16.75	\$15.66	\$31.15	\$16.75	\$14.40	-\$1.26	-3.9%	51,254
500	\$64.66	\$34.90	\$29.76	\$61.80	\$34.90	\$26.90	-\$2.86	-4.4%	124,474
700	\$89.45	\$48.85	\$40.60	\$85.36	\$48.85	\$36.51	-\$4.09	-4.6%	65,898
950	\$120.45	\$66.30	\$54.15	\$114.82	\$66.30	\$48.52	-\$5.63	-4.7%	47,593
1,000	\$126.65	\$69.79	\$56.86	\$120.72	\$69.79	\$50.93	-\$5.93	-4.7%	7,322

Present Rates: A-16

Customer Charge		\$2.54
Transmission Energy Charge (1)	kWh x	\$0.00478
Distribution Energy Charge	kWh x	\$0.03680
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	\$0.06700

Proposed Distribution Rates: A-16

Customer Charge		\$2.75
Transmission Energy Charge (2)	kWh x	\$0.00478
Distribution Energy Charge	kWh x	\$0.03380
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	\$0.00000
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700

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

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



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Date: 14-Oct-04

Time: 03:29 PM

The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on A-18 Rate Customers

Monthly kWh	Present Rates			Proposed Distribution Rates			Increase/(Decrease)		Number of Custs
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
250	\$31.50	\$17.45	\$14.05	\$32.33	\$17.45	\$14.88	\$0.83	2.6%	1,423
500	\$60.38	\$34.90	\$25.48	\$61.80	\$34.90	\$26.90	\$1.42	2.4%	4,275
1,000	\$119.86	\$69.79	\$50.07	\$120.72	\$69.79	\$50.93	\$0.86	0.7%	9,479
1,500	\$181.06	\$104.69	\$76.37	\$179.65	\$104.69	\$74.96	-\$1.41	-0.8%	5,147
2,000	\$242.25	\$139.58	\$102.67	\$238.57	\$139.58	\$98.99	-\$3.68	-1.5%	3,202

Present Rates: 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	\$0.06700

Proposed Distribution Rates: A-16

Customer Charge		\$2.75
Transmission Energy Charge (2)	kWh x	\$0.00478
Distribution Energy Charge	kWh x	\$0.03380
Transition Energy Charge	kWh x	\$0.00855
Credit for 1st 750 kWh	kWh x	\$0.00000
C&LM Adjustment	kWh x	\$0.00230
S.O. Adj.	kWh x	\$0.00000
Settlement Cr.	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700

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

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

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Date: 14-Oct-04

Time: 03:29 PM

**The Narragansett Electric Company**  
**Calculation of Monthly Typical Bill**  
**Comparison of Present and Proposed Distribution Rates**  
**Impact on A-32 Rate Customers**

Monthly kWh	Present Rates			Proposed Distribution Rates			Increase/(Decrease)		Number of Custs
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
500	\$63.16	\$34.90	\$28.26	\$59.24	\$34.90	\$24.34	-\$3.92	-6.2%	139
1,000	\$119.28	\$69.79	\$49.49	\$115.60	\$69.79	\$45.81	-\$3.68	-3.1%	334
2,500	\$287.67	\$174.48	\$113.19	\$284.71	\$174.48	\$110.23	-\$2.96	-1.0%	1,033
5,000	\$568.32	\$348.96	\$219.36	\$566.56	\$348.96	\$217.60	-\$1.76	-0.3%	927
7,500	\$848.98	\$523.44	\$325.54	\$848.41	\$523.44	\$324.97	-\$0.57	-0.1%	206

Present Rates: 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		\$0.06700

Proposed Distribution Rates: A-16

Customer Charge		\$2.75
Meter Charge		\$0.00
Transmission Energy Charge (2)	kWh x	\$0.00478
Distribution Energy Charge	kWh x	\$0.03380
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	\$0.00000
Customer Credit	kWh x	-\$0.00820
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700

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

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

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Date: 14-Oct-04

Time: 03:29 PM

**The Narragansett Electric Company**  
**Calculation of Monthly Typical Bill**  
**Comparison of Present and Proposed Distribution Rates**  
**Impact on A-60 Rate Customers - Winter (December through March)**  
**Without Control Credit for Water Heater**

Monthly kWh	Present Rates			Proposed Distribution Rates			Increase/(Decrease)		
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
100	\$10.93	\$6.98	\$3.95	\$9.92	\$6.98	\$2.94	-\$1.01	-9.2%	
200	\$21.85	\$13.96	\$7.89	\$19.84	\$13.96	\$5.88	-\$2.01	-9.2%	
300	\$32.78	\$20.94	\$11.84	\$29.77	\$20.94	\$8.83	-\$3.01	-9.2%	
500	\$54.63	\$34.90	\$19.73	\$50.32	\$34.90	\$15.42	-\$4.31	-7.9%	
750	\$81.94	\$52.34	\$29.60	\$78.67	\$52.34	\$26.33	-\$3.27	-4.0%	
1250	\$136.58	\$87.24	\$49.34	\$135.14	\$87.24	\$47.90	-\$1.44	-1.1%	

Present Rates: 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
Settlement Cr.	kWh x	-\$0.00038
A-60 Rate Credit	kWh x	-\$0.00227
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700

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

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

Proposed Distribution Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (2)	kWh x	\$0.00380
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Second Block Energy Charge (next 750 kWh)	kWh x	\$0.03055
Tail Block Energy Charge	kWh x	\$0.02548
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	\$0.00000
A-60 Rate Credit	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700

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Date: 14-Oct-04

Time: 03:29 PM

**The Narragansett Electric Company**  
**Calculation of Monthly Typical Bill**  
**Comparison of Present and Proposed Distribution Rates**  
**Impact on A-60 Rate Customers - Winter (December through March)**  
**With Control Credit for Water Heater**

Monthly kWh	Present Rates			Proposed Distribution Rates			Difference		
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
100	\$10.24	\$6.98	\$3.26	\$9.37	\$6.98	\$2.39	-\$0.87	-8.5%	
200	\$20.48	\$13.96	\$6.52	\$18.74	\$13.96	\$4.78	-\$1.74	-8.5%	
300	\$30.72	\$20.94	\$9.78	\$28.12	\$20.94	\$7.18	-\$2.60	-8.5%	
500	\$51.19	\$34.90	\$16.29	\$47.57	\$34.90	\$12.67	-\$3.62	-7.1%	
750	\$76.78	\$52.34	\$24.44	\$74.55	\$52.34	\$22.21	-\$2.23	-2.9%	
1250	\$131.41	\$87.24	\$44.17	\$131.01	\$87.24	\$43.77	-\$0.40	-0.3%	

Present Rates: 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
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	\$0.06700

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

Proposed Distribution Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (2)	kWh x	\$0.00380
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Second Block Energy Charge (next 750 kWh)	kWh x	\$0.03055
Tail Block Energy Charge	kWh x	\$0.02548
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	\$0.00000
A-60 Rate Credit	kWh x	\$0.00000
Credit for 1st 750 kWh	kWh x	-\$0.00528
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700

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Date: 14-Oct-04

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**The Narragansett Electric Company**  
**Calculation of Monthly Typical Bill**  
**Comparison of Present and Proposed Distribution Rates**  
**Impact on A-60 Rate Customers - Non-Winter (April through November)**  
**Without Control Credit for Water Heater**

Monthly kWh	Present Rates			Proposed Distribution Rates			Difference		
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
100	\$10.93	\$6.98	\$3.95	\$9.92	\$6.98	\$2.94	-\$1.01	-9.2%	
200	\$21.85	\$13.96	\$7.89	\$19.84	\$13.96	\$5.88	-\$2.01	-9.2%	
300	\$32.78	\$20.94	\$11.84	\$29.77	\$20.94	\$8.83	-\$3.01	-9.2%	
500	\$54.63	\$34.90	\$19.73	\$50.32	\$34.90	\$15.42	-\$4.31	-7.9%	
750	\$81.94	\$52.34	\$29.60	\$78.67	\$52.34	\$26.33	-\$3.27	-4.0%	
1250	\$136.58	\$87.24	\$49.34	\$135.40	\$87.24	\$48.16	-\$1.18	-0.9%	

Present Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (1)	kWh x	\$0.00380
Distribution Energy Charge	kWh x	\$0.02589
Standard Offer Charge	kWh x	\$0.00855
Customer Charge	kWh x	\$0.00230
Transition Energy Charge	kWh x	\$0.00000
C&LM Adjustment	kWh x	-\$0.00038
Settlement Cr.	kWh x	-\$0.00227
A-60 Rate Credit	kWh x	-\$0.00661

Gross Earnings Tax 4.0%

Standard Offer Charge kWh x \$0.06700

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

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

Proposed Distribution Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (2)	kWh x	\$0.00380
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Tail Block Energy Charge	kWh x	\$0.03055
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	\$0.00000
A-60 Rate Credit	kWh x	\$0.00000
Credit for 1st 750 kWh	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.0%

Standard Offer Charge kWh x \$0.06700

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Date: 14-Oct-04

Time: 03:29 PM

**The Narragansett Electric Company**  
**Calculation of Monthly Typical Bill**  
**Comparison of Present and Proposed Distribution Rates**  
**Impact on A-60 Rate Customers - Non-Winter (April through November)**  
**With Control Credit for Water Heater**

Monthly kWh	Present Rates Standard Offer			Proposed Distribution Rates Standard Offer			Difference		
	Total	"Wires"		Total	"Wires"		Amount	% of Total	
100	\$10.24	\$6.98	\$3.26	\$9.37	\$6.98	\$2.39	-\$0.87	-8.5%	
200	\$20.48	\$13.96	\$6.52	\$18.74	\$13.96	\$4.78	-\$1.74	-8.5%	
300	\$30.72	\$20.94	\$9.78	\$28.12	\$20.94	\$7.18	-\$2.60	-8.5%	
500	\$51.19	\$34.90	\$16.29	\$47.57	\$34.90	\$12.67	-\$3.62	-7.1%	
750	\$76.78	\$52.34	\$24.44	\$74.55	\$52.34	\$22.21	-\$2.23	-2.9%	
1250	\$131.41	\$87.24	\$44.17	\$131.28	\$87.24	\$44.04	-\$0.13	-0.1%	

Present Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (1)	kWh x	\$0.00380
Distribution Energy Charge	kWh x	\$0.02589
Standard Offer Charge	kWh x	\$0.00855
Customer Charge	kWh x	\$0.00230
Transition Energy Charge	kWh x	\$0.00000
C&LM Adjustment	kWh x	-\$0.00038
Settlement Cr.	kWh x	-\$0.00227
A-60 Rate Credit	kWh x	-\$0.00661

Gross Earnings Tax 4.0%

Standard Offer Charge kWh x \$0.06700

Proposed Distribution Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (2)	kWh x	\$0.00380
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Tail Block Energy Charge	kWh x	\$0.03055
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	\$0.00000
A-60 Rate Credit	kWh x	\$0.00000
Credit for 1st 750 kWh	kWh x	-\$0.00528
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.0%

Standard Offer Charge kWh x \$0.06700

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

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

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Date: 14-Oct-04

Time: 03:29 PM

The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on A-60 Rate Customers - former BVE - Winter (December through March)  
Without Control Credit for Water Heater

Monthly kWh	Present Rates			Proposed Distribution Rates			Increase/(Decrease)		
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
100	\$9.43	\$6.98	\$2.45	\$9.92	\$6.98	\$2.94	\$0.49	5.2%	
200	\$18.86	\$13.96	\$4.90	\$19.84	\$13.96	\$5.88	\$0.98	5.2%	
300	\$28.41	\$20.94	\$7.47	\$29.77	\$20.94	\$8.83	\$1.36	4.8%	
500	\$52.63	\$34.90	\$17.73	\$50.32	\$34.90	\$15.42	-\$2.31	-4.4%	
750	\$83.05	\$52.34	\$30.71	\$78.67	\$52.34	\$26.33	-\$4.38	-5.3%	
1250	\$143.90	\$87.24	\$56.66	\$135.14	\$87.24	\$47.90	-\$8.76	-6.1%	

Present Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (1)	kWh x	\$0.00380
Initial Block Energy Charge (1st 300 kWhs)	kWh x	\$0.01153
Tail Block Energy Charge	kWh x	\$0.03783
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	\$0.06700

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

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

Proposed Distribution Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (2)	kWh x	\$0.00380
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Second Block Energy Charge (next 750 kWh)	kWh x	\$0.03055
Tail Block Energy Charge	kWh x	\$0.02548
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	\$0.00000
A-60 Rate Credit	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700

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Date: 14-Oct-04

Time: 03:29 PM

The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on A-60 Rate Customers - former BVE - Winter (December through March)  
With Control Credit for Water Heater

Monthly kWh	Present Rates			Proposed Distribution Rates			Difference		
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
100	\$8.74	\$6.98	\$1.76	\$9.37	\$6.98	\$2.39	\$0.63	7.2%	
200	\$17.49	\$13.96	\$3.53	\$18.74	\$13.96	\$4.78	\$1.25	7.1%	
300	\$26.23	\$20.94	\$5.29	\$28.12	\$20.94	\$7.18	\$1.89	7.2%	
500	\$49.19	\$34.90	\$14.29	\$47.57	\$34.90	\$12.67	-\$1.62	-3.3%	
750	\$77.89	\$52.34	\$25.55	\$74.55	\$52.34	\$22.21	-\$3.34	-4.3%	
1250	\$138.74	\$87.24	\$51.50	\$131.01	\$87.24	\$43.77	-\$7.73	-5.6%	

Present Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (1)	kWh x	\$0.00380
Initial Block Energy Charge (1st 300 kWhs)	kWh x	\$0.01153
Tail Block Energy Charge	kWh x	\$0.03783
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	\$0.06700

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

Proposed Distribution Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (2)	kWh x	\$0.00380
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Second Block Energy Charge (next 750 kWh)	kWh x	\$0.03055
Tail Block Energy Charge	kWh x	\$0.02548
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	\$0.00000
A-60 Rate Credit	kWh x	\$0.00000
Credit for 1st 750 kWh	kWh x	-\$0.00528
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700



File: S:\RADATA\1\2004 neco\Settlement (3617)\2nd Amended Settlement\TYPBILLS.amended.XLS\Input Section

Date: 14-Oct-04  
Time: 03:29 PM

**The Narragansett Electric Company**  
**Calculation of Monthly Typical Bill**  
**Comparison of Present and Proposed Distribution Rates**  
**Impact on A-60 Rate Customers - former BVE - Non-Winter (April through November)**  
**Without Control Credit for Water Heater**

Monthly kWh	Present Rates			Proposed Distribution Rates			Difference		
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
100	\$9.43	\$6.98	\$2.45	\$9.92	\$6.98	\$2.94	\$0.49	5.2%	
200	\$18.86	\$13.96	\$4.90	\$19.84	\$13.96	\$5.88	\$0.98	5.2%	
300	\$28.41	\$20.94	\$7.47	\$29.77	\$20.94	\$8.83	\$1.36	4.8%	
500	\$52.63	\$34.90	\$17.73	\$50.32	\$34.90	\$15.42	-\$2.31	-4.4%	
750	\$83.05	\$52.34	\$30.71	\$78.67	\$52.34	\$26.33	-\$4.38	-5.3%	
1250	\$143.90	\$87.24	\$56.66	\$135.40	\$87.24	\$48.16	-\$8.50	-5.9%	

Present Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (1)	kWh x	\$0.00380
Distribution Energy Charge	kWh x	\$0.01153
Standard Offer Charge	kWh x	\$0.03783
Customer Charge	kWh x	\$0.00855
Transition Energy Charge	kWh x	\$0.00230
Transition Energy Charge	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038
A-60 Rate Credit	kWh x	-\$0.00227

Gross Earnings Tax 4.0%

Standard Offer Charge kWh x \$0.06700

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

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

Proposed Distribution Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (2)	kWh x	\$0.00380
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Tail Block Energy Charge	kWh x	\$0.03055
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	\$0.00000
A-60 Rate Credit	kWh x	\$0.00000
Credit for 1st 750 kWh	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.0%

Standard Offer Charge kWh x \$0.06700

File: S:\RADATA1\2004 neco\Settlement (3617)\2nd Amended Settlement\TYPBILLS.amended.XLS\Input Section

Date: 14-Oct-04 The Narragansett Electric Company

Time: 03:29 PM Calculation of Monthly Typical Bill

Comparison of Present and Proposed Distribution Rates  
Impact on A-60 Rate Customers - former BVE - Non-Winter (April through November)  
With Control Credit for Water Heater

Monthly kWh	Present Rates			Proposed Distribution Rates			Difference		
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
100	\$8.74	\$6.98	\$1.76	\$9.37	\$6.98	\$2.39	\$0.63	7.2%	
200	\$17.49	\$13.96	\$3.53	\$18.74	\$13.96	\$4.78	\$1.25	7.1%	
300	\$26.23	\$20.94	\$5.29	\$28.12	\$20.94	\$7.18	\$1.89	7.2%	
500	\$49.19	\$34.90	\$14.29	\$47.57	\$34.90	\$12.67	-\$1.62	-3.3%	
750	\$77.89	\$52.34	\$25.55	\$74.55	\$52.34	\$22.21	-\$3.34	-4.3%	
1250	\$138.74	\$87.24	\$51.50	\$131.28	\$87.24	\$44.04	-\$7.46	-5.4%	

Present Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (1)		\$0.00380
Distribution Energy Charge	kWh x	\$0.01153
Standard Offer Charge	kWh x	\$0.03783
Customer Charge	kWh x	\$0.00855
Transition Energy Charge	kWh x	\$0.00230
Transition Energy Charge	kWh x	\$0.00000
Settlement Cr.	kWh x	-\$0.00038
A-60 Rate Credit	kWh x	-\$0.00227

Gross Earnings Tax 4.0%

Standard Offer Charge kWh x \$0.06700

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

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

Proposed Distribution Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (2)	kWh x	\$0.00380
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Tail Block Energy Charge	kWh x	\$0.03055
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	\$0.00000
A-60 Rate Credit	kWh x	\$0.00000
Credit for 1st 750 kWh	kWh x	-\$0.00528
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.0%

Standard Offer Charge kWh x \$0.06700

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Date: 14-Oct-04

Time: 03:29 PM

The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on A-60 Rate Customers - former Newport - Winter (December through March)  
Without Control Credit for Water Heater

Monthly kWh	Present Rates			Proposed Distribution Rates			Increase/(Decrease)		
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
100	\$10.11	\$6.98	\$3.13	\$9.92	\$6.98	\$2.94	-\$0.19	-1.9%	
200	\$20.22	\$13.96	\$6.26	\$19.84	\$13.96	\$5.88	-\$0.38	-1.9%	
300	\$30.34	\$20.94	\$9.40	\$29.77	\$20.94	\$8.83	-\$0.57	-1.9%	
500	\$56.26	\$34.90	\$21.36	\$50.32	\$34.90	\$15.42	-\$5.94	-10.6%	
750	\$88.65	\$52.34	\$36.31	\$78.67	\$52.34	\$26.33	-\$9.98	-11.3%	
1250	\$153.45	\$87.24	\$66.21	\$135.14	\$87.24	\$47.90	-\$18.31	-11.9%	

Present Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (1)	kWh x	\$0.00380
Initial Block Energy Charge (1st 300 kWhs)	kWh x	\$0.01807
Tail Block Energy Charge	kWh x	\$0.04541
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	\$0.06700

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

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

Proposed Distribution Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (2)	kWh x	\$0.00380
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Second Block Energy Charge (next 750 kWh)	kWh x	\$0.03055
Tail Block Energy Charge	kWh x	\$0.02548
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	\$0.00000
A-60 Rate Credit	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700

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The Narragansett Electric Company

Date: 14-Oct-04 Calculation of Monthly Typical Bill

Time: 03:29 PM Comparison of Present and Proposed Distribution Rates

Impact on A-60 Rate Customers - former Newport - Winter (December through March)

With Control Credit for Water Heater

Monthly kWh	Present Rates			Proposed Distribution Rates			Difference		
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
100	\$9.42	\$6.98	\$2.44	\$9.37	\$6.98	\$2.39	-\$0.05	-0.5%	
200	\$18.85	\$13.96	\$4.89	\$18.74	\$13.96	\$4.78	-\$0.11	-0.6%	
300	\$28.27	\$20.94	\$7.33	\$28.12	\$20.94	\$7.18	-\$0.15	-0.5%	
500	\$52.81	\$34.90	\$17.91	\$47.57	\$34.90	\$12.67	-\$5.24	-9.9%	
750	\$83.48	\$52.34	\$31.14	\$74.55	\$52.34	\$22.21	-\$8.93	-10.7%	
1250	\$148.28	\$87.24	\$61.04	\$131.01	\$87.24	\$43.77	-\$17.27	-11.6%	

Present Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (1)	kWh x	\$0.00380
Initial Block Energy Charge (1st 300 kWhs)	kWh x	\$0.01807
Tail Block Energy Charge		\$0.04541
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	\$0.06700

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

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

Proposed Distribution Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (2)	kWh x	\$0.00380
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Second Block Energy Charge (next 750 kWh)	kWh x	\$0.03055
Tail Block Energy Charge	kWh x	\$0.02548
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	\$0.00000
A-60 Rate Credit	kWh x	\$0.00000
Credit for 1st 750 kWh	kWh x	-\$0.00528
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700

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The Narragansett Electric Company

Calculation of Monthly Typical Bill

Comparison of Present and Proposed Distribution Rates

Impact on A-60 Rate Customers - former Newport - Non-Winter (April through November)

Without Control Credit for Water Heater

Monthly kWh	Present Rates			Proposed Distribution Rates			Difference		
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
100	\$10.11	\$6.98	\$3.13	\$9.92	\$6.98	\$2.94	-\$0.19	-1.9%	
200	\$20.22	\$13.96	\$6.26	\$19.84	\$13.96	\$5.88	-\$0.38	-1.9%	
300	\$30.34	\$20.94	\$9.40	\$29.77	\$20.94	\$8.83	-\$0.57	-1.9%	
500	\$56.26	\$34.90	\$21.36	\$50.32	\$34.90	\$15.42	-\$5.94	-10.6%	
750	\$88.65	\$52.34	\$36.31	\$78.67	\$52.34	\$26.33	-\$9.98	-11.3%	
1250	\$153.45	\$87.24	\$66.21	\$135.40	\$87.24	\$48.16	-\$18.05	-11.8%	

Present Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (1)	kWh x	\$0.00380
Initial Block Energy Charge (1st 300 kWhs)	kWh x	\$0.01807
Tail Block Energy Charge	kWh x	\$0.04541
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		4.00%

Gross Earnings Tax

Standard Offer Charge kWh x \$0.06700

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

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

Proposed Distribution Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (2)	kWh x	\$0.00380
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Tail Block Energy Charge	kWh x	\$0.03055
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	\$0.00000
A-60 Rate Credit	kWh x	\$0.00000
Credit for 1st 750 kWh	kWh x	\$0.00000
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.00%

Standard Offer Charge kWh x \$0.06700

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Date: 14-Oct-04

Time: 03:29 PM

**The Narragansett Electric Company**  
**Calculation of Monthly Typical Bill**  
**Comparison of Present and Proposed Distribution Rates**  
**Impact on A-60 Rate Customers - former Newport - Non-Winter (April through November)**  
**With Control Credit for Water Heater**

Monthly kWh	Present Rates			Proposed Distribution Rates			Difference		
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
100	\$9.42	\$6.98	\$2.44	\$9.37	\$6.98	\$2.39	-\$0.05	-0.5%	
200	\$18.85	\$13.96	\$4.89	\$18.74	\$13.96	\$4.78	-\$0.11	-0.6%	
300	\$28.27	\$20.94	\$7.33	\$28.12	\$20.94	\$7.18	-\$0.15	-0.5%	
500	\$52.81	\$34.90	\$17.91	\$47.57	\$34.90	\$12.67	-\$5.24	-9.9%	
750	\$83.48	\$52.34	\$31.14	\$74.55	\$52.34	\$22.21	-\$8.93	-10.7%	
1250	\$148.28	\$87.24	\$61.04	\$131.28	\$87.24	\$44.04	-\$17.00	-11.5%	

Present Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (1)	kWh x	\$0.00380
Initial Block Energy Charge (1st 300 kWhs)	kWh x	\$0.01807
Tail Block Energy Charge	kWh x	\$0.04541
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		\$0.00000
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700

Proposed Distribution Rates: A-60

Customer Charge		\$0.00
Transmission Energy Charge (2)	kWh x	\$0.00380
Initial Block Energy Charge (1st 450 kWh)	kWh x	\$0.01688
Tail Block Energy Charge	kWh x	\$0.03055
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	\$0.00000
A-60 Rate Credit	kWh x	\$0.00000
Credit for 1st 750 kWh	kWh x	-\$0.00528
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.0%
Standard Offer Charge	kWh x	\$0.06700

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

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

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Date: 14-Oct-04

Time: 03:29 PM

The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on C-06 Rate Customers

Monthly kWh	Present Rates			Proposed Distribution Rates			Increase/(Decrease)		Number of Custs
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
250	\$37.80	\$17.45	\$20.35	\$36.62	\$17.45	\$19.17	-\$1.18	-3.1%	17,634
500	\$69.63	\$34.90	\$34.73	\$66.98	\$34.90	\$32.08	-\$2.65	-3.8%	8,533
1,000	\$133.29	\$69.79	\$63.50	\$127.71	\$69.79	\$57.92	-\$5.58	-4.2%	9,471
1,500	\$196.96	\$104.69	\$92.27	\$188.44	\$104.69	\$83.75	-\$8.52	-4.3%	4,891
2,000	\$260.61	\$139.58	\$121.03	\$249.16	\$139.58	\$109.58	-\$11.45	-4.4%	9,573

Present Rates: 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	\$0.06700

Proposed Distribution Rates: C-06

Customer Charge		\$6.00
Transmission Energy Charge (2)	kWh x	\$0.00578
Distribution Energy Charge	kWh x	\$0.03662
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	\$0.00000
Customer Credit	kWh x	-\$0.00365
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700

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

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

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Date: 14-Oct-04

Time: 03:29 PM

The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on R-02 Rate Customers

Monthly kWh	Present Rates			Proposed Distribution Rates			Increase/(Decrease)		Number of Custs
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
250	\$23.32	\$17.45	\$5.87	\$24.18	\$17.45	\$6.73	\$0.86	3.7%	96
500	\$46.63	\$34.90	\$11.73	\$47.98	\$34.90	\$13.08	\$1.35	2.9%	142
1,000	\$93.26	\$69.79	\$23.47	\$95.57	\$69.79	\$25.78	\$2.31	2.5%	302
1,500	\$139.89	\$104.69	\$35.20	\$143.17	\$104.69	\$38.48	\$3.28	2.3%	63
2,000	\$186.52	\$139.58	\$46.94	\$190.77	\$139.58	\$51.19	\$4.25	2.3%	11

Present Rates: R-02

Unmetered Charge		\$0.00
Transmission Energy Charge (1)	kWh x	\$0.00301
Distribution Energy Charge	kWh x	\$0.00905
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	\$0.06700

Proposed Distribution Rates: R-02 (Phase-out to C-06)

Unmetered Charge		\$0.36
Transmission Energy Charge (2)	kWh x	\$0.00301
Distribution Energy Charge	kWh x	\$0.01418
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	\$0.00000
Customer Credit	kWh x	-\$0.00365
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700

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

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



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Date: 14-Oct-04

Time: 03:29 PM

The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on E-30 Rate Customers

Monthly kWh	Present Rates			Proposed Distribution Rates			Increase/(Decrease)		Number of Custs
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
1,000	\$108.58	\$69.79	\$38.79	\$103.90	\$69.79	\$34.11	-\$4.68	-4.3%	2
2,500	\$259.68	\$174.48	\$85.20	\$255.47	\$174.48	\$80.99	-\$4.21	-1.6%	2
5,000	\$511.50	\$348.96	\$162.54	\$508.07	\$348.96	\$159.11	-\$3.43	-0.7%	5
10,000	\$1,015.15	\$697.92	\$317.23	\$1,013.28	\$697.92	\$315.36	-\$1.87	-0.2%	0
25,000	\$2,526.08	\$1,744.79	\$781.29	\$2,528.90	\$1,744.79	\$784.11	\$2.82	0.1%	1
50,000	\$5,044.31	\$3,489.58	\$1,554.73	\$5,054.94	\$3,489.58	\$1,565.36	\$10.63	0.2%	3

Present Rates: E-30

Customer Charge		\$7.54
Transmission Energy Charge (1)	kWh x	\$0.00303
Distribution Energy Charge	kWh x	\$0.01620
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 \$0.06700

Proposed Distribution Rates: E-30 (Phase-out to A-16)

Customer Charge		\$2.75
Transmission Energy Charge (2)	kWh x	\$0.00303
Distribution Energy Charge	kWh x	\$0.01941
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	\$0.00000
Customer Credit	kWh x	-\$0.00329

Gross Earnings Tax 4.00%

Standard Offer Charge kWh x \$0.06700

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

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

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The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on G-02 Rate Customers

Hours Use: 200

Monthly Power		Present Rates			Proposed Distribution Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
20	4,000	\$520.08	\$279.17	\$240.91	\$502.91	\$279.17	\$223.74	-\$17.17	-3.3%
50	10,000	\$1,205.95	\$697.92	\$508.03	\$1,168.03	\$697.92	\$470.11	-\$37.92	-3.1%
100	20,000	\$2,349.07	\$1,395.83	\$953.24	\$2,276.57	\$1,395.83	\$880.74	-\$72.50	-3.1%
150	30,000	\$3,492.20	\$2,093.75	\$1,398.45	\$3,385.11	\$2,093.75	\$1,291.36	-\$107.09	-3.1%

Present Rates: 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	\$0.06700

Proposed Distribution Rates: 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	\$3.23
Distribution Energy Charge	kWh x	\$0.00777
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	\$0.00000
Customer Credit	kWh x	-\$0.00277
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700

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The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on G-02 Rate Customers

Hours Use: 300

Monthly Power		Present Rates			Proposed Distribution Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
20	6,000	\$703.80	\$418.75	\$285.05	\$676.39	\$418.75	\$257.64	-\$27.41	-3.9%
50	15,000	\$1,665.28	\$1,046.88	\$618.40	\$1,601.73	\$1,046.88	\$554.85	-\$63.55	-3.8%
100	30,000	\$3,267.72	\$2,093.75	\$1,173.97	\$3,143.97	\$2,093.75	\$1,050.22	-\$123.75	-3.8%
150	45,000	\$4,870.17	\$3,140.63	\$1,729.54	\$4,686.21	\$3,140.63	\$1,545.58	-\$183.96	-3.8%

Present Rates: 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	\$0.06700

Proposed Distribution Rates: 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	\$3.23
Distribution Energy Charge	kWh x	\$0.00777
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	\$0.00000
Customer Credit	kWh x	-\$0.00277
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700

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The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on G-02 Rate Customers

Hours Use: 400

Monthly Power		Present Rates			Proposed Distribution Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
20	8,000	\$887.53	\$558.33	\$329.20	\$849.86	\$558.33	\$291.53	-\$37.67	-4.2%
50	20,000	\$2,124.59	\$1,395.83	\$728.76	\$2,035.42	\$1,395.83	\$639.59	-\$89.17	-4.2%
100	40,000	\$4,186.37	\$2,791.67	\$1,394.70	\$4,011.37	\$2,791.67	\$1,219.70	-\$175.00	-4.2%
150	60,000	\$6,248.14	\$4,187.50	\$2,060.64	\$5,987.30	\$4,187.50	\$1,799.80	-\$260.84	-4.2%

Present Rates: 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	\$0.06700

Proposed Distribution Rates: 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	\$3.23
Distribution Energy Charge	kWh x	\$0.00777
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	\$0.00000
Customer Credit	kWh x	-\$0.00277
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700

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The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on G-02 Rate Customers

Hours Use: 500

Monthly Power		Present Rates			Proposed Distribution Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
20	10,000	\$1,071.26	\$697.92	\$373.34	\$1,023.35	\$697.92	\$325.43	-\$47.91	-4.5%
50	25,000	\$2,583.92	\$1,744.79	\$839.13	\$2,469.12	\$1,744.79	\$724.33	-\$114.80	-4.4%
100	50,000	\$5,105.01	\$3,489.58	\$1,615.43	\$4,878.76	\$3,489.58	\$1,389.18	-\$226.25	-4.4%
150	75,000	\$7,626.11	\$5,234.38	\$2,391.73	\$7,288.40	\$5,234.38	\$2,054.02	-\$337.71	-4.4%

Present Rates: 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	\$0.06700

Proposed Distribution Rates: 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	\$3.23
Distribution Energy Charge	kWh x	\$0.00777
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	\$0.00000
Customer Credit	kWh x	-\$0.00277
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700

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The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on G-02 Rate Customers

Hours Use: 600

Monthly Power		Present Rates			Proposed Distribution Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
20	12,000	\$1,254.99	\$837.50	\$417.49	\$1,196.82	\$837.50	\$359.32	-\$58.17	-4.6%
50	30,000	\$3,043.24	\$2,093.75	\$949.49	\$2,902.82	\$2,093.75	\$809.07	-\$140.42	-4.6%
100	60,000	\$6,023.66	\$4,187.50	\$1,836.16	\$5,746.16	\$4,187.50	\$1,558.66	-\$277.50	-4.6%
150	90,000	\$9,004.07	\$6,281.25	\$2,722.82	\$8,589.49	\$6,281.25	\$2,308.24	-\$414.58	-4.6%

Present Rates: 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	\$0.06700

Proposed Distribution Rates: 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	\$3.23
Distribution Energy Charge	kWh x	\$0.00777
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	\$0.00000
Customer Credit	kWh x	-\$0.00277
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700

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The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on G-32 Rate Customers

Hours Use: 200

Monthly Power		Present Rates			Proposed Distribution Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
500	100,000	\$11,020.24	\$6,979.17	\$4,041.07	\$10,840.03	\$6,979.17	\$3,860.86	-\$180.21	-1.6%
1,000	200,000	\$21,794.19	\$13,958.33	\$7,835.86	\$21,433.78	\$13,958.33	\$7,475.45	-\$360.41	-1.7%
1,500	300,000	\$32,568.16	\$20,937.50	\$11,630.66	\$32,027.53	\$20,937.50	\$11,090.03	-\$540.63	-1.7%
2,000	400,000	\$43,342.12	\$27,916.67	\$15,425.45	\$42,621.28	\$27,916.67	\$14,704.61	-\$720.84	-1.7%
2,500	500,000	\$54,116.07	\$34,895.83	\$19,220.24	\$53,215.03	\$34,895.83	\$18,319.20	-\$901.04	-1.7%

Present Rates: 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 \$0.06700

Proposed Distribution Rates: 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	\$2.10
Distribution Energy Charge	kWh x	\$0.00889
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	\$0.00000
Customer Credit	kWh x	-\$0.00231
Gross Earnings Tax		4%

Standard Offer Charge kWh x \$0.06700

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The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on G-32 Rate Customers

Hours Use: 300

Monthly Power		Present Rates			Proposed Distribution Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
500	150,000	\$15,670.24	\$10,468.75	\$5,201.49	\$15,259.30	\$10,468.75	\$4,790.55	-\$410.94	-2.6%
1,000	300,000	\$31,094.20	\$20,937.50	\$10,156.70	\$30,272.32	\$20,937.50	\$9,334.82	-\$821.88	-2.6%
1,500	450,000	\$46,518.16	\$31,406.25	\$15,111.91	\$45,285.34	\$31,406.25	\$13,879.09	-\$1,232.82	-2.7%
2,000	600,000	\$61,942.11	\$41,875.00	\$20,067.11	\$60,298.36	\$41,875.00	\$18,423.36	-\$1,643.75	-2.7%
2,500	750,000	\$77,366.07	\$52,343.75	\$25,022.32	\$75,311.39	\$52,343.75	\$22,967.64	-\$2,054.68	-2.7%

Present Rates: 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	\$0.06700
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Proposed Distribution Rates: 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	\$2.10
Distribution Energy Charge	kWh x	\$0.00889
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	\$0.00000
Customer Credit	kWh x	-\$0.00231
Gross Earnings Tax		4%

Standard Offer Charge	kWh x	\$0.06700
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The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on G-32 Rate Customers

Hours Use: 400

Monthly Power		Present Rates			Proposed Distribution Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
500	200,000	\$20,320.24	\$13,958.33	\$6,361.91	\$19,678.57	\$13,958.33	\$5,720.24	-\$641.67	-3.2%
1,000	400,000	\$40,394.20	\$27,916.67	\$12,477.53	\$39,110.87	\$27,916.67	\$11,194.20	-\$1,283.33	-3.2%
1,500	600,000	\$60,468.16	\$41,875.00	\$18,593.16	\$58,543.16	\$41,875.00	\$16,668.16	-\$1,925.00	-3.2%
2,000	800,000	\$80,542.11	\$55,833.33	\$24,708.78	\$77,975.44	\$55,833.33	\$22,142.11	-\$2,566.67	-3.2%
2,500	1,000,000	\$100,616.08	\$69,791.67	\$30,824.41	\$97,407.74	\$69,791.67	\$27,616.07	-\$3,208.34	-3.2%

Present Rates: 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	\$0.06700
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Proposed Distribution Rates: 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	\$2.10
Distribution Energy Charge	kWh x	\$0.00889
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	\$0.00000
Customer Credit	kWh x	-\$0.00231
Gross Earnings Tax		4%

Standard Offer Charge	kWh x	\$0.06700
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The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on G-32 Rate Customers

Hours Use: 500

Monthly Power		Present Rates			Proposed Distribution Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
500	250,000	\$24,970.24	\$17,447.92	\$7,522.32	\$24,097.85	\$17,447.92	\$6,649.93	-\$872.39	-3.5%
1,000	500,000	\$49,694.19	\$34,895.83	\$14,798.36	\$47,949.40	\$34,895.83	\$13,053.57	-\$1,744.79	-3.5%
1,500	750,000	\$74,418.16	\$52,343.75	\$22,074.41	\$71,800.97	\$52,343.75	\$19,457.22	-\$2,617.19	-3.5%
2,000	1,000,000	\$99,142.12	\$69,791.67	\$29,350.45	\$95,652.53	\$69,791.67	\$25,860.86	-\$3,489.59	-3.5%
2,500	1,250,000	\$123,866.07	\$87,239.58	\$36,626.49	\$119,504.09	\$87,239.58	\$32,264.51	-\$4,361.98	-3.5%

Present Rates: 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	\$0.06700
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Proposed Distribution Rates: 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	\$2.10
Distribution Energy Charge	kWh x	\$0.00889
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	\$0.00000
Customer Credit	kWh x	-\$0.00231
Gross Earnings Tax		4%

Standard Offer Charge	kWh x	\$0.06700
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The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on G-32 Rate Customers

Hours Use: 600

Monthly Power		Present Rates			Proposed Distribution Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
500	300,000	\$29,620.24	\$20,937.50	\$8,682.74	\$28,517.11	\$20,937.50	\$7,579.61	-\$1,103.13	-3.7%
1,000	600,000	\$58,994.20	\$41,875.00	\$17,119.20	\$56,787.95	\$41,875.00	\$14,912.95	-\$2,206.25	-3.7%
1,500	900,000	\$88,368.16	\$62,812.50	\$25,555.66	\$85,058.78	\$62,812.50	\$22,246.28	-\$3,309.38	-3.7%
2,000	1,200,000	\$117,742.11	\$83,750.00	\$33,992.11	\$113,329.61	\$83,750.00	\$29,579.61	-\$4,412.50	-3.7%
2,500	1,500,000	\$147,116.07	\$104,687.50	\$42,428.57	\$141,600.45	\$104,687.50	\$36,912.95	-\$5,515.62	-3.7%

Present Rates: 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	\$0.06700
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Proposed Distribution Rates: 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	\$2.10
Distribution Energy Charge	kWh x	\$0.00889
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	\$0.00000
Customer Credit	kWh x	-\$0.00231
Gross Earnings Tax		4%

Standard Offer Charge	kWh x	\$0.06700
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The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on G-62 Rate Customers

Hours Use: 200

Monthly Power		Present Rates			Proposed Distribution Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	600,000	\$75,913.25	\$41,875.00	\$34,038.25	\$77,082.00	\$41,875.00	\$35,207.00	\$1,168.75	1.5%
4,000	800,000	\$95,273.66	\$55,833.33	\$39,440.33	\$96,832.00	\$55,833.33	\$40,998.67	\$1,558.34	1.6%
5,000	1,000,000	\$114,634.09	\$69,791.67	\$44,842.42	\$116,582.00	\$69,791.67	\$46,790.33	\$1,947.91	1.7%
6,000	1,200,000	\$133,994.50	\$83,750.00	\$50,244.50	\$136,332.00	\$83,750.00	\$52,582.00	\$2,337.50	1.7%
7,000	1,400,000	\$153,354.91	\$97,708.33	\$55,646.58	\$156,082.00	\$97,708.33	\$58,373.67	\$2,727.09	1.8%

Present Rates: 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%
Standard Offer Charge	kWh x	\$0.06700

Proposed Distribution Rates: 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	\$2.34
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00000
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	\$0.00000
Customer Credit	kWh x	-\$0.00212
Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.06700

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The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on G-62 Rate Customers

Hours Use: 300

Monthly Power		Present Rates			Proposed Distribution Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	900,000	\$101,610.13	\$62,812.50	\$38,797.63	\$100,878.88	\$62,812.50	\$38,066.38	-\$731.25	-0.7%
4,000	1,200,000	\$129,536.17	\$83,750.00	\$45,786.17	\$128,561.17	\$83,750.00	\$44,811.17	-\$975.00	-0.8%
5,000	1,500,000	\$157,462.21	\$104,687.50	\$52,774.71	\$156,243.46	\$104,687.50	\$51,555.96	-\$1,218.75	-0.8%
6,000	1,800,000	\$185,388.25	\$125,625.00	\$59,763.25	\$183,925.75	\$125,625.00	\$58,300.75	-\$1,462.50	-0.8%
7,000	2,100,000	\$213,314.29	\$146,562.50	\$66,751.79	\$211,608.04	\$146,562.50	\$65,045.54	-\$1,706.25	-0.8%

Present Rates: 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%
Standard Offer Charge	kWh x	\$0.06700

Proposed Distribution Rates: 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	\$2.34
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00000
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	\$0.00000
Customer Credit	kWh x	-\$0.00212
Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.06700

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The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on G-62 Rate Customers

Hours Use: 400

Monthly Power		Present Rates			Proposed Distribution Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	1,200,000	\$127,307.00	\$83,750.00	\$43,557.00	\$124,675.75	\$83,750.00	\$40,925.75	-\$2,631.25	-2.1%
4,000	1,600,000	\$163,798.67	\$111,666.67	\$52,132.00	\$160,290.34	\$111,666.67	\$48,623.67	-\$3,508.33	-2.1%
5,000	2,000,000	\$200,290.33	\$139,583.33	\$60,707.00	\$195,904.91	\$139,583.33	\$56,321.58	-\$4,385.42	-2.2%
6,000	2,400,000	\$236,782.00	\$167,500.00	\$69,282.00	\$231,519.50	\$167,500.00	\$64,019.50	-\$5,262.50	-2.2%
7,000	2,800,000	\$273,273.67	\$195,416.67	\$77,857.00	\$267,134.09	\$195,416.67	\$71,717.42	-\$6,139.58	-2.2%

Present Rates: 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%
Standard Offer Charge	kWh x	\$0.06700

Proposed Distribution Rates: 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	\$2.34
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00000
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	\$0.00000
Customer Credit	kWh x	-\$0.00212
Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.06700

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The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on G-62 Rate Customers

Hours Use: 500

Monthly Power		Present Rates			Proposed Distribution Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	1,500,000	\$153,003.88	\$104,687.50	\$48,316.38	\$148,472.63	\$104,687.50	\$43,785.13	-\$4,531.25	-3.0%
4,000	2,000,000	\$198,061.16	\$139,583.33	\$58,477.83	\$192,019.50	\$139,583.33	\$52,436.17	-\$6,041.66	-3.1%
5,000	2,500,000	\$243,118.46	\$174,479.17	\$68,639.29	\$235,566.38	\$174,479.17	\$61,087.21	-\$7,552.08	-3.1%
6,000	3,000,000	\$288,175.75	\$209,375.00	\$78,800.75	\$279,113.25	\$209,375.00	\$69,738.25	-\$9,062.50	-3.1%
7,000	3,500,000	\$333,233.04	\$244,270.83	\$88,962.21	\$322,660.12	\$244,270.83	\$78,389.29	-\$10,572.92	-3.2%

Present Rates: 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%
Standard Offer Charge	kWh x	\$0.06700

Proposed Distribution Rates: 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	\$2.34
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00000
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	\$0.00000
Customer Credit	kWh x	-\$0.00212
Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.06700

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The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on G-62 Rate Customers

Hours Use: 600

Monthly Power		Present Rates			Proposed Distribution Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total
3,000	1,800,000	\$178,700.75	\$125,625.00	\$53,075.75	\$172,269.50	\$125,625.00	\$46,644.50	-\$6,431.25	-3.6%
4,000	2,400,000	\$232,323.67	\$167,500.00	\$64,823.67	\$223,748.67	\$167,500.00	\$56,248.67	-\$8,575.00	-3.7%
5,000	3,000,000	\$285,946.58	\$209,375.00	\$76,571.58	\$275,227.83	\$209,375.00	\$65,852.83	-\$10,718.75	-3.7%
6,000	3,600,000	\$339,569.50	\$251,250.00	\$88,319.50	\$326,707.00	\$251,250.00	\$75,457.00	-\$12,862.50	-3.8%
7,000	4,200,000	\$393,192.42	\$293,125.00	\$100,067.42	\$378,186.17	\$293,125.00	\$85,061.17	-\$15,006.25	-3.8%

Present Rates: 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%
Standard Offer Charge	kWh x	\$0.06700

Proposed Distribution Rates: 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	\$2.34
Transition Demand Charge	kW x	\$0.00
Distribution Energy Charge	kWh x	\$0.00000
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	\$0.00000
Customer Credit	kWh x	-\$0.00212
Gross Earnings Tax		4%
Standard Offer Charge	kWh x	\$0.06700



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Date: 14-Oct-04

Time: 03:29 PM

The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on T-06 Rate Customers

Monthly kWh	Present Rates			Proposed Distribution Rates			Increase/(Decrease)		Number of Custs
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
500	\$62.52	\$34.90	\$27.62	\$56.68	\$34.90	\$21.78	-\$5.84	-9.3%	59
1,000	\$116.86	\$69.79	\$47.07	\$110.49	\$69.79	\$40.70	-\$6.37	-5.5%	48
2,000	\$225.56	\$139.58	\$85.98	\$218.11	\$139.58	\$78.53	-\$7.45	-3.3%	27
5,000	\$551.66	\$348.96	\$202.70	\$540.99	\$348.96	\$192.03	-\$10.67	-1.9%	29
10,000	\$1,095.15	\$697.92	\$397.23	\$1,079.12	\$697.92	\$381.20	-\$16.03	-1.5%	14
20,000	\$2,182.12	\$1,395.83	\$786.29	\$2,155.36	\$1,395.83	\$759.53	-\$26.76	-1.2%	17

Present Rates: 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	\$0.06700

Proposed Distribution Rates: T-06 (Phase-out to A-16)

Customer Charge		\$2.75
Transmission Energy Charge (2)	kWh x	\$0.00403
Distribution Energy Charge	kWh x	\$0.02473
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	\$0.00000
Customer Credit	kWh x	-\$0.00329
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700

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

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

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Date: 14-Oct-04

Time: 03:29 PM

The Narragansett Electric Company  
Calculation of Monthly Typical Bill  
Comparison of Present and Proposed Distribution Rates  
Impact on T-06 Rate Customers

Monthly kWh	Present Rates			Proposed Distribution Rates			Increase/(Decrease)		Number of Custs
	Total	Standard Offer	"Wires"	Total	Standard Offer	"Wires"	Amount	% of Total	
500	\$62.52	\$34.90	\$27.62	\$60.13	\$34.90	\$25.23	-\$2.39	-3.8%	2
1,000	\$116.86	\$69.79	\$47.07	\$114.01	\$69.79	\$44.22	-\$2.85	-2.4%	6
2,000	\$225.56	\$139.58	\$85.98	\$221.77	\$139.58	\$82.19	-\$3.79	-1.7%	13
5,000	\$551.66	\$348.96	\$202.70	\$545.05	\$348.96	\$196.09	-\$6.61	-1.2%	14
10,000	\$1,095.15	\$697.92	\$397.23	\$1,083.86	\$697.92	\$385.94	-\$11.29	-1.0%	13
20,000	\$2,182.12	\$1,395.83	\$786.29	\$2,161.46	\$1,395.83	\$765.63	-\$20.66	-0.9%	27

Present Rates: 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	\$0.06700

Proposed Distribution Rates: T-06 (Phase-out to C-06)

Customer Charge		\$6.00
Transmission Energy Charge (2)	kWh x	\$0.00403
Distribution Energy Charge	kWh x	\$0.02522
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	\$0.00000
Customer Credit	kWh x	-\$0.00365
Gross Earnings Tax		4.00%
Standard Offer Charge	kWh x	\$0.06700

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

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

The Narragansett Electric Company  
Typical Bill Impacts (1)  
Individual Customer Impacts for Rates G-22 and V-02  
Number of Customers

<u>% Change</u>	<u>Rate G-22 to G-02</u>	<u>Rate G-22 to G-32</u>	<u>Rate V-02 to C-06 (2)</u>	<u>Rate V-02 to G-02 (2)</u>	
Less Than -10%	0	0	137	57	
-12%	0	0	17	0	
-10%	0	0	16	4	
-8%	0	0	13	9	
-6%	1,087	96	18	1	
-4%	1,313	12	18	0	
-2%	20	0	15	0	
0%	8	0	8	0	
2%	5	0	0	0	
4%	0	0	0	0	
6%	3	0	0	1	
8%	0	0	0	1	
10%	2	0	0	0	
12%	0	0	0	0	
14%	1	0	0	0	
Greater Than 20%	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>	
	2,447	108	242	73	

(1) Includes the effect of the Customer Credit.

(2) Reflects the combined impact of each customers' primary and supplemental service.

**Narragansett Electric Company**  
**Rate Design Proposal**  
**Comparison of Proposed Backup Billing to Current Backup Billing**

**Present Rate B-62 Accounts**Customer 1

	Proposed Backup (a)	Proposed Supplemental (1) (b)	Total (c)=(b)+(a)	Present Backup (a)	Present Supplemental (b)	Total (c)=(b)+(a)	Difference Backup (a)	Difference Supplemental (b)	Total (c)=(b)+(a)
Distribution	\$174,573.36	\$356,978.93	\$531,552.29	\$255,180.69	\$767,681.12	\$1,022,861.81	(\$80,607.33)	(\$410,702.19)	(\$491,309.52)
Transmission	\$0.00	\$279,818.12	\$279,818.12	\$146,810.81	\$260,057.33	\$406,868.14	(\$146,810.81)	\$19,760.80	(\$127,050.01)
Transition	\$0.00	\$966,300.45	\$966,300.45	\$0.00	\$966,300.45	\$966,300.45	\$0.00	\$0.00	\$0.00
Conservation	\$0.00	\$259,940.47	\$259,940.47	\$0.00	\$259,940.47	\$259,940.47	\$0.00	\$0.00	\$0.00
Standard Offer	\$0.00	\$6,668,038.16	\$6,668,038.16	\$0.00	\$6,668,038.16	\$6,668,038.16	\$0.00	\$0.00	\$0.00
HVD	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
HVM	(\$3,799.98)	(\$83,256.51)	(\$87,056.49)	(\$6,074.16)	(\$87,165.93)	(\$93,240.09)	\$2,274.18	\$3,909.41	\$6,183.60
Total	\$170,773.38	\$8,447,819.62	\$8,618,593.00	\$395,917.34	\$8,834,851.60	\$9,230,768.93	(\$225,143.96)	(\$387,031.98)	(\$612,175.94)
Total Dist/Transm			\$724,313.92			\$1,336,489.85			
							% Change - D/T		-45.8%
							% Change - Total Bill		-6.6%

Customer 2

	Proposed Backup (a)	Proposed Supplemental (1) (b)	Total (c)=(b)+(a)	Present Backup (a)	Present Supplemental (b)	Total (c)=(b)+(a)	Difference Backup (a)	Difference Supplemental (b)	Total (c)=(b)+(a)
Distribution	\$154,440.00	\$212,671.24	\$367,111.24	\$50,070.24	\$407,536.58	\$457,606.82	\$104,369.76	(\$194,865.33)	(\$90,495.57)
Transmission	\$0.00	\$76,620.67	\$76,620.67	\$91,800.48	\$76,620.67	\$168,421.15	(\$91,800.48)	\$0.00	(\$91,800.48)
Transition	\$0.00	\$368,186.94	\$368,186.94	\$0.00	\$368,186.94	\$368,186.94	\$0.00	\$0.00	\$0.00
Conservation	\$0.00	\$99,044.44	\$99,044.44	\$0.00	\$99,044.44	\$99,044.44	\$0.00	\$0.00	\$0.00
Standard Offer	\$0.00	\$2,540,705.20	\$2,540,705.20	\$0.00	\$2,540,705.20	\$2,540,705.20	\$0.00	\$0.00	\$0.00
HVD	(\$24,420.00)	(\$15,581.07)	(\$40,001.07)	(\$24,420.00)	(\$15,581.07)	(\$40,001.07)	\$0.00	\$0.00	\$0.00
HVM	(\$3,598.65)	(\$30,918.04)	(\$34,516.68)	(\$3,472.95)	(\$32,866.69)	(\$36,339.65)	(\$125.69)	\$1,948.65	\$1,822.96
Total	\$126,421.35	\$3,250,729.38	\$3,377,150.74	\$113,977.77	\$3,443,646.06	\$3,557,623.83	\$12,443.59	(\$192,916.68)	(\$180,473.09)
Total Dist/Transm			\$409,215.23			\$589,688.32			
							% Change - D/T		-30.6%
							% Change - Total Bill		-5.1%

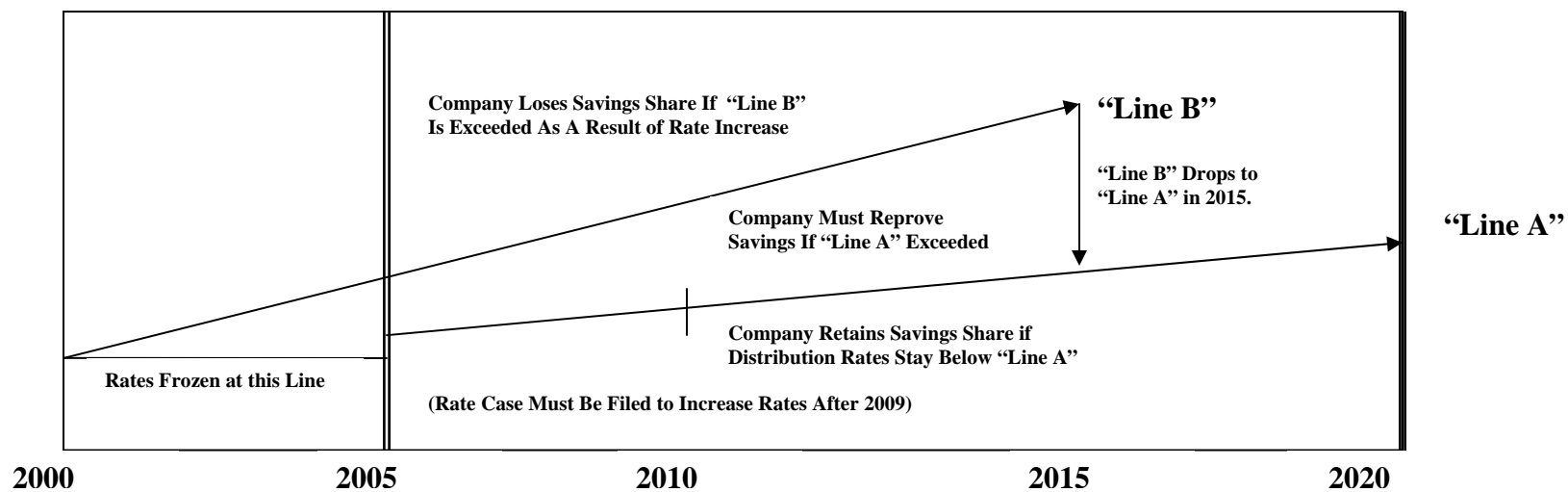
(1) Includes Customer Credit



## **Exhibit 7**

### **Revenue Change per kWh and Illustrations of Reopener Provisions**

## Illustration of Limits on Company's Right to Retain or Lose Proven Savings Share After Rate Freeze Period



**Line A= 1.9% fixed Jan. 1, 2005 through 2009.  
80% of inflation (GDPIP) Jan. 1, 2010 through 2019.**

**Line B= inflation (GDPIP)**

ILLUSTRATION 1

<u>GDPIPD Growth Assumptions</u>		<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>																
		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Est GDPIPD Growth		2.18%	2.36%	1.13%	1.67%	1.70%	1.33%	1.64%	1.86%	1.82%	1.85%	1.84%	1.86%	1.80%	1.81%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
80% GDPIPD Growth												1.47%	1.49%	1.44%	1.45%	1.44%	1.44%	1.44%	1.44%	1.44%	1.44%
Settled Rate Freeze Escalator							1.90%	1.90%	1.90%	1.90%	1.90%										
		<u>Settled</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>																
<u>kWh Growth Assumption</u>		7,098,202	7,341,097	7,515,614	7,694,092	7,746,300	7,840,717	7,942,900	8,049,100	8,160,100	8,276,200	8,398,400	8,507,579	8,601,163	8,687,174	8,774,046	8,853,012	8,923,836	8,995,227	9,040,203	9,076,364
<u>Reopener Thresholds</u>																					
Cumulative Reopener Threshold		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.90%	3.80%	5.70%	7.60%	9.50%	10.97%	12.46%	13.90%	15.35%	16.79%	18.23%	19.67%	21.11%	22.55%
Cumulative GDPIPD Threshold		0.00%	2.18%	4.54%	5.67%	7.34%	9.04%	10.37%	12.01%	13.87%	15.69%	17.54%	19.38%	21.24%	23.04%	24.85%	16.79%	18.23%	19.67%	21.11%	22.55%
<u>Illustration 1 - Company files a Cost of Service of \$260.000 million effective January 1, 2011</u>																					
Benchmark COS Rev Req		\$210,000						\$230,847													
Hold Harmless		(\$425)						\$0													
Settlement Credit		(\$2,700)						\$0													
LIHEAP Expansion		(\$575)						\$2,577													
75% of January 1, 2005 increase																					
Total		\$206,300						\$233,424													
<u>kWh Conversion</u>																					
Benchmark COS (cents)		2.958						2.944													
Hold Harmless (cents)		(0.006)						0.000													
Settlement Credit (cents)		(0.038)						0.000													
LIHEAP Expansion (cents)		(0.008)						0.033													
75% of January 1, 2005 increase																					
Average Cents per kWh								2.977													
Company Filed COS Rev Req (Including Company share of savings)														\$260,000							
Rate Year Revenue @ Third Amended Stipulation and Settlement Rates														\$253,271							
Revenue Change														\$6,729							
Percent Revenue Change														2.66%	(a)						
Cumulative Reopener Threshold														10.97%	(a)						

(a) Cumulative percentage revenue change is less than cumulative Reopener Threshold for 2011, continued existence of savings demonstrated.

Line 4	Estimated GDPIPD as of June 8, 2004
Line 5	80% of Line 4
Line 6	Settled escalation rates through 2009
Line 8	Settled 2000 weather normalized MWH sales. Actual weather Normalized MWH sales 2001 - 2003, Company forecasted weather normalized sales thereafter
Line 12	Sum of annual amounts from Lines 5 and 6.
Line 13	Sum of annual amounts from Line 4. For years 2015 - 2019 equal to Cumulative Reopener thresholds on Line 12
Line 17	Settled benchmark Cost of Service for 2000. Proforma revenue under Third Amended Stipulation and Settlement rates for 2005.
Line 26	Line 17 divide by Line 8
Line 27	Line 19 divide by Line 8
Line 28	Line 20 divide by Line 8
Line 29	Line 21 divide by Line 8
Line 30	Line 22 divide by Line 8
Line 33	Total Filed Cost of Service Revenue Requirement
Line 35	Total Filed Cost of Service Revenue Requirement
Line 37	Line 33 minus Line 35
Line 39	Line 37 divided by Line 35
Line 41	From line 12



ILLUSTRATION 2

## Reopener and GDPIPD Thresholds on Proof of Savings

<u>GDPIPD Growth Assumptions</u>	<u>Actual</u> <u>2000</u>	<u>Actual</u> <u>2001</u>	<u>Actual</u> <u>2002</u>	<u>Actual</u> <u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Est GDPIPD Growth	2.18%	2.36%	1.13%	1.67%	1.70%	1.33%	1.64%	1.86%	1.82%	1.85%	1.84%	1.86%	1.80%	1.81%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
80% GDPIPD Growth											1.47%	1.49%	1.44%	1.45%	1.44%	1.44%	1.44%	1.44%	1.44%	1.44%
Settled Rate Freeze Escalator						1.90%	1.90%	1.90%	1.90%	1.90%										
<u>kWh Growth Assumption</u>	<u>Settled</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>																
	7,098,202	7,341,097	7,515,614	7,694,092	7,746,300	7,840,717	7,942,900	8,049,100	8,160,100	8,276,200	8,398,400	8,507,579	8,601,163	8,687,174	8,774,046	8,853,012	8,923,836	8,995,227	9,040,203	9,076,364
<u>Reopener Thresholds</u>																				
Cumulative Reopener Threshold	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.90%	3.80%	5.70%	7.60%	9.50%	10.97%	12.46%	13.90%	15.35%	16.79%	18.23%	19.67%	21.11%	22.55%
Cumulative GDPIPD Threshold	0.00%	2.18%	4.54%	5.67%	7.34%	9.04%	10.37%	12.01%	13.87%	15.69%	17.54%	19.38%	21.24%	23.04%	24.85%	26.79%	28.23%	29.67%	31.11%	32.55%
<u>Illustration 2 - Company files separate Costs of Service effective January 1st of 2011, 2014, and 2016</u>																				
Benchmark COS Rev Req	\$210,000						\$230,847													
Hold Harmless	(\$425)						\$0													
Settlement Credit	(\$2,700)						\$0													
LIHEAP Expansion	(\$575)						\$2,577													
75% of January 1, 2005 increase																				
Total	\$206,300						\$233,424													
<u>kWh Conversion</u>																				
Benchmark COS (cents)	2.958						2.944													
Hold Harmless (cents)	(0.006)						0.000													
Settlement Credit (cents)	(0.038)						0.000													
LIHEAP Expansion (cents)	(0.008)						0.033													
75% of January 1, 2005 increase																				
Average Cents per kWh							2.977													
Post Increase Average Cents per kWh												3.091			3.453			3.552		
Company Filed COS Rev Req (Including Company share of savings)												\$263,000			\$303,000			317,000		
Rate Year Revenue @ Third Amended Stipulation and Settlement Rates												\$253,271			\$271,206			308,140		
Revenue Change												\$9,729			\$31,794			8,860		
Percent Revenue Change												3.84%	(a)		11.72%	15.56%	(b)	2.88%	18.44%	(c)
Cumulative Reopener Threshold												10.97%	(a)			15.35%	(b)		18.23%	(c)
Cumulative GDPIPD Threshold												19.38%	(a)			24.85%	(b)		18.23%	(c)

(a) Cumulative percentage revenue change is less than cumulative Reopener Threshold for 2011, continued existence of savings demonstrated.

(b) Cumulative percentage revenue change is more than cumulative Reopener Threshold for 2014 but less than Cumulative GDPIPD Threshold for 2014, Company must demonstrate continued shared savings.

(c) Cumulative percentage revenue change is more than cumulative Reopener Threshold for 2016 and more than Cumulative GDPIPD Threshold for 2016, shared savings excluded from Cost of Service.

Line 4	Estimated GDPIPD as of June 8, 2004
Line 5	80% of Line 4
Line 6	Settled escalation rates through 2009
Line 8	Settled 2000 weather normalized MWH sales. Actual weather Normalized MWH sales 2001 - 2003, Company forecasted weather normalized sales thereafter
Line 12	Sum of annual amounts from Lines 5 and 6.
Line 13	Sum of annual amounts from Line 4. For years 2015 - 2019 equal to Cumulative Reopener thresholds on Line 12
Line 17	Settled benchmark Cost of Service for 2000. Proforma revenue under Third Amended Stipulation and Settlement rates for 2005.
Line 26	Line 17 divide by Line 8
Line 27	Line 19 divide by Line 8
Line 28	Line 20 divide by Line 8
Line 29	Line 21 divide by Line 8
Line 30	Line 22 divide by Line 8
Line 33	Line 35 divided by Line 8
Line 35	Total Filed Cost of Service Revenue Requirement
Line 37	Rate Year kWhs times then current average kWh rate (immediately preceeding Line 31 or Line 33)
Line 39	Line 35 minus Line 37
Line 41	Line 39 divided by Line 37



## **Exhibit 8**

### **Calculation of Estimated Customer Shared Earnings At December 31, 2004**

NARRAGANSETT ELECTRIC COMPANY

CALCULATION OF ESTIMATED CUSTOMER SHARED EARNINGS AT DECEMBER 31, 2004  
(\$000)

Line								
1	Actual Intrastate Earnings Available for Common - CY 2000	\$26,870	(a)					
2	Actual Intrastate Earnings Available for Common - CY 2001	\$35,077	(b)					
3	Actual Intrastate Earnings Available for Common - CY 2002	\$41,576	(c)					
4	Actual Intrastate Earnings Available for Common - CY 2003	\$34,937	(d)					
5	Estimated Intrastate Earnings Available for Common - CY 2004	<u>\$34,105</u>	(e)					
6								
7	Annual Average	\$34,513						
8								
9	Actual Average Common Equity - 2000	\$226,307	(a)					
10	Actual Average Common Equity - 2001	\$250,787	(b)					
11	Actual Average Common Equity - 2002	\$255,258	(c)					
12	Actual Average Common Equity - 2003	\$258,493	(d)					
13	Estimated Average Common Equity - 2004	\$260,719	(e)					
14								
15	Five Year Avearge	<u>\$250,313</u>						
16							Customer	
17	Average Annual Return	<u>13.79%</u>					Share	
18								
19	ROE in 50%/50% Bandwith (>12.00%, <13.00%)	1.00%	*	50.00%	=		0.50%	
20	ROE in 75%/25% Bandwith (>13.00%)	0.79%	*	75.00%	=		<u>0.59%</u>	
21								
22	Total Customer ROE Sharing						1.09%	
23	Annual Average Equity						<u>\$250,313</u>	
24								
25	Average Annual Customer Shared Earnings						\$2,735	
26	Tax Gross-up						/ 65.00%	
27								
28	Average Annual Customer Shared Earnings - Pre-tax						4,207	
29	Number of Years						x 5	
30								
31	Total Customer Shared Earnings 1/1/2000 - 12/31/2004						\$21,036	
32								
33	Accrued Service Quality Penalties to Date						\$1,774	(f)
34	Company Share of Incremental Low Income Expansion 2000 - 2004 (25%)	5,280	*	25.00%	=		(\$1,320)	(g)
35	Bonus Tax Depreciation Revenue Requirement Benefit - 2004						<u>\$1,279</u>	(h)
36								
37	Total Net Customer Shared Earnings to be Refunded						<u>\$22,769</u>	

- (a) December 31, 2000 Earnings Report - Revision 2 submitted February 28, 2003  
(b) December 31, 2001 Earnings Report - Revised submitted February 28, 2003  
(c) December 31, 2002 Earnings Report - Revised submitted February 12, 2004  
(d) December 31, 2003 Earnings Report adjusted to exclude the impact of the 2003 VERO charge.  
(e) Company estimate for 2004.  
(f) Service Quality Penalties for performance through December 31, 2003 pursuant to current Service Quality Performance Standards  
(g) See Page 2 of 11  
(h) See page 5 of 11

The Narragansett Electric Company  
Calculation of the Low Income Expansion Factor

	<u>May 2000 - December 2000</u>	<u>January 2001 - December 2001</u>	<u>January 2002 - December 2002</u>	<u>January 2003 - December 2003</u>	<u>January 2004 - December 2004</u>	<u>Total</u>
(1) Low Income Subsidy	\$241,376	\$1,068,405	\$1,832,330	\$2,362,572	\$2,576,802	\$8,081,485
(2) Company Share of Expansion Costs	<u>\$426,667</u>	<u>\$640,000</u>	<u>\$640,000</u>	<u>\$640,000</u>	<u>\$640,000</u>	<u>\$2,986,667</u>
(3) Net Subsidy	\$0	\$428,405	\$1,192,330	\$1,722,572	\$1,936,802	\$5,280,109
(4) Percentage of Net Subsidy to be Recovered by Company						<u>25%</u>
(5) Amount of Net Subsidy to be Recovered by Company						\$1,320,000

- (1) Page 3 and Page 4, Column (f)
- (2) Page 3 and Page 4, Column (g)
- (3) Line (1) - Line (2), but not less than zero
- (4) Per Settlement
- (5) Line (3) x Line (4), rounded to the nearest thousand

The Narragansett Electric Company  
Calculation of Low Income Expansion Surcharge

Year 1. May 2000 through December 2000

<u>Month/Year</u> (a)	<u>Number of Additional Customers</u> (b)	<u>Monthly kWh Usage</u> (c)	<u>Revenue on Rate A16</u> (d)	<u>Revenue on Rate A60</u> (e)	<u>Subsidy Revenue</u> (f)	<u>Company Contribution</u> (g)	<u>Customer Contribution</u> (h)
May-00	2,783	1,199,943	\$50,578	\$28,023	(\$22,555)		
Jun-00	3,491	1,486,100	\$62,780	\$34,556	(\$28,224)		
Jul-00	3,510	1,716,027	\$71,199	\$39,973	(\$31,227)		
Aug-00	3,433	1,595,236	\$66,620	\$37,152	(\$29,468)		
Sep-00	3,414	1,624,519	\$67,633	\$37,878	(\$29,755)		
Oct-00	3,294	1,425,129	\$60,067	\$33,153	(\$26,914)		
Nov-00	3,308	1,475,728	\$61,907	\$34,327	(\$27,580)		
Dec-00	4,913	2,536,609	\$104,444	\$58,791	(\$45,653)		
	28,146	13,059,291	\$545,228	\$303,852	(\$241,376)	\$426,667	\$0

Year 2. January 2001 through December 2001

<u>Month/Year</u> (a)	<u>Number of Additional Customers</u> (b)	<u>Monthly kWh Usage</u> (c)	<u>Revenue on Rate A16</u> (d)	<u>Revenue on Rate A60</u> (e)	<u>Subsidy Revenue</u> (f)	<u>Company Contribution</u> (g)	<u>Customer Contribution</u> (h)
Jan-01	5,084	2,868,365	\$116,944	\$66,375	(\$50,570)		
Feb-01	8,107	3,631,126	\$152,365	\$82,216	(\$70,150)		
Mar-01	9,760	4,275,643	\$179,984	\$96,794	(\$83,189)		
Apr-01	10,251	4,446,542	\$187,429	\$100,515	(\$86,914)		
May-01	11,967	4,223,610	\$183,668	\$93,756	(\$89,912)		
Jun-01	11,889	4,491,944	\$193,482	\$98,874	(\$94,608)		
Jul-01	11,851	5,332,698	\$223,872	\$120,879	(\$102,993)		
Aug-01	11,708	5,557,860	\$231,716	\$126,693	(\$105,023)		
Sep-01	11,632	5,538,571	\$230,825	\$125,975	(\$104,851)		
Oct-01	11,390	4,429,984	\$189,888	\$98,999	(\$90,889)		
Nov-01	11,358	4,534,384	\$193,538	\$101,393	(\$92,146)		
Dec-01	11,208	5,008,188	\$210,357	\$113,197	(\$97,160)		
	126,205	54,338,915	\$2,294,069	\$1,225,665	(\$1,068,405)	\$640,000	(\$428,405)

Year 3. January 2002 through December 2002

<u>Month/Year</u> (a)	<u>Number of Additional Customers</u> (b)	<u>Monthly kWh Usage</u> (c)	<u>Revenue on Rate A16</u> (d)	<u>Revenue on Rate A60</u> (e)	<u>Subsidy Revenue</u> (f)	<u>Company Contribution</u> (g)	<u>Customer Contribution</u> (h)
Jan-02	15,818	8,511,323	\$349,322	\$195,177	(\$154,144)		
Feb-02	16,994	7,661,937	\$321,460	\$172,626	(\$148,834)		
Mar-02	17,708	7,502,180	\$317,492	\$167,932	(\$149,561)		
Apr-02	17,823	7,211,806	\$307,256	\$160,360	(\$146,896)		
May-02	17,723	6,688,400	\$288,060	\$147,648	(\$140,413)		
Jun-02	17,506	6,761,489	\$290,208	\$149,108	(\$141,100)		
Jul-02	17,261	8,707,162	\$360,391	\$198,343	(\$162,048)		
Aug-02	17,280	9,897,758	\$404,367	\$228,177	(\$176,190)		
Sep-02	17,214	8,306,035	\$346,228	\$188,673	(\$157,556)		
Oct-02	16,672	6,463,299	\$277,740	\$143,069	(\$134,671)		
Nov-02	17,068	7,121,777	\$302,728	\$158,630	(\$144,098)		
Dec-02	18,230	9,535,813	\$393,598	\$216,777	(\$176,821)		
	207,297	94,368,979	\$3,958,849	\$2,126,519	(\$1,832,330)	\$640,000	(\$1,192,330)

- (c) Total of metered kWh usage for customers in Column (b)  
(d) Billing Units calculated on Rate A16  
(e) Billing Units calculated on Rate A60  
(f) Column (d) - Column (e)  
(g) Per Third Amended Stipulation and Settlement filed March 14, 2000 in RIPUC Docket No. 2930, Section 20;  
Year 2000 amount prorated for 8 months  
(h) Column (f) + Column (g), but not greater than zero

The Narragansett Electric Company  
Calculation of Low Income Expansion Surcharge

Year 4. January 2003 through December 2003

<u>Month/Year</u> (a)	<u>Number of Additional Customers</u> (b)	<u>Monthly kWh Usage</u> (c)	<u>Revenue on Rate A16</u> (d)	<u>Revenue on Rate A60</u> (e)	<u>Subsidy Revenue</u> (f)	<u>Company Contribution</u> (g)	<u>Customer Contribution</u> (h)
Jan-03	19,400	11,056,014	\$451,935	\$254,285	(\$197,650)		
Feb-03	20,584	10,905,175	\$449,451	\$248,989	(\$200,462)		
Mar-03	21,381	10,546,790	\$438,422	\$239,505	(\$198,917)		
Apr-03	21,518	9,469,895	\$399,550	\$212,552	(\$186,998)		
May-03	22,149	8,806,353	\$376,987	\$194,993	(\$181,994)		
Jun-03	21,920	8,731,628	\$373,682	\$193,147	(\$180,535)		
Jul-03	21,850	11,465,544	\$473,073	\$260,623	(\$212,450)		
Aug-03	21,654	12,803,097	\$521,290	\$296,170	(\$225,120)		
Sep-03	21,460	11,300,296	\$466,066	\$258,817	(\$207,249)		
Oct-03	21,094	8,907,972	\$378,007	\$198,422	(\$179,585)		
Nov-03	20,854	8,892,860	\$376,846	\$197,838	(\$179,008)		
Dec-03	21,618	11,569,921	\$476,286	\$263,684	(\$212,603)		
	255,482	124,455,545	\$5,181,597	\$2,819,024	(\$2,362,572)	\$640,000	(\$1,722,572)

Year 5. January 2004 through December 2004

<u>Month/Year</u> (a)	<u>Number of Additional Customers</u> (b)	<u>Monthly kWh Usage</u> (c)	<u>Revenue on Rate A16</u> (d)	<u>Revenue on Rate A60</u> (e)	<u>Subsidy Revenue</u> (f)	<u>Company Contribution</u> (g)	<u>Customer Contribution</u> (h)
Jan-04	22,633	13,398,000	\$545,442	\$308,505	(\$236,937)		
Feb-04	22,844	12,568,891	\$515,783	\$288,362	(\$227,421)		
Mar-04	23,554	11,891,517	\$492,917	\$270,610	(\$222,307)		
Apr-04	24,724	11,498,214	\$481,565	\$259,216	(\$222,349)		
May-04	25,105	10,122,305	\$432,420	\$223,946	(\$208,473)		
Jun-04 *	25,105	10,122,305	\$432,420	\$223,946	(\$208,473)		
Jul-04 *	25,105	10,122,305	\$432,420	\$223,946	(\$208,473)		
Aug-04 *	25,105	10,122,305	\$432,420	\$223,946	(\$208,473)		
Sep-04 *	25,105	10,122,305	\$432,420	\$223,946	(\$208,473)		
Oct-04 *	25,105	10,122,305	\$432,420	\$223,946	(\$208,473)		
Nov-04 *	25,105	10,122,305	\$432,420	\$223,946	(\$208,473)		
Dec-04 *	25,105	10,122,305	\$432,420	\$223,946	(\$208,473)		
	294,595	130,335,062	5,495,066	2,918,264	(\$2,576,802)	\$640,000	(\$1,936,802)

\* Estimated based on most recent month's customer data.

- (c) Total of metered kWh usage for customers in Column (b)
- (d) Billing Units calculated on Rate A16
- (e) Billing Units calculated on Rate A60
- (f) Column (d) - Column (e)
- (g) Per Third Amended Stipulation and Settlement filed March 14, 2000 in RIPUC Docket No. 2930, Section 20;  
Year 2000 amount prorated for 8 months
- (h) Column (f) + Column (g), but not greater than zero

**Narragansett Electric Company**

Exhibit 8  
Page 5 of 11

**Bonus Depreciation - IRC 168(k)  
Estimated Rev Req Impact through 12/31/04**

<u>Line</u>	(1) Qualifying <u>Property Class</u>	(2) Avg Return <u>Benefit</u>
1)	20 Year Utility Plant Qualifying for 30% Bonus Depreciation	(\$668,903)
2)	20 Year Utility Plant Qualifying for 50% Bonus Depreciation	(\$604,228)
3)	7 Year Utility Plant Qualifying for 30% Bonus Depreciation	(\$334)
4)	7 Year Utility Plant Qualifying for 50% Bonus Depreciation	(\$689)
5)	5 Year Utility Plant Qualifying for 30% Bonus Depreciation	(\$1,676)
6)	5 Year Utility Plant Qualifying for 50% Bonus Depreciation	(\$3,561)
7)	3 Year Utility Plant Qualifying for 30% Bonus Depreciation	\$0
8)	3 Year Utility Plant Qualifying for 50% Bonus Depreciation	<u>\$0</u>
	Total	(\$1,279,391)

Source Notes:

Line 1) From Exhibit 8 (Page 6 of 11) CY2004, Column (11)  
 Line 2) From Exhibit 8 (Page 7 of 11) CY2004, Column (11)  
 Line 3) From Exhibit 8 (Page 8 of 11) CY2004, Column (11)  
 Line 4) From Exhibit 8 (Page 9 of 11) CY2004, Column (11)  
 Line 5) From Exhibit 8 (Page 10 of 11) CY2004, Column (11)  
 Line 6) From Exhibit 8 (Page 11 of 11) CY2004, Column (11)



**Narragansett Electric Company**

**Bonus Depreciation - IRC 168(k)  
Estimated Rev Req Impact for 20 Year Property @ 30%**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)	(11)	
	MACRS Tax Depr Rates	IRC 168(k) Tax Depr Rates		Addition Year	Qualifying Addition Amount	Add'l Def Tax Provision 2001 Additions	Add'l Def Tax Provision 2002 Additions	Add'l Def Tax Provision 2003 Additions	Add'l Def Tax Provision 2004 Additions	Add'l Def Tax Provision 2005 Additions	Cumul. Add'l Def Tax Prov	Avg Accum Def Tax	NECO Pre-Tax Return 11.99%
Year			Diff										
1	3.75%	32.63%	28.8750%	2001	\$2,859,305	\$288,969	\$0	\$0	\$0	\$0	\$288,969	\$144,484	(\$17,324)
2	7.22%	5.05%	-2.17%	2002	\$31,954,564	(\$21,673)	\$3,229,408	\$0	\$0	\$0	\$3,496,703	\$1,892,836	(\$226,951)
3	6.68%	4.67%	-2.00%	2003	\$23,418,929	(\$20,046)	(\$242,214)	\$2,366,775	\$0	\$0	\$5,601,219	\$4,548,961	(\$545,420)
4	6.18%	4.32%	-1.85%	2004	\$3,713,944	(\$18,545)	(\$224,029)	(\$177,514)	\$375,340	\$0	\$5,556,471	\$5,578,845	(\$668,903)
5	5.71%	4.00%	-1.71%	2005	\$0	(\$17,152)	(\$207,253)	(\$164,187)	(\$28,152)	\$0	\$5,139,728	\$5,348,100	(\$641,237)
6	5.29%	3.70%	-1.59%			(\$15,867)	(\$191,684)	(\$151,892)	(\$26,038)	\$0	\$4,754,248	\$4,946,988	(\$593,144)
7	4.89%	3.42%	-1.47%			(\$14,675)	(\$177,324)	(\$140,482)	(\$24,088)	\$0	\$4,397,679	\$4,575,963	(\$548,658)
8	4.52%	3.17%	-1.36%			(\$13,576)	(\$164,004)	(\$129,957)	(\$22,279)	\$0	\$4,067,863	\$4,232,771	(\$507,509)
9	4.46%	3.12%	-1.34%			(\$13,396)	(\$151,723)	(\$120,195)	(\$20,610)	\$0	\$3,761,938	\$3,914,900	(\$469,397)
10	4.46%	3.12%	-1.34%			(\$13,393)	(\$149,710)	(\$111,195)	(\$19,061)	\$0	\$3,468,578	\$3,615,258	(\$433,469)
11	4.46%	3.12%	-1.34%			(\$13,396)	(\$149,677)	(\$109,720)	(\$17,634)	\$0	\$3,178,151	\$3,323,364	(\$398,471)
12	4.46%	3.12%	-1.34%			(\$13,393)	(\$149,710)	(\$109,695)	(\$17,400)	\$0	\$2,887,952	\$3,033,051	(\$363,663)
13	4.46%	3.12%	-1.34%			(\$13,396)	(\$149,677)	(\$109,720)	(\$17,396)	\$0	\$2,597,762	\$2,742,857	(\$328,869)
14	4.46%	3.12%	-1.34%			(\$13,393)	(\$149,710)	(\$109,695)	(\$17,400)	\$0	\$2,307,563	\$2,452,663	(\$294,074)
15	4.46%	3.12%	-1.34%			(\$13,396)	(\$149,677)	(\$109,720)	(\$17,396)	\$0	\$2,017,374	\$2,162,469	(\$259,280)
16	4.46%	3.12%	-1.34%			(\$13,393)	(\$149,710)	(\$109,695)	(\$17,400)	\$0	\$1,727,175	\$1,872,275	(\$224,486)
17	4.46%	3.12%	-1.34%			(\$13,396)	(\$149,677)	(\$109,720)	(\$17,396)	\$0	\$1,436,986	\$1,582,080	(\$189,691)
18	4.46%	3.12%	-1.34%			(\$13,393)	(\$149,710)	(\$109,695)	(\$17,400)	\$0	\$1,146,787	\$1,291,886	(\$154,897)
19	4.46%	3.12%	-1.34%			(\$13,396)	(\$149,677)	(\$109,720)	(\$17,396)	\$0	\$856,597	\$1,001,692	(\$120,103)
20	4.46%	3.12%	-1.34%			(\$13,393)	(\$149,710)	(\$109,695)	(\$17,400)	\$0	\$566,398	\$711,498	(\$85,309)
21	2.23%	1.56%	-0.67%			(\$6,698)	(\$149,677)	(\$109,720)	(\$17,396)	\$0	\$282,907	\$424,653	(\$50,916)
22	0.0%	0.0%	0.00%			\$0	(\$74,855)	(\$109,695)	(\$17,400)	\$0	\$80,956	\$181,932	(\$21,814)
23	0.0%	0.0%	0.00%			\$0	\$0	(\$54,860)	(\$17,396)	\$0	\$8,700	\$44,828	(\$5,375)
24	0.0%	0.0%	0.00%			\$0	\$0	\$0	(\$8,700)	\$0	(\$0)	\$4,350	(\$522)
25	0.0%	0.0%	0.00%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
26	0.0%	0.0%	0.00%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
27	0.0%	0.0%	0.00%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
28	0.0%	0.0%	0.00%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
29	0.0%	0.0%	0.00%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
30	0.0%	0.0%	0.00%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
31	0.0%	0.0%	0.00%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
32													
33													
	100.00%	100.00%	0.00%			\$0	\$0	\$0					

**Footnotes:**

- Column (1) MACRS tax depreciation rates for 20 year utility property
- Column (2) MACRS rate adjusted for 30% bonus depreciation allowance: Year 1 = ( 30% + (70% x MACRS Year 1 Rate)), Years 2-21 = 70% x MACRS Rate from Column (1)
- Column (3) Column (2) minus Column (1)
- Column (4) Calendar year of qualifying property addition
- Column (5) \$ value of property additions qualifying for the bonus depreciation allowance by calendar year
- Column (6) Column (5) Year 1 x Column (3) Years 1 thru 21 x 35% (Federal Income Tax Rate)
- Column (7) Column (5) Year 2 x Column (3) Years 1 thru 21 x 35% (Federal Income Tax Rate)
- Column (8) Column (5) Year 3 x Column (3) Years 1 thru 21 x 35% (Federal Income Tax Rate)
- Column (9) Column (9) prior year plus the sum of Columns (6), (7) & (8)
- Column (10) Column (9) current year plus Column (9) prior year divided by 2
- Column (11) Column (10) x 11.99% (NECo Pre-Tax Return Rate)

**Narragansett Electric Company**

**Bonus Depreciation - IRC 168(k)  
Estimated Rev Req Impact for 20 Year Property @ 50%**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)	(11)	
	MACRS Tax Depr Rates	IRC 168(k) Tax Depr Rates			Qualifying Addition Amount	Add'l Def Tax Provision 2001 Additions	Add'l Def Tax Provision 2002 Additions	Add'l Def Tax Provision 2003 Additions	Add'l Def Tax Provision 2004 Additions	Add'l Def Tax Provision 2005 Additions	Cumul. Add'l Def Tax Prov	Avg Accum Def Tax	NECO Pre-Tax Return 11.99%
Year			Diff	Addition Year									
1	3.75%	51.88%	48.13%	2001	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	7.22%	3.61%	-3.61%	2002	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	6.68%	3.34%	-3.34%	2003	\$13,720,509	\$0	\$0	\$2,311,048	\$0	\$0	\$2,311,048	\$1,155,524	(\$138,547)
4	6.18%	3.09%	-3.09%	2004	\$33,425,494	\$0	\$0	(\$173,335)	\$5,630,107	\$0	\$7,767,820	\$5,039,434	(\$604,228)
5	5.71%	2.86%	-2.86%	2005	\$0	\$0	\$0	(\$160,321)	(\$422,273)	\$0	\$7,185,227	\$7,476,524	(\$896,435)
6	5.29%	2.64%	-2.64%			\$0	\$0	(\$148,315)	(\$390,569)	\$0	\$6,646,343	\$6,915,785	(\$829,203)
7	4.89%	2.44%	-2.44%			\$0	\$0	(\$137,174)	(\$361,321)	\$0	\$6,147,848	\$6,397,095	(\$767,012)
8	4.52%	2.26%	-2.26%			\$0	\$0	(\$126,898)	(\$334,180)	\$0	\$5,686,770	\$5,917,309	(\$709,485)
9	4.46%	2.23%	-2.23%			\$0	\$0	(\$117,365)	(\$309,144)	\$0	\$5,260,261	\$5,473,516	(\$656,275)
10	4.46%	2.23%	-2.23%			\$0	\$0	(\$108,577)	(\$285,922)	\$0	\$4,865,762	\$5,063,012	(\$607,055)
11	4.46%	2.23%	-2.23%			\$0	\$0	(\$107,137)	(\$264,513)	\$0	\$4,494,113	\$4,679,938	(\$561,125)
12	4.46%	2.23%	-2.23%			\$0	\$0	(\$107,113)	(\$261,003)	\$0	\$4,125,997	\$4,310,055	(\$516,776)
13	4.46%	2.23%	-2.23%			\$0	\$0	(\$107,137)	(\$260,944)	\$0	\$3,757,916	\$3,941,957	(\$472,641)
14	4.46%	2.23%	-2.23%			\$0	\$0	(\$107,113)	(\$261,003)	\$0	\$3,389,801	\$3,573,859	(\$428,506)
15	4.46%	2.23%	-2.23%			\$0	\$0	(\$107,137)	(\$260,944)	\$0	\$3,021,720	\$3,205,760	(\$384,371)
16	4.46%	2.23%	-2.23%			\$0	\$0	(\$107,113)	(\$261,003)	\$0	\$2,653,604	\$2,837,662	(\$340,236)
17	4.46%	2.23%	-2.23%			\$0	\$0	(\$107,137)	(\$260,944)	\$0	\$2,285,523	\$2,469,564	(\$296,101)
18	4.46%	2.23%	-2.23%			\$0	\$0	(\$107,113)	(\$261,003)	\$0	\$1,917,407	\$2,101,465	(\$251,966)
19	4.46%	2.23%	-2.23%			\$0	\$0	(\$107,137)	(\$260,944)	\$0	\$1,549,326	\$1,733,367	(\$207,831)
20	4.46%	2.23%	-2.23%			\$0	\$0	(\$107,113)	(\$261,003)	\$0	\$1,181,211	\$1,365,269	(\$163,696)
21	2.23%	1.12%	-1.12%			\$0	\$0	(\$107,137)	(\$260,944)	\$0	\$813,130	\$997,170	(\$119,561)
22	0.0%	0.0%	0.00%			\$0	\$0	(\$107,113)	(\$261,003)	\$0	\$445,014	\$629,072	(\$75,426)
23	0.0%	0.0%	0.00%			\$0	\$0	(\$53,568)	(\$260,944)	\$0	\$130,501	\$287,758	(\$34,502)
24	0.0%	0.0%	0.00%			\$0	\$0	\$0	(\$130,501)	\$0	\$0	\$65,251	(\$7,824)
25	0.0%	0.0%	0.00%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
26	0.0%	0.0%	0.00%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
27	0.0%	0.0%	0.00%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
28	0.0%	0.0%	0.00%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
29	0.0%	0.0%	0.00%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
30	0.0%	0.0%	0.00%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
31	0.0%	0.0%	0.00%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
32													
33													
	100.00%	100.00%	0.00%			\$0	\$0	\$0					

**Footnotes:**

- Column (1) MACRS tax depreciation rates for 20 year utility property
- Column (2) MACRS rate adjusted for 50% bonus depreciation allowance: Year 1 = ( 50% + (50% x MACRS Year 1 Rate)), Years 2-21 = 50% x MACRS Rate from Column (1)
- Column (3) Column (2) minus Column (1)
- Column (4) Calendar year of qualifying property addition
- Column (5) \$ value of property additions qualifying for the bonus depreciation allowance by calendar year
- Column (6) Column (5) Year 1 x Column (3) Years 1 thru 21 x 35% (Federal Income Tax Rate)
- Column (7) Column (5) Year 2 x Column (3) Years 1 thru 21 x 35% (Federal Income Tax Rate)
- Column (8) Column (5) Year 3 x Column (3) Years 1 thru 21 x 35% (Federal Income Tax Rate)
- Column (9) Column (9) prior year plus the sum of Columns (6), (7) & (8)
- Column (10) Column (9) current year plus Column (9) prior year divided by 2
- Column (11) Column (10) x 11.99% (NECo Pre-Tax Return Rate)

**Narragansett Electric Company**

**Bonus Depreciation - IRC 168(k)  
Estimated Rev Req Impact for 7 year Property @ 30%**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)	(11)	
	MACRS Tax Depr Rates	IRC 168(k) Tax Depr Rates			Qualifying Addition Amount	Add'l Def Tax Provision 2001 Additions	Add'l Def Tax Provision 2002 Additions	Add'l Def Tax Provision 2003 Additions	Add'l Def Tax Provision 2004 Additions	Add'l Def Tax Provision 2005 Additions	Cumul. Add'l Def Tax Prov	Avg Accum Def Tax	NECO Pre-Tax Return 11.99%
Year			Diff	Addition Year									
1	14.29%	40.00%	25.71%	2001	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	24.49%	17.14%	-7.35%	2002	\$12,059	\$0	\$1,085	\$0	\$0	\$0	\$1,085	\$543	(\$65)
3	17.49%	12.24%	-5.25%	2003	\$24,808	\$0	(\$310)	\$2,233	\$0	\$0	\$3,008	\$2,047	(\$245)
4	12.49%	8.74%	-3.75%	2004	\$4,560	\$0	(\$221)	(\$638)	\$410	\$0	\$2,559	\$2,783	(\$334)
5	8.93%	6.25%	-2.68%	2005	\$0	\$0	(\$158)	(\$456)	(\$117)	\$0	\$1,828	\$2,193	(\$263)
6	8.92%	6.24%	-2.68%			\$0	(\$113)	(\$325)	(\$84)	\$0	\$1,306	\$1,567	(\$188)
7	8.93%	6.25%	-2.68%			\$0	(\$113)	(\$233)	(\$60)	\$0	\$900	\$1,103	(\$132)
8	4.46%	3.12%	-1.34%			\$0	(\$113)	(\$232)	(\$43)	\$0	\$512	\$706	(\$85)
9	0.0%	0.0%	0.0%			\$0	(\$56)	(\$233)	(\$43)	\$0	\$180	\$346	(\$42)
10	0.0%	0.0%	0.0%			\$0	\$0	(\$116)	(\$43)	\$0	\$21	\$101	(\$12)
11	0.0%	0.0%	0.0%			\$0	\$0	\$0	(\$21)	\$0	(\$0)	\$11	(\$1)
12	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
13	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
14	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
15	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
16	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
17	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
18	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
19	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
20	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
21	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
22	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
23	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
24	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
25	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
26	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
27	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
28	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
29	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
30	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
31	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
32													
33													
	100.00%	100.00%	0.00%			\$0	\$0	\$0					

**Footnotes:**

- Column (1) MACRS tax depreciation rates for 7 year utility property
- Column (2) MACRS rate adjusted for 30% bonus depreciation allowance: Year 1 = ( 30% + (70% x MACRS Year 1 Rate)), Years 2-8 = 70% x MACRS Rate from Column (1)
- Column (3) Column (2) minus Column (1)
- Column (4) Calendar year of qualifying property addition
- Column (5) \$ value of property additions qualifying for the bonus depreciation allowance by calendar year
- Column (6) Column (5) Year 1 x Column (3) Years 1 thru 8 x 35% (Federal Income Tax Rate)
- Column (7) Column (5) Year 2 x Column (3) Years 1 thru 8 x 35% (Federal Income Tax Rate)
- Column (8) Column (5) Year 3 x Column (3) Years 1 thru 8 x 35% (Federal Income Tax Rate)
- Column (9) Column (9) prior year plus the sum of Columns (6), (7) & (8)
- Column (10) Column (9) current year plus Column (9) prior year divided by 2
- Column (11) Column (10) x 11.99% (NECo Pre-Tax Return Rate)

**Narragansett Electric Company**

**Bonus Depreciation - IRC 168(k)  
Estimated Rev Req Impact for 7 Year Property @ 50%**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)	(11)	
	MACRS Tax Depr Rates	IRC 168(k) Tax Depr Rates			Qualifying Addition Amount	Add'l Def Tax Provision 2001 Additions	Add'l Def Tax Provision 2002 Additions	Add'l Def Tax Provision 2003 Additions	Add'l Def Tax Provision 2004 Additions	Add'l Def Tax Provision 2005 Additions	Cumul. Add'l Def Tax Prov	Avg Accum Def Tax	NECO Pre-Tax Return 11.99%
Year	<u>Rates</u>	<u>Rates</u>	<u>Diff</u>	<u>Addition Year</u>	<u>Amount</u>								
1	14.29%	57.15%	42.86%	2001	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	24.49%	12.25%	-12.25%	2002	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	17.49%	8.75%	-8.75%	2003	\$20,789	\$0	\$0	\$3,118	\$0	\$0	\$3,118	\$1,559	(\$187)
4	12.49%	6.25%	-6.25%	2004	\$41,037	\$0	\$0	(\$891)	\$6,155	\$0	\$8,382	\$5,750	(\$689)
5	8.93%	4.47%	-4.47%	2005	\$0	\$0	\$0	(\$636)	(\$1,759)	\$0	\$5,987	\$7,185	(\$861)
6	8.92%	4.46%	-4.46%			\$0	\$0	(\$454)	(\$1,256)	\$0	\$4,277	\$5,132	(\$615)
7	8.93%	4.47%	-4.47%			\$0	\$0	(\$325)	(\$897)	\$0	\$3,055	\$3,666	(\$440)
8	4.46%	2.23%	-2.23%			\$0	\$0	(\$325)	(\$641)	\$0	\$2,089	\$2,572	(\$308)
9	0.0%	0.0%	0.0%			\$0	\$0	(\$325)	(\$641)	\$0	\$1,124	\$1,607	(\$193)
10	0.0%	0.0%	0.0%			\$0	\$0	(\$162)	(\$641)	\$0	\$320	\$722	(\$87)
11	0.0%	0.0%	0.0%			\$0	\$0	\$0	(\$320)	\$0	\$0	\$160	(\$19)
12	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
13	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
14	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
15	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
16	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
17	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
18	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
19	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
20	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
21	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
22	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
23	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
24	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
25	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
26	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
27	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
28	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
29	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
30	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
31	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
32													
33													
	100.00%	100.00%	0.00%			\$0	\$0	\$0					

**Footnotes:**

- Column (1) MACRS tax depreciation rates for 7 year utility property
- Column (2) MACRS rate adjusted for 50% bonus depreciation allowance: Year 1 = ( 50% + (50% x MACRS Year 1 Rate)), Years 2-8 = 50% x MACRS Rate from Column (1)
- Column (3) Column (2) minus Column (1)
- Column (4) Calendar year of qualifying property addition
- Column (5) \$ value of property additions qualifying for the bonus depreciation allowance by calendar year
- Column (6) Column (5) Year 1 x Column (3) Years 1 thru 8 x 35% (Federal Income Tax Rate)
- Column (7) Column (5) Year 2 x Column (3) Years 1 thru 8 x 35% (Federal Income Tax Rate)
- Column (8) Column (5) Year 3 x Column (3) Years 1 thru 8 x 35% (Federal Income Tax Rate)
- Column (9) Column (9) prior year plus the sum of Columns (6), (7) & (8)
- Column (10) Column (9) current year plus Column (9) prior year divided by 2
- Column (11) Column (10) x 11.99% (NECo Pre-Tax Return Rate)

**Narragansett Electric Company**

**Bonus Depreciation - IRC 168(k)  
Estimated Rev Req Impact for 5 Year Property @ 30%**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)	(11)	
	MACRS Tax Depr Rates	IRC 168(k) Tax Depr Rates		Addition Year	Qualifying Addition Amount	Add'l Def Tax Provision 2001 Additions	Add'l Def Tax Provision 2002 Additions	Add'l Def Tax Provision 2003 Additions	Add'l Def Tax Provision 2004 Additions	Add'l Def Tax Provision 2005 Additions	Cumul. Add'l Def Tax Prov	Avg Accum Def Tax	NECO Pre-Tax Return 11.99%
Year	Rates	Rates	Diff	Year	Amount	2001 Additions	2002 Additions	2003 Additions	2004 Additions	2005 Additions	Def Tax Prov	Def Tax	11.99%
1	20.00%	44.00%	24.00%	2001	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	32.00%	22.40%	-9.60%	2002	\$79,081	\$0	\$6,643	\$0	\$0	\$0	\$6,643	\$3,321	(\$398)
3	19.20%	13.44%	-5.76%	2003	\$144,163	\$0	(\$2,657)	\$12,110	\$0	\$0	\$16,095	\$11,369	(\$1,363)
4	11.52%	8.06%	-3.46%	2004	\$26,197	\$0	(\$1,594)	(\$4,844)	\$2,201	\$0	\$11,858	\$13,977	(\$1,676)
5	11.52%	8.06%	-3.46%	2005	\$0	\$0	(\$957)	(\$2,906)	(\$880)	\$0	\$7,115	\$9,486	(\$1,137)
6	5.76%	4.03%	-1.73%			\$0	(\$957)	(\$1,744)	(\$528)	\$0	\$3,886	\$5,500	(\$659)
7	0.0%	0.0%	0.0%			\$0	(\$478)	(\$1,744)	(\$317)	\$0	\$1,347	\$2,617	(\$314)
8	0.0%	0.0%	0.0%			\$0	\$0	(\$872)	(\$317)	\$0	\$158	\$753	(\$90)
9	0.0%	0.0%	0.0%			\$0	\$0	\$0	(\$158)	\$0	(\$0)	\$79	(\$9)
10	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
11	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
12	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
13	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
14	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
15	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
16	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
17	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
18	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
19	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
20	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
21	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
22	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
23	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
24	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
25	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
26	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
27	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
28	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
29	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
30	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
31	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
32													
33													
	100.00%	100.00%	0.00%			\$0	(\$0)	\$0					

**Footnotes:**

- Column (1) MACRS tax depreciation rates for 7 year utility property
- Column (2) MACRS rate adjusted for 50% bonus depreciation allowance: Year 1 = ( 50% + (50% x MACRS Year 1 Rate)), Years 2-8 = 50% x MACRS Rate from Column (1)
- Column (3) Column (2) minus Column (1)
- Column (4) Calendar year of qualifying property addition
- Column (5) \$ value of property additions qualifying for the bonus depreciation allowance by calendar year
- Column (6) Column (5) Year 1 x Column (3) Years 1 thru 8 x 35% (Federal Income Tax Rate)
- Column (7) Column (5) Year 2 x Column (3) Years 1 thru 8 x 35% (Federal Income Tax Rate)
- Column (8) Column (5) Year 3 x Column (3) Years 1 thru 8 x 35% (Federal Income Tax Rate)
- Column (9) Column (9) prior year plus the sum of Columns (6), (7) & (8)
- Column (10) Column (9) current year plus Column (9) prior year divided by 2
- Column (11) Column (10) x 11.99% (NECo Pre-Tax Return Rate)

**Narragansett Electric Company**

**Bonus Depreciation - IRC 168(k)  
Estimated Rev Req Impact for 5 Year Property @ 50%**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			(9)	(10)	(11)
Year	MACRS Tax Depr Rates	IRC 168(k) Tax Depr Rates	Diff	Addition Year	Qualifying Addition Amount	Add'l Def Tax Provision 2001 Additions	Add'l Def Tax Provision 2002 Additions	Add'l Def Tax Provision 2003 Additions	Add'l Def Tax Provision 2004 Additions	Add'l Def Tax Provision 2005 Additions	Cumul. Add'l Def Tax Prov	Avg Accum Def Tax	NECO Pre-Tax Return 11.99%
1	20.00%	60.00%	40.00%	2001	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	32.00%	16.00%	-16.00%	2002	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	19.20%	9.60%	-9.60%	2003	\$117,802	\$0	\$0	\$16,492	\$0	\$0	\$16,492	\$8,246	(\$989)
4	11.52%	5.76%	-5.76%	2004	\$235,769	\$0	\$0	(\$6,597)	\$33,008	\$0	\$42,903	\$29,698	(\$3,561)
5	11.52%	5.76%	-5.76%	2005	\$0	\$0	\$0	(\$3,958)	(\$13,203)	\$0	\$25,742	\$34,322	(\$4,115)
6	5.76%	2.88%	-2.88%			\$0	\$0	(\$2,375)	(\$7,922)	\$0	\$15,445	\$20,593	(\$2,469)
7	0.0%	0.0%	0.0%			\$0	\$0	(\$2,375)	(\$4,753)	\$0	\$8,317	\$11,881	(\$1,425)
8	0.0%	0.0%	0.0%			\$0	\$0	(\$1,187)	(\$4,753)	\$0	\$2,377	\$5,347	(\$641)
9	0.0%	0.0%	0.0%			\$0	\$0	\$0	(\$2,377)	\$0	(\$0)	\$1,188	(\$142)
10	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
11	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
12	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
13	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
14	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
15	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
16	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
17	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
18	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
19	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
20	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
21	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
22	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
23	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
24	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
25	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
26	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
27	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
28	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
29	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
30	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
31	0.0%	0.0%	0.0%			\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	\$0
32													
33	100.00%	100.00%	0.00%			\$0	\$0	\$0					

**Footnotes:**

- Column (1) MACRS tax depreciation rates for 7 year utility property
- Column (2) MACRS rate adjusted for 50% bonus depreciation allowance: Year 1 = ( 50% + (50% x MACRS Year 1 Rate)), Years 2-8 = 50% x MACRS Rate from Column (1)
- Column (3) Column (2) minus Column (1)
- Column (4) Calendar year of qualifying property addition
- Column (5) \$ value of property additions qualifying for the bonus depreciation allowance by calendar year
- Column (6) Column (5) Year 1 x Column (3) Years 1 thru 8 x 35% (Federal Income Tax Rate)
- Column (7) Column (5) Year 2 x Column (3) Years 1 thru 8 x 35% (Federal Income Tax Rate)
- Column (8) Column (5) Year 3 x Column (3) Years 1 thru 8 x 35% (Federal Income Tax Rate)
- Column (9) Column (9) prior year plus the sum of Columns (6), (7) & (8)
- Column (10) Column (9) current year plus Column (9) prior year divided by 2
- Column (11) Column (10) x 11.99% (NECo Pre-Tax Return Rate)



## **Exhibit 9**

### **List of Properties Qualifying as Environmental Response Sites**



**List of Environmental Response Sites**

Washington Street, Bristol

Thames Street, Bristol

Main Street, Warren

Canal Street, Westerly

Industrial Drive, Westerly

Tidewater Street, Pawtucket

Exchange Street, Pawtucket

High Street, Central Falls

Hamlet Ave, Woonsocket

Pond Street, Woonsocket

Cumberland (remote disposal location)

Lawn Street, Attleboro, Mass.

Mendon Road, Attleboro, Mass.

Melrose Street, Providence



## **Exhibit 10**

### **Deferral and Recovery of Uplift Costs**

The Narragansett Electric Company  
Recovery of Disputed Uplift Charges

	<u>Disputed Charges</u> (a)	<u>Interest</u> (b)	<u>Charges with Interest</u> (c)=(a) + (b)
Disputed Charges for the period June 1999 through Sept 2003 (1)	\$6,211,495	\$578,114	\$6,789,609
Cost Incurred for the period Oct 2003 through May 2004 (2)	<u>\$663,480</u>	<u>\$0</u>	<u>\$663,480</u>
Balance @ September 2003 (per RIPUC Docket No. 3571)	\$6,874,975	\$578,114	\$7,453,089
25% of Deferred Cost Disallowed per Settlement Agreement			<u>\$1,863,272</u>
Remaining Deferred Cost to be Recovered through Transmission Adj. Provision			\$5,589,817

(1) R.I.P.U.C. Docket No. 3571, Exhibit JAL-5, Page 5 of 12

(2) Interest on charges incurred during the current period transmission reconciliation, if any, will be calculated at the time of the Company's annual reconciliation filing.



**Exhibit 11**

**Service Quality Performance Standards**

**THE NARRAGANSETT ELECTRIC COMPANY  
PERFORMANCE STANDARDS  
UNDER RETAIL ACCESS TARIFFS**

The Narragansett Electric Company (“Narragansett Electric” or the “Company”) shall establish the performance standard for reliability and service that are set forth in this document. The standards are designed as a penalty-only approach, under which the Company would be penalized if its performance did not meet the standards. The Company receives no reward for performance which exceeds the standard. However, positive performance in one category can be used to offset penalties in other categories within a given year. The Company shall file annually by May 1 a report of its performance during the prior calendar year under the Performance Standards in this plan. Any net penalty balance reflected in the Company's annual report shall be credited to customers in a manner determined by the Commission at that time.

The maximum penalty authorized under the standards set forth below is \$2.2 million per year. The Performance Standards set forth below shall remain in effect from the effective date of the settlement through the effective date until it is modified by the Commission.

NOTE: When interpreting the performance standards that follow, please note that pages 6 through 9 of this Exhibit contain definitions of terms used in the standards.

**THE NARRAGANSETT ELECTRIC COMPANY  
PERFORMANCE STANDARDS  
UNDER RETAIL ACCESS TARIFFS**

**FREQUENCY OF INTERRUPTIONS PER CUSTOMER SERVED**

<u>Year</u>	<u>Frequency Coastal *</u>	<u>Frequency Capital *</u>
1999	1.34	0.99
1998	1.05	0.80
1997	1.17	0.81
1996	0.99	1.05
1995	1.59	1.50
1994	1.39	1.16
1993	0.93	1.05
Mean	1.21	1.05
Standard Deviation	0.22	0.22

PERFORMANCE STANDARD – Frequency of Interruptions:

<u>Frequency- Coastal Target</u>	<u>(Penalty)/ Offset</u>	<u>Frequency- Capital Target</u>	<u>(Penalty)/ Offset</u>
More than 1.65	(\$458,000)	More than 1.49	(\$458,000)
1.44 – 1.65	linear interpolation	1.28 – 1.49	linear interpolation
0.99 – 1.43	\$0	0.83 – 1.27	\$0
0.77 – 0.98	linear interpolation	0.61 – 0.82	linear interpolation
Less than 0.77	\$343,500	Less than 0.61	\$343,500

\* The calculations are based on data for the two operating areas of the Company – Coastal and Capital. Interruptions from “extraordinary events” are excluded, as described in the attached criteria.

$$\text{Frequency per Customer Served} = \frac{\text{Number of Customers Interrupted}}{\text{Number of Customers Served}}$$



**THE NARRAGANSETT ELECTRIC COMPANY  
PERFORMANCE STANDARDS  
UNDER RETAIL ACCESS TARIFFS**

**DURATION OF INTERRUPTIONS PER CUSTOMER SERVED**

<u>Year</u>	<u>Frequency Coastal *</u>	<u>Frequency Capital *</u>
1999	100.0	57.9
1998	54.4	32.5
1997	67.0	56.6
1996	56.1	75.3
1995	76.6	70.9
1994	56.9	55.5
1993	63.2	54.0
Mean	67.7	57.5
Standard Deviation	15.0	12.8

PERFORMANCE STANDARD – Duration of Interruptions:

<u>Frequency- Coastal Target</u>	<u>(Penalty)/ Offset</u>	<u>Frequency- Capital Target</u>	<u>(Penalty)/ Offset</u>
More than 97.7	(\$458,000)	More than 83.1	(\$458,000)
82.8 – 97.7	linear interpolation	70.4 – 83.1	linear interpolation
52.7 – 82.7	\$0	44.7 – 70.3	\$0
37.7 – 52.6	linear interpolation	31.9 – 44.6	linear interpolation
Less than 37.7	\$343,500	Less than 31.9	\$343,500

\* The calculations are based on data for the two operating areas of the Company – Coastal and Capital. Interruptions from “extraordinary events” are excluded, as described in the attached criteria.

$$\text{Duration per Customer Served (minutes)} = \frac{\text{Customer Minutes Interrupted}}{\text{Number of Customers Served}}$$

**THE NARRAGANSETT ELECTRIC COMPANY  
PERFORMANCE STANDARDS  
UNDER RETAIL ACCESS TARIFFS**

**CUSTOMER CONTACT**

<u>Year</u>	<u>% Satisfied*</u>
1999	82.1%
1998	77.8%
1997	79.5%
Mean	79.8%
Standard Deviation	1.8%

**PERFORMANCE STANDARD – Customer Contact:**

<u>% Satisfied</u>	<u>(Penalty)/</u>
<u>Target</u>	<u>Offset</u>
Less than 76.2%	(\$184,000)
76.2% – 77.9%	linear interpolation
78.0% – 81.6%	\$0
81.7% – 83.4%	linear interpolation
More than 83.4%	\$138,000

\* The calculations are based on responses from customers of Narragansett Electric based on surveys performed by an independent third party consultant. A sample of customers who have contacted the call center are surveyed in order to determine their level of satisfaction with their contact. Eight types of transactions are included in the survey, and the overall results are weighed based on the number of these transactions actually performed at the call center during the year.

The percent satisfied represents the responses in the top two categories of customer contact satisfaction under a seven point scale, where 1=extremely dissatisfied and 7=extremely satisfied.

**THE NARRAGANSETT ELECTRIC COMPANY  
PERFORMANCE STANDARDS  
UNDER RETAIL ACCESS TARIFFS**

**TELEPHONE CALLS ANSWERED WITHIN 20 SECONDS**

<u>Year</u>	<u>Percent of Calls Answered Within 20 Secs*</u>
1999	76.9%
1998	80.9%
1997	76.7%
1996	70.2%
Mean	76.2%
Standard Deviation	3.8%

PERFORMANCE STANDARD – Telephone Calls Answered within 20 Seconds:

<u>% Calls Answ Within 20 Sec Target</u>	<u>(Penalty)/ Offset</u>
Less than 68.6%	(\$184,000)
68.6% – 72.3%	linear interpolation
72.4% – 80.0%	\$0
80.1% – 83.8%	linear interpolation
More than 83.8%	\$138,000

$$\text{Percent of Calls Answered Within 20 Secs} = \frac{\text{Total Calls Answered Within 20 Seconds}}{\text{Total Calls Answered}}$$

**THE NARRAGANSETT ELECTRIC COMPANY  
PERFORMANCE STANDARDS  
UNDER RETAIL ACCESS TARIFFS**

**DEFINITIONS OF  
PERFORMANCE STANDARD  
MEASUREMENTS**

**INTERRUPTION EVENT**

The loss of service to more than one (1) customer for more than one (1) minute.

**INTERRUPTION DURATION**

The period of time, measured in minutes, from the initial notification of the interruption event to the time when service has been restored to the customers.

**NUMBER OF CUSTOMERS SERVED**

The number of customers taking electric service within the defined reporting service area on the last day of the reporting period.

**NUMBER OF CUSTOMERS INTERRUPTED**

The sum of the customers losing electric service for any defined grouping of interruption events during the reporting period.

**CUSTOMER MINUTES OF INTERRUPTION**

The product of the number of customers interrupted and the interruption duration for any interruption event. Also, the sum of those products for any defined grouping of interruption events.

**EXTRAORDINARY EVENTS**

A particular interruption event will be considered extraordinary, and will not count towards the Reliability Performance Standards, if it meets one of the following criteria:

- (1) It was the result of a major weather event which causes more than 10% of a district or the total company customers to be without service at a given time.
- (2) It was due to the failure of other companies' supply or transmission to Narragansett Electric customers and restoration of service was beyond the reasonable control of the Company and its employees.
- (3) It occurred because of an extraordinary circumstance, including, without limitation, a major disaster, earthquake, wild fire, flood, terrorism, or any other event beyond the reasonable control of the Company.

**THE NARRAGANSETT ELECTRIC COMPANY  
PERFORMANCE STANDARDS  
UNDER RETAIL ACCESS TARIFFS**

**LINEAR INTERPOLATION**

- (1) The actual performance or penalty each year will be calculated and the result will be scaled or interpolated linearly between the relevant two points of the results range and the relevant two points on the dollar range.
- (2) The method of determining the actual penalty, or offset, of each performance standard is determined by multiplying the value of the penalty, or offset, by the absolute value of the actual performance indicator minus the value of the first standard deviation from the mean of that indicator, divided by the value of the second standard deviation of the mean of that indicator minus the value of the first standard deviation from the mean of that indicator.

$$\text{\$ Penalty or Offset} = \text{Penalty or Offset \$ Value} \times \frac{\text{Actual} - 1^{\text{st}} \text{ standard deviation}}{2^{\text{nd}} \text{ standard deviation} - 1^{\text{st}} \text{ standard deviation}}$$

**CUSTOMER CONTACT**

The calculations are based on responses from customers of Narragansett Electric, based on surveys performed by an independent third party consultant. A sample of customers who have contacted the call center are surveyed in order to determine their level of satisfaction with their contact. The Company will maintain the same levels of statistical precision of the results as in prior surveys. Eight types of transactions are included in the survey, and the overall results are weighed based on the number of these transactions actually performed at the call center during the year. The eight types of transactions are power Interruptions, meter on, meter off, meter exchange, collection, payment plan, meter reread, and meter test.

The percent satisfied represents the responses in the top two categories of customer contact satisfaction under a seven-point scale, where 1=extremely dissatisfied and 7=extremely satisfied.

**TELEPHONE CALLS ANSWERED WITHIN 20 SECONDS**

The percent of calls answered within 20 seconds is calculated by dividing the number of calls answered by a customer service representative within 20 seconds by the total number of calls answered by a customer service representative during the year. A call is considered answered when it reaches a customer service representative; abandoned calls are not considered. All calls that are answered by a customer service representative are included in the measurement of percentage answered; there are no exclusions. The time to answer is measured once the customer selects the option to speak with a customer service representative and thus leaves the recordings in the Voice Response Unit.

**THE NARRAGANSETT ELECTRIC COMPANY  
PERFORMANCE STANDARDS  
UNDER RETAIL ACCESS TARIFFS**

**ADDITIONAL REPORTING CRITERIA**

1. Each quarter, the Company will file a report of 5% of all circuits designated as worst performing on the basis of customer frequency.

Included in the report will be:

1. The circuit id and location.
  2. The number of customers served.
  3. The towns served.
  4. The number of events.
  5. The average duration.
  6. The total customer minutes.
  7. A discussion of the cause or causes of events.
  8. A discussion of the action plan for improvements including timing.
2. Narragansett will track and report monthly the number of calls it receives in the category of Trouble, Non-Outage. This includes inquiries about dim lights, low voltage, half-power, flickering lights, reduced TV picture size, high voltage, frequently burned out bulbs, motor running problems, damaged appliances and equipment, compute operation problems and other non-Interruptions related inquiries.
3. In addition, Narragansett will report its annual meter reading performance as an average of monthly percentage of meters read.