

April 11, 2006

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 3635 - 2005 Demand Side Management Programs
2005 Year-End Report

Dear Ms. Massaro:

Pursuant to the Settlement of the Parties approved by the Commission in Order No. 18152 (February 17, 2005) in Docket 3635, enclosed are ten (10) copies of the 2005 Demand Side Management Year-End Report ("Report") for The Narragansett Electric Company, d/b/a National Grid. A copy of this Report has also been provided to the parties in this proceeding.

Thank you for your attention to our filing. Please feel free to contact me if you have any questions regarding this matter at (401) 784-7667.

Very truly yours,



Laura S. Olton

Enclosures

cc: Docket 3635 Service List
RI DSM Collaborative Members (w/enclosure)

2005 DSM Year-End Report

for

The Narragansett Electric
Company

d/b/a

National Grid

April 11, 2006

Table of Contents

	<u>Page</u>
Introduction	1
Commercial and Industrial Programs	2
Residential Programs	3
Table 1: Summary of 2005 Target and Year-End Results	4
Table 2: Summary of Value, kW, and kWh by Program	5
Table 3: Summary of B/C Ratios, Value, Implementation Expenses, and Evaluation Costs (\$000's)	6
Table 4: National Grid 2005 DSM Incentive Calculation	7
Table 5: 2005 Performance Metrics	8
Table 6: Demand-Side Management Adjustment and Fund Balance	9
Table 7: 2005 Commercial and Industrial DSM Programs	10
Table 8: 2005 Residential DSM Programs	11

National Grid

2005 DSM Year-End Report

Introduction

This report summarizes the results of The Narragansett Electric Company's, d/b/a National Grid (Company's), commercial and industrial (C&I) and residential demand-side management (DSM, or energy efficiency) program efforts in 2005. These programs are described more fully in the "Settlement of the Parties," filed September 30, 2004, and approved by the Rhode Island Public Utilities Commission in Order No. 18152, issued February 17, 2005.

For the 2005 DSM program year, the Company established a goal, adjusted by year-end evaluation results, to achieve 9,463 kW in annual demand savings and 58,812 MWh of annual energy savings. By year-end 2005, the Company achieved annual demand savings of 9,364 kW and 66,267 annual MWh energy savings. These results were achieved at a benefit/cost ratio of 3.30.

The chart below summarizes year-end program expenditures compared to budgeted amounts.

Budget vs. Expenditures, 2005		
	True-Up Budget, \$Million ¹	Year-End Spending, \$Million ²
Total Expenditures and Commitments ³	\$23.1	\$23.4
Total Expenditures, excluding Commitments	\$18.9	\$17.6
Total Implementation Expenses, residential and C&I programs ⁴	\$17.6	\$16.3

As seen above, the Company spent \$16.3 million in 2005 on the residential and commercial and industrial (C&I) DSM programs, which began to generate energy savings in 2005. The Company also made \$5.8 million in commitments for future projects in the Large C&I programs.

¹ True-Up Budget is Total Budgeted Expenditures and Commitments from the True-Up Filing in Docket 3635, filed June 10, 2005, Updated Attachment 5, page 2 of 2.

² Year-End Spending is actual spending in 2005.

³ Total Expenditures and Commitments includes all DSM program-related expenses, including rebates, administration and general expenses (A&G), evaluation, expenses to be repaid by customer co-payments, commitments for future years, and Company incentive.

⁴ Total Implementation Expenses are net of the co-payment amounts paid directly by Small Business Program participants and paid by Large C&I customers for technical assistance. Implementation expenses also exclude final HEM program decommissioning costs, evaluation expenses, and the Company's incentive. See Table 1 notes for details on co-payments and Table 3 for details on the evaluation expenses and incentive.

Table 1 summarizes the 2005 year-end performance for all of the DSM programs compared with annual goals and approved budgets. Overall, the programs achieved approximately 113% of targeted annual energy savings and 99% of targeted annual kW savings, while using 96% of the implementation budget for the DSM programs.

Table 2 summarizes the value created by the projected lifetime MWh and kW-year savings from the 2005 DSM programs. The programs created \$57.3 million in total value. The total value created stems from \$50.4 million in electricity savings and \$6.9 million from other participant resource savings, such as fossil fuel and water.

Table 3 provides the Rhode Island benefit/cost (B/C) ratios for the residential and C&I programs. The B/C ratios incorporate the total value, implementation expenses, evaluation costs and shareholder incentive resulting from the Company's implementation of the programs during 2005. Overall, the B/C ratio for the portfolio of energy efficiency programs implemented in 2005 is 3.30.

Table 4 documents that the Company has earned \$795,648 for the successful implementation of its energy efficiency programs in 2005. Of this total, the Company earned \$70,000 from fully meeting four performance metric targets, and partially meeting the fifth performance metric target in 2005. The Company earned \$725,648 through the energy savings portion of the incentive mechanism. Table 5 provides details on the metric performance.

The 2005 Year-End DSM fund balance of (\$340,638) is shown in Table 6. Table 7 describes the Company's C&I programs, and Table 8 describes the Company's residential programs.

Commercial and Industrial Programs

In 2005, the C&I programs were cost-effective with an overall Rhode Island B/C ratio of 3.82. Descriptions of the C&I energy efficiency programs implemented in 2005 are contained in Table 7.

Large Commercial and Industrial Programs

For the Large C&I programs, Energy Initiative and Design 2000plus, the Company achieved 96% of the targeted annual energy savings and 95% of targeted annual kW savings while spending 83% of the implementation budget. The Rhode Island B/C ratio for the Large C&I programs was 4.76.

The total amount of spending in 2005 plus outstanding commitments at year-end was \$10.4 million, which is 96% of the final 2005 spending and commitment budget of \$10.8 million. This indicates that most of the underspending in 2005 was offset by commitments carrying into 2006.

Small Commercial and Industrial Programs

The Company offered its Small Business Services (SBS) Program to the Small Commercial and Industrial sector. The Company spent 104% of the SBS implementation budget and achieved 106% of targeted annual energy savings and 101% of targeted annual kW savings. The SBS program achieved a Rhode Island B/C ratio of 2.21.

Load Response Program

In 2005, the Company conducted demand response audits of 16 customers throughout Rhode Island, comprising 45 electric accounts. The audits provide customers with valuable information about their facilities' energy use and potential for participating in the Company's targeted demand response program or ISO-New England's demand response programs. The Company spent 223% of its budget for audits in 2005 because of the high demand for this service and the large number of involved accounts. Late in 2005 the Company identified southwestern Rhode Island as a targeted area, where demand response could assist in deferring needed transmission upgrades, and began to focus audit efforts in that area.

Residential Programs

In 2005, the residential DSM programs were cost-effective with an overall Rhode Island B/C ratio of 2.64. The Company spent approximately 104% of the residential implementation budget and achieved 140% of targeted annual energy savings and 106% of targeted annual kW savings. Descriptions of the 2005 residential energy efficiency programs are contained in Table 8.

NATIONAL GRID

Table 1. Summary of 2005 Target and Year End Results

	(1) Approved Target	(1a) Adjusted Target	(2) Year End	(3) Pct Achieved	(4) Approved Target	(4a) Adjusted Target	(5) Year End	(6) Pct Achieved	(7) Approved Target	(8) Year End	(9) Pct Achieved	(10) Approved Budget	(11) Year End	(12) Pct Achieved
	Demand Reduction (Annual kW)				Energy Savings (Annual MWh)				Customer Participation			Implementation Expenses (\$ 000)		
Large Commercial and Industrial														
Design 2000plus	2,023	2,040	1,908	93.5%	9,478	9,200	10,167	110.5%	189	183	96.8%	\$2,849.1	\$2,542.2	89.2%
Energy Initiative	3,694	3,187	3,075	96.5%	18,035	21,087	18,750	88.9%	185	196	105.9%	3,858.0	2,963.0	76.8%
Load Response	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	25.6	57.0	222.5%
SUBTOTAL	5,717	5,227	4,983	95.3%	27,513	30,286	28,917	95.5%	374	379	101.3%	\$6,732.7	\$5,562.1	82.6%
Small Commercial and Industrial														
Small Business Services	1,962	1,925	1,937	100.6%	7,466	7,304	7,718	105.7%	887	476	53.7%	\$3,247.2	\$3,368.5	103.7%
SUBTOTAL	1,962	1,925	1,937	100.6%	7,466	7,304	7,718	105.7%	887	476	53.7%	\$3,247.2	\$3,368.5	103.7%
Residential														
IN-HOME	461	455	397	87.2%	4,111	4,056	4,399	108.5%	4,710	5,182	110.0%	\$3,736.4	\$3,812.1	102.0%
Low Income Appliance Management Program	132	126	138	109.2%	1,157	1,101	1,377	125.1%	1,011	1,183	117.0%	1,856.4	1,924.9	103.7%
Energy Wise	329	329	259	78.8%	2,955	2,955	3,022	102.3%	3,699	3,999	108.1%	1,834.6	1,841.0	100.3%
Home Energy Management	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	45.5	46.1	101.4%
PRODUCTS	1,469	1,615	1,937	119.9%	13,519	15,850	24,579	155.1%	77,825	132,087	169.7%	2,043.2	2,106.2	103.1%
Energy Star Products	408	393	403	102.4%	830	833	1,338	160.7%	5,785	7,551	130.5%	490.0	526.9	107.5%
Energy Star Lighting	754	915	1,391	152.0%	12,546	14,874	23,155	155.7%	71,221	123,700	173.7%	1,101.1	1,217.4	110.6%
Energy Star Heating System	0	0	0	0.0%	12	12	14	116.9%	609	712	116.9%	200.9	224.6	111.8%
Energy Star Central Air Conditioning	307	307	143	46.6%	131	131	72	54.9%	210	124	59.0%	251.2	137.2	54.6%
INFORMATION AND EDUCATION	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	97.2	153.7	158.1%
NEW CONSTRUCTION	228	240	110	45.8%	1,141	1,316	653	49.6%	600	429	71.5%	1,176.9	1,275.7	108.4%
SUBTOTAL	2,158	2,311	2,444	105.8%	18,772	21,221	29,631	139.6%	83,135	137,698	165.6%	\$7,053.7	\$7,347.7	104.2%
TOTAL	9,837	9,463	9,364	99.0%	53,751	58,812	66,267	112.7%	84,396	138,553	164.2%	\$17,033.6	\$16,278.2	95.6%

NOTES

- (1) Approved Target from June 10, 2005, True-Up Filing, Attachment 9 page 2 of 3.
- (1a) Adjusted Target is Column (1) adjusted for evaluation results at 2005 Year End.
- (3) Pct Achieved is Column (2)/ Column (1a).
- (4) Approved Target from True-Up, Attachment 9 page 2 of 3, Maximum Annual MWh Saved.
- (4a) Adjusted Target is Column (1) adjusted for evaluation results at 2005 Year End.
- (6) Pct Achieved is Column (5)/ Column (4a).
- (7), (8) Customer Participation in 2005 defined as completed projects in Approved Target and Year End, except for C&I Year End participants, which are counted as unique customer participants.
230 projects were completed in Design 2000plus, 240 in Energy Initiative, and 608 in SBS.
SBS participation may be low relative to savings because of the participation of larger customers between 100 and 200 kW for the first time.
- (9) Pct Achieved is Column (8)/ Column (7).
- (10) Approved Budget from True-Up Attachment 9, page 1 of 3. This excludes budgeted evaluation expenses as well as:
For Design 2000plus and Energy Initiative this excludes estimated commitment budget of \$1,517,600 for Design 2000 plus and \$2,583,900 for Energy Initiative, respectively.
For Small Business Services, this is net of expected copayments of \$475,200.
- (11) Year End Implementation Expenses are net of the following items:
Actual evaluation expenses
Actual commitments made in 2005 for 2006: Design 2000plus commitments equal \$1,517,556 and Energy Initiative commitments equal \$4,253,240. Total commitments in 2005 equaled \$5,770,796.
Actual Customer copayments of \$99,611 for Design 2000plus technical assistance, \$7,081 for Energy Initiative technical assistance, and \$528,034 for Small Business Services installations.
- (12) Pct Achieved is Column (11)/ Column (10).

NATIONAL GRID

**Table 2. Summary of Value, kW, and kWh by Program
2005 Program Year**

	Value (000's)						Load Reduction in kW				MWh Saved	
	Total	Capacity	Energy		MDC	Participant Resource	Maximum Annual (1)	Winter	Summer	Lifetime	Annual (1)	Lifetime
			On Peak	Off Peak								
Large Commercial and Industrial												
Design 2000 ^{plus}	\$9,754	\$2,348	\$3,443	\$2,561	\$1,403	\$0	1,908	1,143	1,908	29,473	10,167	162,848
Energy Initiative	\$19,227	\$4,331	\$8,369	\$3,774	\$2,753	\$0	3,075	2,497	3,075	52,856	18,750	317,336
Load Response	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SUBTOTAL	\$28,981	\$6,679	\$11,812	\$6,334	\$4,156	\$0	4,983	3,640	4,983	82,329	28,917	480,184
Small Commercial and Industrial												
Small Business Services	\$7,850	\$2,163	\$3,695	\$756	\$1,236	\$0	1,937	1,056	1,937	27,570	7,718	109,066
SUBTOTAL	\$7,850	\$2,163	\$3,695	\$756	\$1,236	\$0	1,937	1,056	1,937	27,570	7,718	109,066
Residential												
IN-HOME	\$5,401	\$514	\$1,063	\$1,141	\$791	\$1,892	397	984	397	5,030	4,399	60,469
Low Income Appliance Management Program	\$2,529	\$165	\$295	\$318	\$216	\$1,536	138	318	138	1,770	1,377	16,616
Energy Wise	\$2,872	\$349	\$768	\$824	\$575	\$356	259	666	259	3,260	3,022	43,853
Home Energy Management	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	0	0	0
PRODUCTS	\$13,304	\$1,370	\$3,063	\$3,335	\$1,699	\$3,838	1,937	3,292	1,937	16,138	24,579	165,545
Energy Star Products	\$4,706	\$408	\$327	\$352	\$340	\$3,278	403	201	403	5,176	1,338	18,526
Energy Star Lighting	\$7,683	\$792	\$2,697	\$2,970	\$1,224	\$0	1,391	3,021	1,391	8,823	23,155	145,773
Energy Star Heating System	\$571	\$1	\$3	\$3	\$4	\$560	0	7	0	1	14	171
Energy Star Central Air Conditioning	\$345	\$169	\$35	\$10	\$131	\$0	143	63	143	2,138	72	1,075
INFORMATION AND EDUCATION	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NEW CONSTRUCTION	\$1,800	\$173	\$134	\$144	\$130	\$1,219	110	83	110	2,207	653	7,538
SUBTOTAL	\$20,505	\$2,057	\$4,259	\$4,620	\$2,620	\$6,948	2,444	4,359	2,444	23,375	29,631	233,552
TOTAL	\$57,336	\$10,899	\$19,766	\$11,710	\$8,012	\$6,948	9,364	9,055	9,364	133,274	66,267	822,802

(1) From Table 1.

NATIONAL GRID

**Table 3. Summary of B/C Ratios, Value, Implementation Expenses, and Evaluation Costs (\$000's)
2005 Program Year**

	Rhode Island Benefit/Cost (1)	Value Total (2)	Implementation Expenses (3)	Evaluation Cost(4)	Shareholder Incentives (5)
Large Commercial and Industrial					
Design 2000 <i>plus</i> (4)	3.54	\$9,753.7	\$2,542.2	\$117.3	\$99.7
Energy Initiative (4)	5.88	19,226.9	2,963.0	120.9	183.8
Load Response	n/a	n/a	57.0	0.0	n/a
SUBTOTAL	4.76	\$28,980.6	\$5,562.1	\$238.2	\$283.5
Small Commercial and Industrial					
Small Business Services (4)	2.21	7,850.2	3,368.5	16.2	\$169.0
SUBTOTAL	2.21	\$7,850.2	\$3,368.5	\$16.2	\$169.0
SUBTOTAL C&I	3.82	\$36,830.8	\$8,930.6	\$254.4	\$452.5
Residential					
IN-HOME	1.39	\$5,401.0	\$3,812.1	\$10.7	\$50.9
Low Income Appliance Management Program	1.3	2,529.3	1,924.9	9.0	15.9
Energy Wise	1.5	2,871.7	1,841.0	1.7	35.0
Home Energy Management	0.0	0.0	46.1	0.0	0.0
PRODUCTS	5.44	\$13,304.1	\$2,106.2	\$56.4	\$284.6
Energy Star Products	8.7	4,705.5	526.9	0.3	15.5
Energy Star Lighting	5.0	7,683.3	1,217.4	56.1	268.1
Energy Star Heating System	2.5	570.7	224.6	0.0	0.2
Energy Star Central Air Conditioning	2.5	344.6	137.2	0.0	0.8
INFORMATION AND EDUCATION	0.00	n/a	153.7	0.0	\$0.0
NEW CONSTRUCTION	1.40	\$1,799.7	1,275.7	3.1	\$7.6
SUBTOTAL RESIDENTIAL	2.64	\$20,504.8	\$7,347.7	\$70.2	\$343.1
TOTAL	3.30	\$57,335.7	\$16,278.2	\$324.6	\$795.6

Notes:

- (1) RI Benefit/Cost = Value/(Implementation Expenses + Evaluation Cost + Shareholder Incentives).
- (2) Year-End Value Total from Table 2.
- (3) Year-End Implementation Expenses by Program from Table 1.
- (4) National Grid's evaluation cost including staff labor costs and outside contractor services.
Other program design, evaluation, and planning expenses have been allocated to each program.
- (5) Shareholder incentives earned by sectors have been allocated to programs based on annual kWh savings.

NATIONAL GRID

Table 4. National Grid 2005 DSM Incentive Calculation

Incentive Rate: 4.40%

Sector	(1) Spending Budget	(2) Target Incentive	(3) Target Incentive for Performance Metrics	(4) Target Incentive - Annual kWh Savings	(5) Annual kWh Savings Goal (True-up Filing)	(5a) Adjusted Annual kWh Savings Goal	(6) Threshold kWh Savings	(7) Target Incentive Per kWh
Residential	\$7,125,408	\$313,165	\$30,000	\$283,165	18,771,636	21,221,012	12,732,607	\$0.013
Small Commercial & Industrial	\$3,667,902	\$160,763	\$15,000	\$145,763	7,466,154	7,304,358	4,382,615	\$0.020
Large Commercial & Industrial	\$6,813,259	\$300,760	\$30,000	\$270,760	27,513,427	30,286,327	18,171,796	\$0.009
Total	\$17,606,570	\$774,689	\$75,000	\$699,689	53,751,216	58,811,697	35,287,018	

Sector	(8) Actual kWh	(9) % of Target Savings	(10) Savings Eligible for Incentive	(11) Earned Savings Incentive	(12) Earned Metric Incentive	(13) Total Earned Incentive
Residential	29,631,234	140%	23,464,544	\$313,102	\$30,000	\$343,102
Small Commercial & Industrial	7,718,416	106%	7,718,416	\$154,026	\$15,000	\$169,026
Large Commercial & Industrial	28,917,072	95%	28,917,072	\$258,519	\$25,000	\$283,519
Total	66,266,722			\$725,648	\$70,000	\$795,648

- Column 1: Spending Budget from June 10, 2005, filing in Docket 3635 ("True-Up Filing"), Updated Attachment 8. Excludes the following: Home Energy Management; Energy Initiative and Design 2000*plus* commitments; and Small Business Services co-payments expected to be received in 2005.
- Column 2: Column 1 * Incentive Rate
- Column 3: \$15,000 per proposed performance metric.
- Column 4: Column (2) - Column (3) allocated to each sector based on the sector Spending Budget.
- Column 5: Annual MWh Approved Targets by Sector from Table 1, Column (4).
- Column 5a: Annual MWh Adjusted Target by Sector from Table 1, Column (4a).
- Column 6: Column 5a * 0.60 (60% Threshold).
- Column 7: Column 4 / Column 5a
- Column 8: Year End Savings from Table 1, Column (5)
- Column 9: Column 8 / Column 5a
- Column 10: If Column 9 is less than 60%, Column 10 = 0,
If Column 9 is between 60% and 125%, Column 10 = Column 8;
If Column 9 is greater than 125%, Column 10 = 125% of Column 5 due to the incentive cap.
- Column 11: Column 10 * Column 7
- Column 12: As documented in Table 5
- Column 13: Column 11 + Column 12

NATIONAL GRID

Table 5. 2005 Performance Metrics

Metric	Description	Threshold	Target	2005 Results	Actual	Incentive
ENERGY STAR New Construction						
Residential Metric 1:	In 2005, the Company will conduct plans analyses and home ratings and sign ENERGY STAR® builders agreements with new homes built in Rhode Island. It will increase the penetration of signed builders agreements in 2005 by 3 percentage points compared to the penetration achieved in	30% \$10,000	33% \$15,000	The Company signed ENERGY STAR builder's agreements with a total of 1094 units in 2005. There were a total of 2791 permits pulled in Rhode Island in 2005. The signed agreements are 39.2% of the permits pulled.	39.2%	\$15,000
EnergyWise Targeting						
Residential Metric 2:	The Company will actively target the 2,550 customers currently receiving the benefit due to the HEM program that have not previously been served through EnergyWise. The Company will also actively offer EnergyWise services to the approximately 10,200 customers who (a) are not low income, (b) who have previously been shut-off for non-payment over the past three years, and (c) have not previously participated in the EnergyWise program. The Company will serve a total of 100 customers from these two groups.	60 \$9,000	100 \$15,000	The Company served 116 of the targeted customers with EnergyWise services in 2005.	116	\$15,000
Building Operator Certification (BOC) Training						
C& I Metric 1:	In 2005, the Company will enroll 25 Rhode Island facility building engineers, technicians, contractors, or operators in the Northeast Energy Efficiency Partnerships - Level 2- O&M training and certification course.	20 \$12,000	25 \$15,000	The Company, in co-operation with the State Energy Office, offered a Level 2 BOC class in fall 2005. There were 27 facility professionals enrolled in the class.	27	\$15,000
High Performance Schools						
C&I Metric 2:	The Company will contract with new public or private school projects through Design 2000plus to provide full incremental cost for high performance design and construction practices with a special focus on high quality energy efficient lighting. It shall contract with 2 schools more than it contracted with in	1 \$10,000	2 \$12,500	3 \$15,000	The Company signed a high performance school contract with 1 school.	1 \$10,000
Comprehensiveness in Small Business Installations						
C&I Metric 3:	The Company will achieve 2 percentage points greater comprehensiveness in Small Business Services in 2005 than it achieved in 2004. The percentage will be calculated as the number of completed non prescriptive lighting or other custom energy efficiency applications (excluding custom walk-in cooler applications) divided by the total number of applications (excluding walk-in cooler applications) in 2005.	5% \$9,000	7% \$15,000	For 2005, the Company completed 32 custom projects and had 476 total participants, and 39 cooler only participants. We thus achieved a comprehensiveness measure of $32/(476-39) = 7.3\%$.	7.3%	\$15,000

TABLE 6

Date: 6-Apr-06

**THE NARRAGANSETT ELECTRIC COMPANY, d/b/a NATIONAL GRID
DEMAND - SIDE MANAGEMENT ADJUSTMENT AND FUND BALANCE**

12 Months Actual 2005

Total C&LM Revenue/Expense for Jan-Dec 2005

	<u>Actual JAN</u>	<u>Actual FEB</u>	<u>Actual MAR</u>	<u>Actual APRIL</u>	<u>Actual MAY</u>	<u>Actual JUNE</u>	6MTHS Y.T.D
Residential Revenue	\$565,388	\$518,548	\$525,190	\$454,347	\$399,318	\$456,969	\$2,919,761
Small C&I Revenue	\$290,111	\$285,504	\$294,870	\$272,333	\$269,845	\$287,950	\$1,700,612
Large C&I Revenue	<u>\$491,513</u>	<u>\$487,696</u>	<u>\$497,772</u>	<u>\$472,438</u>	<u>\$451,398</u>	<u>\$484,745</u>	<u>\$2,885,562</u>
1. TOTAL REVENUE (A)	\$1,347,011	\$1,291,749	\$1,317,833	\$1,199,118	\$1,120,561	\$1,229,664	\$7,505,936
Residential Expense	\$104,445	\$249,503	\$363,545	\$252,280	\$390,100	\$455,455	\$1,815,328
Small C&I Expense	(\$8,294)	\$89,759	\$371,922	\$305,865	(\$36,733)	\$576,264	\$1,298,782
Large C&I Expense	<u>\$178,298</u>	<u>\$164,293</u>	<u>\$369,288</u>	<u>\$304,697</u>	<u>\$307,699</u>	<u>\$435,105</u>	<u>\$1,759,380</u>
2. TOTAL EXPENSE (B)	\$274,449	\$503,555	\$1,104,754	\$862,842	\$661,066	\$1,466,824	\$4,873,490
3. Cash Flow Over/(Under)	\$1,072,562	\$788,194	\$213,079	\$336,276	\$459,495	(\$237,160)	\$2,632,446
4. Start of Period Balance (C)	\$6,319,267	\$7,421,822	\$8,245,774	\$8,497,691	\$8,875,491	\$9,380,360	\$6,319,267
5. End of Period Balance Before Interest	\$7,391,829	\$8,210,016	\$8,458,853	\$8,833,967	\$9,334,986	\$9,143,200	\$8,951,713
6. Residential Interest	\$5,982	\$7,953	\$9,122	\$10,315	\$11,305	\$11,445	\$56,122
Small C&I Interest	\$3,665	\$4,980	\$5,361	\$5,285	\$6,203	\$6,311	\$31,805
C&I Interest	<u>\$20,345</u>	<u>\$22,825</u>	<u>\$24,356</u>	<u>\$25,924</u>	<u>\$27,866</u>	<u>\$28,630</u>	\$149,946
TOTAL INTEREST (D)	\$29,993	\$35,758	\$38,838	\$41,524	\$45,374	\$46,386	\$237,873
7. End of Period Balance After Interest	\$7,421,822	\$8,245,774	\$8,497,691	\$8,875,491	\$9,380,360	\$9,189,586	\$9,189,586
	<u>Actual JULY</u>	<u>Actual AUG</u>	<u>Actual SEPT</u>	<u>Actual OCT</u>	<u>Actual NOV</u>	<u>Actual DEC</u>	ANNUAL TOTAL
Residential Revenue	\$582,931	\$685,868	\$628,271	\$485,006	\$453,170	\$554,466	\$6,309,473
Small C&I Revenue	\$317,907	\$324,841	\$340,371	\$303,099	\$276,622	\$318,038	\$3,581,490
Large C&I Revenue	<u>\$540,719</u>	<u>\$556,941</u>	<u>\$580,689</u>	<u>\$512,293</u>	<u>\$464,900</u>	<u>\$534,210</u>	<u>\$6,075,315</u>
8. TOTAL REVENUE (A)	\$1,441,558	\$1,567,650	\$1,549,331	\$1,300,398	\$1,194,691	\$1,406,714	\$15,966,278
Residential Expense	\$279,864	\$693,593	\$631,725	\$781,782	\$959,017	\$2,295,016	\$7,456,326
Small C&I Expense	(\$27,624)	\$177,153	\$585,083	\$578,356	(\$18,525)	\$787,443	\$3,380,668
Large C&I Expense	<u>\$665,117</u>	<u>\$663,113</u>	<u>\$550,500</u>	<u>\$475,867</u>	<u>\$699,069</u>	<u>\$952,790</u>	<u>\$5,765,836</u>
9. TOTAL EXPENSE (B)	\$917,357	\$1,533,859	\$1,767,308	\$1,836,005	\$1,639,561	\$4,035,250	\$16,602,830
10. Cash Flow Over/(Under)	\$524,201	\$33,791	(\$217,977)	(\$535,607)	(\$444,870)	(\$2,628,536)	(\$636,552)
11. Start of Period Balance (C)	\$9,189,586	\$9,763,014	\$9,849,291	\$9,684,805	\$9,202,168	\$8,809,680	\$6,319,267
12. End of Period Balance Before Interest	\$9,713,787	\$9,796,805	\$9,631,314	\$9,149,198	\$8,757,298	\$6,181,144	\$5,682,715
13. Residential Interest	\$12,755	\$14,004	\$14,376	\$13,962	\$12,219	\$5,862	\$129,300
Small C&I Interest	\$6,745	\$8,310	\$8,282	\$7,068	\$7,429	\$7,113	\$76,751
C&I Interest	<u>\$29,728</u>	<u>\$30,172</u>	<u>\$30,832</u>	<u>\$31,941</u>	<u>\$32,734</u>	<u>\$31,686</u>	\$337,039
TOTAL INTEREST (D)	\$49,228	\$52,486	\$53,490	\$52,971	\$52,382	\$44,660	\$543,090
14. End of Period Balance After Interest	\$9,763,014	\$9,849,291	\$9,684,805	\$9,202,168	\$8,809,680	\$6,225,804	\$6,225,804
15. Residential Incentive							\$343,102
Small C&I Incentive							\$169,026
C&I Incentive							\$281,119
Total Incentives							\$795,647
15a. Commitments							\$5,770,796
FUND BALANCE AT YEAR-END							(\$340,638)

(A) Revenue Report

(B) Source: PeopleSoft query

(C) "End of Period Balance Before Interest" from prior month.

Interest Rates:	JAN = 5.25%	FEB = 5.49%	MAR = 5.58%	APR = 5.75%
	MAY = 5.98%	JUN = 6.01%	JUL = 6.25%	AUG = 6.44%
	SEP = 6.59%	OCT = 6.75%	NOV = 7.00%	DEC = 7.15%

Table 7: 2005 Commercial and Industrial DSM Programs

Program Name	Description
Design 2000plus Program	<p>Promotes energy efficient design and construction practices in new and renovated commercial, industrial, and institutional buildings. The program also promotes the installation of high efficiency equipment in existing facilities during building remodeling and at the time of equipment failure and replacement. Design 2000plus is known as a lost opportunities program because a customer who does not install energy efficient equipment at the time of new construction or equipment replacement will likely never make the investment for that equipment or will make the investment at a much greater cost at a later time.</p> <p>Design 2000plus provides both technical and design assistance to help customers identify efficiency opportunities in their new building designs and to help them refine their designs to pursue these opportunities. The program also offers rebates to eliminate or significantly reduce the incremental cost of high efficiency equipment over standard efficiency equipment. Commissioning or quality assurance is also offered to ensure that the equipment and systems operate as intended.</p>
Energy Initiative Program	<p>Energy Initiative is a comprehensive retrofit program designed to promote the installation of energy efficient electric equipment such as lighting, motors, and heating, ventilation and air conditioning (HVAC) systems in existing buildings. All commercial, industrial, and institutional customers are eligible to participate. The Company offers technical assistance to customers to help them identify cost-effective conservation opportunities, and pays rebates to assist in defraying part of the material and labor costs associated with the energy efficient equipment.</p>
Small Business Services Program	<p>The Small Business Services Program provides direct installation of energy efficient lighting and non-lighting retrofit measures. Customers with average monthly demand of less than 200 kW or annual energy usage of less than 300,000 kWh are eligible to participate. The program's lighting measures are delivered through one labor and one product vendor selected through a competitive bidding process. The labor vendor performs lighting analysis, installs measures, and inputs data into a database. Refrigeration measures are performed by a different vendor. These measures include cooler door heaters, fan controls, and freezer door heater controls. The customer pays 35% of the total cost of a retrofit. This amount is discounted 15% for a lump sum payment or the customer has the option of spreading the payments over a two-year period interest free.</p>
Load Response	<p>The Load Response program funds demand response audits of customer facilities to help them understand their power use, identify opportunities for load response, and present them with implementation recommendations to facilitate demand reduction in the event of a load response event.</p>

Table 8: 2005 Residential DSM Programs

Program Name	Description
Low Income Appliance Management	The low income program, also known as the Appliance Management Program, is delivered by the State Energy Office and local Community Action agencies. It provides the same services as the EnergyWise program, described below, but no customer contribution is required for equipment installation.
Energy Wise	The EnergyWise program offers customers free home energy audits of their homes and information on their actual electric usage. Participants in this program receive financial incentives to replace inefficient lighting fixtures, appliances, thermostats, insulation levels and windows with models that are more energy efficient. The program addresses baseload electric use as well as electric heat in all residential buildings.
Home Energy Management	HEM provided for direct control of residential water heaters. The program was terminated in late 2004, and decommissioning operations were completed in 2005.
ENERGY STAR Products	Included in this initiative is the ENERGY STAR Appliance Program which promotes the purchase of high efficiency major appliances (refrigerators, dishwashers, clothes washers, room air conditioners) that bear the ENERGY STAR Label. It is offered by several utilities throughout the region. Year round rebates of \$50 were provided for clothes washers and seasonal rebates of \$25 were offered for air conditioners.
ENERGY STAR Lighting	This is an initiative implemented jointly with other regional utilities. It provides discounts to customers for the purchase of ENERGY STAR compact fluorescent lamps and fixtures through instant rebates, special promotions at retail stores, or a mail order catalog.
ENERGY STAR Heating	Homeowners purchasing or replacing an existing oil or propane heating system with a qualifying ENERGY STAR heating system are eligible to receive a rebate to defray the cost of the higher efficiency system. Funding is provided by Narragansett Electric and administered by the State Energy Office.
ENERGY STAR Central A/C	This program promotes the installation of high efficiency central air conditioners. The program provides training of contractors in installation, testing of the high efficiency systems and rebates for ENERGY STAR systems
Information and Education	The Company promotes energy education in schools through the National Energy Education Development (N.E.E.D) Program. This program provides curriculum materials and training for a comprehensive energy education program. The Company also supports the ENERGY STAR Homes Vocational School Initiative which trains students at the Woonsocket and Warwick Area Career and Technical Centers to be ENERGY STAR certified builders and the “Kids for Conservation” program.
New Construction	The ENERGY STAR Homes Program promotes the construction of energy efficient homes by offering technical and marketing assistance, as well as cash incentives to builders of new energy efficient homes that comply with the program’s performance standards.

Certificate of Service

I hereby certify that a copy of the cover letter and accompanying material(s) have been hand-delivered or sent via U.S. mail to the parties listed below.



Joanne M. Scanlon
The Narragansett Electric Company

April 11, 2006
Date

Narragansett Electric Co. – Demand Side Management – Dkt. 3635
Service list as of 10/05/04

Name/Address	E-mail Distribution List	Phone/FAX
Laura Olton, Esq. Amy Rabinowitz, Esq. 280 Melrose St. Providence RI 02907-1438	Laura.olton@us.ngrid.com	401-784-7667
	Amy.rabinowitz@us.ngrid.com	401-784-4321
	David.jacobson@us.ngrid.com	
	Joanne.scanlon@us.ngrid.com	
William Lueker, Esq. Dept. of Attorney General 150 South Main St. Providence RI 02903	Wlueker@riag.state.ri.us	401-222-2424
	David.stearns@ripuc.state.ri.us	ext. 2299
	Al.contente@ripuc.state.ri.us	401-222-3016
Arline Bolvin, Executive Director Coalition for Consumer Justice 50 Brown St. Cranston RI 02920	arlineb1@cox.net	401-944-9199 or 401-270-3118
Janice McClanaghan Dept. of Administration - Energy Office One Capitol Hill Providence RI 02908	JaniceM@gw.doa.state.ri.us	401-222-3370 ext. 109
John Farley, Executive Director The Energy Council of Rhode Island 1 Richmond Square - Suite 156E Providence, RI 02906		
	jfarley316@hotmail.com	401-232-6425

Erich Stephens People's Power & Light LLC Erich Stephens, Executive Director 17 Gordon Avenue #201A Providence RI 02905	erich@ripower.org	401-861-6111 401-861-6115
Tim Woolf, Vice President Synapse Energy Economics 22 Pearl Street Cambridge, MA 02139	twoolf@synapse-energy.com	617-661-3248 617-661-0599
Original & nine (9) copies file w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick RI 02889	Lmassaro@puc.state.ri.us	401-941-4500
	Cwilson@puc.state.ri.us	401-941-1691
	Dhartley@puc.state.ri.us	
	Anault@puc.state.ri.us	

cc: DSM Collaborative Members