

February 1, 2005

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: <u>Docket 3648 - Standard Offer Reconciliation Report</u>

Dear Ms. Massaro:

Enclosed on behalf of The Narragansett Electric Company ("Narragansett" or "Company") are ten copies of the Company's Standard Offer Reconciliation report ("Report") through December 2004. The enclosed Report provides the Company's most current projection of the Standard Offer reconciliation balance through December 31, 2005 based on actual revenues and actual expenses through December 2004. The projected revenues and expenses are calculated using estimated fuel index payments based on projected gas and oil futures prices as reported in the *Wall Street Journal* for December 23, 27, and 28, 2004.

In Docket Nos. 3508 and 3571, the Company agreed to file monthly reconciliation reports with the Commission showing its projected Standard Offer reconciliation balance. That requirement has been continued as part of Docket No. 3648. Narragansett has also committed to apply for a rate adjustment if the Company's projections show that the accrual of the over- or under-collection through December 31, 2005 will be more than \$16 million. Based on the current fuel price estimates, the Company is projecting an over collection of approximately \$23.4 million as of December 31, 2005 as shown on Attachment 1, page 1.

Attachment 1, page 1, of this Report shows the Company's projected Standard Offer reconciliation balance through December 31, 2005. Pages 2 and 3 of Attachment 1 support the calculation of the Company's projected Standard Offer revenues and expenses. Projected revenues are estimated by applying the Standard Offer rate of 6.7ϕ per kWh to the Company's forecasted retail Standard Offer deliveries. Standard Offer base expenses are calculated by multiplying the forecasted kWh deliveries by the base wholesale charge in effect for each period under the Company's wholesale Standard Offer supply contracts. The base wholesale charge shown in Column (d) on Page 3 has been adjusted to include an estimate of the effect of the Standard Offer contract amendment approved by the Commission in Docket No. 3496.

Ms. Luly E. Massaro, Commission Clerk Docket 3648 – Standard Offer Reconciliation Report February 1, 2005 Page 2

Attachment 2 shows the calculation of the estimated monthly fuel index adjustment prices per kWh based on the December 23, 27 and 28, 2004 forecasted fuel prices. Pages 1 and 2 include the projections of natural gas and crude oil prices, respectively. The monthly weighted fuel index adjustments are calculated on Page 3.

Although the projected Standard Offer reconciliation balance for the period October 2004 through December 2005 exceeds \$16 million in this analysis, the Company does not recommend an adjustment to the Standard Offer rate at this time. The volatility in fuel prices over the past several months, evidence of which was presented at the hearing in Docket No. 3648 in December 2004, has resulted in large swings in the Company's Standard Offer reconciliation projection. Therefore, the Company proposes to maintain the Standard Offer rate at its current level and to continue to monitor fuel prices throughout the winter months.

Please do not hesitate to contact me if you have any questions regarding this report.

Very truly yours,

Laura S. Olton

Laura S. Otton

Enclosures

cc: Docket 3648 Service List

Steve Scialabba

Attachment 1

The Narragansett Electric Company

Report to the R.I.P.U.C. Standard Offer Reconciliation

Projected Balance for the period October 2004 through December 2005

Submitted: January 2005

The Narragansett Electric Company

Standard Offer Reconciliation

Actual Balance for the Period October 2004 through September 2005 and Projected Balance through December 2005

Section 1. Balance @ September 30, 2005

	Month	Over(Under) Beginning Balance (a)	Standard Offer <u>Revenue</u> (b)	Standard Offer Base Expense (c)	Fuel Index Payments (d)	Total Standard Offer Expenses (e)	Monthly Over(Under) (f)	Adjustments (g)	Over(Under) Ending Monthly Balance (h)	Monthly Balance Including <u>Unbilled</u> (i)
(1)	Oct-04	(\$376,761)	\$14,125,135	\$26,492,483	\$7,308,707	\$33,801,190	(\$19,676,055)		(\$20,052,816)	(\$2,904,539)
(1)	Nov-04	(\$20,052,816)	\$34,296,553	\$26,752,338	\$8,305,944	\$35,058,282	(\$761,728)		(\$20,814,545)	(\$1,257,826)
(1)	Dec-04	(\$20,814,545)	\$39,113,437	\$29,627,256	\$10,089,033	\$39,716,289	(\$602,852)		(\$21,417,396)	(\$1,236,567)
(2)	Jan-05	(\$21,417,396)	\$40,361,659	\$33,391,742	\$5,325,329	\$38,717,072	\$1,644,587		(\$19,772,809)	(\$647,456)
(2)	Feb-05	(\$19,772,809)	\$38,250,706	\$31,645,323	\$5,058,228	\$36,703,550	\$1,547,155		(\$18,225,654)	\$259,267
(2)	Mar-05	(\$18,225,654)	\$36,969,842	\$30,585,647	\$5,076,456	\$35,662,103	\$1,307,739		(\$16,917,915)	\$679,686
(2)	Apr-05	(\$16,917,915)	\$35,195,202	\$29,117,464	\$4,890,557	\$34,008,021	\$1,187,181		(\$15,730,733)	\$1,245,677
(2)	May-05	(\$15,730,733)	\$33,952,821	\$28,089,625	\$4,535,489	\$32,625,114	\$1,327,707		(\$14,403,026)	\$3,590,060
(2)	Jun-05	(\$14,403,026)	\$35,986,172	\$29,771,844	\$4,474,102	\$34,245,945	\$1,740,227		(\$12,662,799)	\$7,538,923
(2)	Jul-05	(\$12,662,799)	\$40,403,444	\$33,426,312	\$4,794,140	\$38,220,452	\$2,182,992		(\$10,479,807)	\$10,683,852
(2)	Aug-05	(\$10,479,807)	\$42,327,318	\$35,017,959	\$4,858,165	\$39,876,124	\$2,451,194		(\$8,028,613)	\$11,909,588
(2)	Sep-05	(\$8,028,613)	\$39,876,401	\$32,990,283	\$4,600,665	\$37,590,948	\$2,285,453		(\$5,743,160)	\$15,904,067
* (2)	Oct-05	(\$5,743,160)	\$21,647,227				\$21,647,227		\$15,904,067	
Tot	tals	(\$376,761)	\$452,505,918	\$366,908,274	\$69,316,815	\$436,225,090	\$16,280,828	\$0	\$15,904,067	
Inte	erest (3)								\$323,097	
Enc	ding Balance@ S	September 30, 2005 v	vith Interest						\$16,227,165	

- Actual revenues and expenses
 Estimated revenues and expenses
- (3) Interest expense calculation: (-376,761 + 15,904,067)/2*(4.01%*5/12+4.27%*7/12)

^{*} For September usage billed in October

Section 2.	Projected Balance	@	December 31, 2005	į

									Over(Under)	Monthly
		Over(Under)	Standard	Standard					Ending	Balance
		Beginning	Offer	Offer Base	Fuel Index	Total Standard	Monthly		Monthly	Including
	Month	Balance	Revenue	Expense	Payments	Offer Expenses	Over(Under)	Adjustments	Balance	Unbilled
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
(2)	Oct-05	\$16,227,165	\$13,683,648	\$29,229,707	\$3,886,396	\$33,116,104	(\$19,432,456)		(\$3,205,291)	\$15,048,680
(2)	Nov-05	(\$3,205,291)	\$36,507,941	\$30,203,510	\$3,514,570	\$33,718,080	\$2,789,861		(\$415,430)	\$19,172,983
(2)	Dec-05	(\$415,430)	\$39,176,827	\$32,411,515	\$3,596,082	\$36,007,597	\$3,169,230		\$2,753,800	\$23,237,341
* (2)	Jan-06	\$2,753,800	\$20,483,542				\$20,483,542		\$23,237,341	
Tot	tals	\$16,227,165	\$109,851,957	\$91,844,732	\$10,997,049	\$102,841,781	\$7,010,176	\$0	\$23,237,341	
Into	erest (3)								\$210,642	

Ending Balance@ December 31, 2005 with Interest \$23,447,983

- * For December usage billed in January
- (2) Estimated revenues and expenses
- (3) Interest expense calculation: (16,227,165 + 23,237,341)/2*(4.27%*3/12)

Column Notes:

Column (a) Column (h) from previous row; beginning balance from Exhibit JAL-7, RIPUC Docket No. 3648. Column (b) from Page 2

Column (c) from Page 3 Column (d) from Page 3

 $\begin{array}{ll} Column \ (e) & Column \ (c) + Column \ (d) \\ Column \ (f) & Column \ (b) - Column \ (e) \end{array}$

Column (g)

 $\begin{array}{ll} Column \ (h) & Column \ (a) + Column \ (f) + Column \ (g) \\ Column \ (i) & Column \ (h) + 50\% \ of \ next \ month's \ Column \ (b) \end{array}$

The Narragansett Electric Company Standard Offer Reconciliation Attachment 1 Page 2 of 3

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

(1) Estimated Standard Offer kWh Deliveries

86.5%

Estimated			
Total Company	Estimated		Total
kWh	Standard Offer	Standard Offer	Estimated
<u>Deliveries</u>	<u>Deliveries</u>	Rate	Revenues
(a)	(b)	(c)	(d)
-	-		\$0
-	-	\$0.06700	\$0
-	-	\$0.06700	\$0
696,431,000	602,412,815	\$0.06700	\$40,361,659
660,007,000	570,906,055	\$0.06700	\$38,250,706
637,906,000	551,788,690	\$0.06700	\$36,969,842
607,285,000	525,301,525	\$0.06700	\$35,195,202
585,848,000	506,758,520	\$0.06700	\$33,952,821
620,933,000	537,107,045	\$0.06700	\$35,986,172
697,152,000	603,036,480	\$0.06700	\$40,403,444
730,348,000	631,751,020	\$0.06700	\$42,327,318
688,058,000	595,170,170	\$0.06700	\$39,876,401
609,626,000	527,326,490	\$0.06700	\$35,330,875
629,936,000	544,894,640	\$0.06700	\$36,507,941
675,987,000	584,728,755	\$0.06700	\$39,176,827
706,877,465	611,449,007	\$0.06700	\$40,967,083
	Total Company kWh Deliveries (a)	Total Company kWh Standard Offer Deliveries (a) Deliveries (b)	Total Company kWh Estimated Standard Offer Deliveries (a) Standard Offer Deliveries (b) Standard Offer Deliveries (b) - Deliveries (b) Rate (c) - - \$0.06700 - - \$0.06700 - - \$0.06700 696,431,000 602,412,815 \$0.06700 660,007,000 570,906,055 \$0.06700 637,906,000 551,788,690 \$0.06700 607,285,000 525,301,525 \$0.06700 585,848,000 506,758,520 \$0.06700 697,152,000 603,036,480 \$0.06700 697,152,000 603,036,480 \$0.06700 688,058,000 595,170,170 \$0.06700 689,626,000 527,326,490 \$0.06700 629,936,000 544,894,640 \$0.06700 675,987,000 584,728,755 \$0.06700

Column Notes:

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

The Narragansett Electric Company Standard Offer Reconciliation Attachment 1 Page 3 of 3

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

Section 1. Estimation of Standard Offer kWh Deliveries

Dec-04

(1) Standard Offer kWhs 584,484,383

(2) Total kWh Deliveries 675,320,438

(3) Percentage of Standard Offer kWhs to Total kWhs 86.5%

Notes:

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

Section 2. Calculation of Estimated Expenses

	Estimated Total Company <u>kWh Deliveries</u> (a)	% of Standard Offer kWhs to Total <u>kWhs</u> (b)	Estimated Standard Offer kWh Deliveries (c)	Estimated Base Standard Offer Charge (d)	Estimated Base Standard Offer Expenses (e)	Estimated Fuel Index Value per <u>kWh</u> (f)	Estimated Fuel Index Payments (g)	Total Estimated Standard Offer Expenses (h)
Jan-05	696,431,000	86.5%	602,412,815	\$0.05543	\$33,391,742	\$0.00884	\$5,325,329	\$38,717,072
Feb-05	660,007,000	86.5%	570,906,055	\$0.05543	\$31,645,323	\$0.00886	\$5,058,228	\$36,703,550
Mar-05	637,906,000	86.5%	551,788,690	\$0.05543	\$30,585,647	\$0.00920	\$5,076,456	\$35,662,103
Apr-05	607,285,000	86.5%	525,301,525	\$0.05543	\$29,117,464	\$0.00931	\$4,890,557	\$34,008,021
May-05	585,848,000	86.5%	506,758,520	\$0.05543	\$28,089,625	\$0.00895	\$4,535,489	\$32,625,114
Jun-05	620,933,000	86.5%	537,107,045	\$0.05543	\$29,771,844	\$0.00833	\$4,474,102	\$34,245,945
Jul-05	697,152,000	86.5%	603,036,480	\$0.05543	\$33,426,312	\$0.00795	\$4,794,140	\$38,220,452
Aug-05	730,348,000	86.5%	631,751,020	\$0.05543	\$35,017,959	\$0.00769	\$4,858,165	\$39,876,124
Sep-05	688,058,000	86.5%	595,170,170	\$0.05543	\$32,990,283	\$0.00773	\$4,600,665	\$37,590,948
Oct-05	609,626,000	86.5%	527,326,490	\$0.05543	\$29,229,707	\$0.00737	\$3,886,396	\$33,116,104
Nov-05	629,936,000	86.5%	544,894,640	\$0.05543	\$30,203,510	\$0.00645	\$3,514,570	\$33,718,080
Dec-05	675,987,000	86.5%	584,728,755	\$0.05543	\$32,411,515	\$0.00615	\$3,596,082	\$36,007,597
			Total Expect	ed Payments throug	h December 2005		\$54,610,180	\$430,491,109

Column Notes:

- (a) Per Company forecast
- (b) Section 1, Line (3)
- (c) Column (a) x Column (b)
- (d) Per standard offer contract (includes estimate for base SO adjustment for contract amendment as approved in RIPUC Docket No. 3496)
- (e) Column (c) x Column (d)
- (f) Company estimate based on fuel futures prices as reported on 12/23/04, 12/27/04 & 12/28/04
- (g) Column (c) x Column (f)
- (h) Column (e) + Column (g)

Attachment 2

The Narragansett Electric Company Report to the R.I.P.U.C.

Standard Offer Reconciliation

Calculation of the Fuel Index Adjustment through December 2006

Prices published in WSJ on: 23-Dec-04 27-Dec-04 28-Dec-04

The Narragansett Electric Company DETERMINATION OF MARKET GAS PRICE

(Col. A)	(Col. B)	(Col. C)	(Col. D)	(Col. E)	(Col. F)	(Col. G)	(Col. H)	(Col. I)
	Last					NGrid's	EUA's	sos
Contract	Month	Settlem	ent Prices (\$/mm	Btu)	Gas	Market	Market	Delivery
Month	of Trading	3rd Last	2nd Last	Last	Index	Gas Price	Gas Price	Month
Feb-04	Jan-04	\$5.727	\$5.716	\$5.775	\$5.739	\$5.561	\$4.945	Feb-04
Mar-04	Feb-04	\$5.127	\$5.077	\$5.150	\$5.118	\$5.214	\$5.118	Mar-04
Apr-04	Mar-04	\$5.336	\$5.395	\$5.365	\$5.365	\$5.235	\$5.135	Apr-04
May-04	Apr-04	\$5.764	\$5.874	\$5.935	\$5.858	\$5.277	\$5.276	May-04
Jun-04	May-04	\$6.705	\$6.684	\$6.680	\$6.690	\$5.335	\$5.505	Jun-04
Jul-04	Jun-04	\$6.485	\$6.353	\$6.141	\$6.326	\$5.397	\$5.832	Jul-04
Aug-04	Jul-04	\$5.957	\$5.989	\$6.048	\$5.998	\$5.505	\$5.849	Aug-04
Sep-04	Aug-04	\$5.298	\$5.189	\$5.082	\$5.190	\$5.520	\$5.893	Sep-04
Oct-04	Sep-04	\$5.392	\$5.262	\$5.723	\$5.459	\$5.598	\$5.904	Oct-04
Nov-04	Oct-04	\$7.890	\$8.402	\$7.626	\$7.973	\$5.889	\$5.920	Nov-04
Dec-04	Nov-04	\$6.762	\$6.793	\$7.976	\$7.177	\$6.093	\$6.273	Dec-04
Jan-05	Dec-04	\$6.668	\$6.160	\$6.213	\$6.347	\$6.103	n/a	Jan-05
Feb-05	Jan-05	\$6.745	\$6.225	\$6.341	\$6.437	\$6.161	n/a	Feb-05
Mar-05	Feb-05	\$6.733	\$6.250	\$6.359	\$6.447	\$6.272	n/a	Mar-05
Apr-05	Mar-05	\$6.353	\$6.085	\$6.149	\$6.196	\$6.341	n/a	Apr-05
May-05	Apr-05	\$6.343	\$6.095	\$6.159	\$6.199	\$6.370	n/a	May-05
Jun-05	May-05	\$6.382	\$6.140	\$6.202	\$6.241	\$6.333	n/a	Jun-05
Jul-05	Jun-05	\$6.427	\$6.190	\$6.250	\$6.289	\$6.329	n/a	Jul-05
Aug-05	Jul-05	\$6.447	\$6.215	\$6.275	\$6.312	\$6.356	n/a	Aug-05
Sep-05	Aug-05	\$6.427	\$6.195	\$6.255	\$6.292	\$6.447	n/a	Sep-05
Oct-05	Sep-05	\$6.452	\$6.225	\$6.285	\$6.321	\$6.519	n/a	Oct-05
Nov-05	Oct-05	\$6.772	\$6.570	\$6.630	\$6.657	\$6.410	n/a	Nov-05
Dec-05	Nov-05	\$7.087	\$6.915	\$6.970	\$6.991	\$6.394	n/a	Dec-05
Jan-06	Dec-05	\$7.302	\$7.140	\$7.195	\$7.212	\$6.466	n/a	Jan-06
Feb-06	Jan-06	\$7.292	\$7.130	\$7.185	\$7.202	\$6.530	n/a	Feb-06
Mar-06	Feb-06	\$7.077	\$6.920	\$6.970	\$6.989	\$6.575	n/a	Mar-06
Apr-06	Mar-06	\$6.127	\$5.990	\$6.035	\$6.051	\$6.563	n/a	Apr-06
May-06	Apr-06	\$6.127	\$5.860	\$5.895	\$5.961	\$6.543	n/a	May-06
Jun-06	May-06	\$6.127	\$5.885	\$5.915	\$5.976	\$6.521	n/a	Jun-06
Jul-06	Jun-06	\$6.127	\$5.915	\$5.945	\$5.996	\$6.497	n/a	Jul-06
Aug-06	Jul-06	\$6.127	\$5.930	\$5.960	\$6.006	\$6.471	n/a	Aug-06
Sep-06	Aug-06	\$6.127	\$5.905	\$5.935	\$5.989	\$6.446	n/a	Sep-06
Oct-06	Sep-06	\$6.127	\$5.905	\$5.955	\$5.996	\$6.419	n/a	Oct-06
Nov-06	Oct-06	\$6.127	\$5.905	\$6.245	\$6.092	\$6.372	n/a	Nov-06
Dec-06	Nov-06	\$6.127	\$6.490	\$6.245	\$6.287	\$6.313	n/a	Dec-06

Notes:

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

- Col. B Month that trading for the Contract ends (the month before the delivery month)
- $Col.\ C\ -\ Settlement\ price\ for\ the\ third\ last\ trading\ day\ as\ reported\ in\ the\ Wall\ Street\ Journal.\ (Jan-99\ -\ Dec-06)$
 - Settlement price as reported in the Wall Street Journal on 23-Dec-04. (Jan-05 Dec-06)
- $Col.\ D\ -\ Settlement\ price\ for\ the\ second\ last\ trading\ day\ as\ reported\ in\ the\ Wall\ Street\ Journal.\ (Jan-99\ -\ Dec-06)$
 - Settlement price as reported in the Wall Street Journal on 27-Dec-04. (Jan-05 Dec-06)
- $Col.\ E\ -\ Settlement\ price\ for\ the\ last\ trading\ day\ as\ reported\ in\ the\ Wall\ Street\ Journal.\ (Jan-99\ -\ Dec-06)$
 - Settlement price as reported in the Wall Street Journal on 28-Dec-04. (Jan-05 Dec-06)
- Col. F Average value of Col. C, Col. D and Col. E (=AVERAGE(Col. C..Col. E))
- Col. G Average of the most recent twelve months of values in Col. F (including current SOS delivery month)
- Col. H Average of the most recent six months of values in Col. F (ending month prior to SOS delivery month)
- Col. I month in which SOS was delivered at wholesale.

The Narragansett Electric Company DETERMINATION OF MARKET OIL PRICE

(GLA) (GLB) (GLC) (GLD) (GLD)

SOS				Daily low quotation, cargo delivery, 1.0%S, No. 6, residual fuel oil, NY Harbor (\$ / barrel) PGrid's EUA																																									
Delivery	Trading																				y of the M																	Oil Index					oublished in V		
Month	Month	1 1	1 2	3	4				7				0 :		12	13					18		20			23	24					29		31		Values	Factor	(\$/mmBtu)	Oil Price				ec-04 27-I		
Jan-04	Jan-0							3.15 2	8.25	27.85							28.00	27.75	27.90				28.25	27.75							28.00	27.50	27.90		530.40	19	6.3	4.43	4.29	4.15				33.02	33.02 <= Jan closing from WSJ on 12/19/03
Feb-04	Feb-0	04	28.5	0 29.0	0 27.	30 27.3	35 27	.00			26.00	0 25.9	.90 25	5.75	25.10	25.75				25.75	25.75	25.75	25.00			25.00	25.00	25.00	25.00	24.50					494.90	19	6.3	4.13	4.18	4.17	36.2000	0 3	36.20	36.20	36.20 <=Feb closing from WSJ on 01/20/04
Mar-04	Mar-0		50 24.5		0 24.6							0 24.	.30 24	4.50						24.60	24.50						24.65					25.00		24.35	564.10	23	6.3		4.08					35.60	35.60 <= Mar closing from WSJ on 02/20/04
Apr-04			50 23.2					3.65 2		24.90							25.55	26.30	26.30				25.80		26.50	26.40						26.65	26.70		535.55	21	6.3		4.11					37.11	37.11 <=Apr closing from WSJ on 03/22/04
May-04	May-0					10 29.0	00 29							19.30	30.30	30.40	30.50					31.10	30.85						31.60	30.60					603.20	20	6.3		4.18					37.60	37.60 <= May closing from WSJ on 04/20/04
Jun-04			75 31.7		0 30.	70		3	08.0	30.15	30.00	0 30.0	.00				29.25	29.00	29.00	29.60	29.90			29.10	29.20	28.75	28.35	28.00			27.10	27.10	27.75		619.25	21	6.3	4.68	4.24	4.23	40.9200	0 4	40.92	40.92	40.92 <=June closing from WSJ on 05/20/04
Jul-04	Jul-0	04 28.	25 28.0	0			29	0.00 2	8.00	27.85							28.00	28.10	28.10)		28.10	27.75	27.75	27.75	27.75			27.50	27.50	27.65	27.50	27.65		583.85	21	6.3	4.41	4.25	4.33	38.1100	0 3	38.11	38.11	38.11 <= July closing from WSJ on 06/22/04
Aug-04	Aug-(25 27.9	95 27							7.50	27.75					28.45		28.90					27.85	27.25					27.10	27.10	612.20	22	6.3		4.25					40.86	40.86 <= Aug closing from WSJ on 07/20/04
Sep-04			90 27.4	0 27.4	10			2	7.00	26.65	27.55	5 26.								27.65			27.65			28.25	28.25			28.75	28.85	29.00	29.00		582.00	21	6.3		4.29		47.8600			47.86	47.86 <=Sept closing from WSJ on 08/20/04
Oct-04	Oct-0	04 29.	35		29.3	20 30.3	35 31	.00 3	2.25	32.50			32	2.75	32.75	33.00	34.00	34.00)		33.50	33.00	34.25	34.50	35.00			35.00	35.25	34.50	34.00	33.25			693.40	21	6.3	5.24	4.39	4.46	47.1000	0 4	47.10	47.10	47.10 <=October closing from WSJ on 09/21/04
Nov-04	Nov-0	04 31.	50 30.5	0 30.7	5 29.0	0 28.7	75			28.00	26.75	5 27.	.25 27	7.00	27.75			28.00	28.15	28.15	28.40	28.65			28.90		29.00					28.75			572.15	20	6.3	4.54	4.42	4.66	54.9200	0 5	54.92	54.92	54.92 <=November closing from WSJ on 10/20/04
Dec-04	Dec-0	04 25.	00 22.8	5 22.0	00		22	2.75 2	2.65	22.50	22.25	5 22.	.25			23.00	24.50	25.75	25.50	26.25			26.25	27.75	28.25	28.25				26.75	27.25	27.50	27.25		526.50	21	6.3	3.98	4.41	4.62	48,4400	0 4	48.44	48.44	48.44 <= December closing from WSJ on 11/19/04
Jan-05	Jan-0	05																																	45.64			3.75	4.36	n/a	45.6400	0 4	45.64	45.64	45.64 <= January 2005 closing from WSJ on 12/20/04
Feb-05	Feb-0																																		42.42			3.49	4.30	n/a	42.4233	3 4		41.32	41.77
Mar-05	Mar-0	05																																	42.61			3.50	4.27	n/a	42,606	7 4	44.26	41.55	42.01
Apr-05	Apr-(05																																	42.55			3.50	4.22	n/a	42.5467	7 4	44.08	41.55	42.01
May-05	May-0	05																																	42.33			3.48	4.11	n/a	42.3300	0 4	43.78	41.38	41.83
Jun-05	Jun-(05																																	42.09			3.46	4.01	n/a	42.0867	7 4	43.46	41.18	41.62
Jul-05	Jul-0	05																																	41.85			3.44	3.93	n/a	41.8467			40.98	41.40
Aug-05	Aug-(05																																	41.62			3.42	3.85	n/a	41.6233			40.78	41.19
Sep-05	Sep-0	05																																	41.41			3.40	3.77	n/a	41.406	7 4		40.58	40.99
Oct-05	Oct-0	05																																	41.34			3.40	3.61	n/a	41.3433	3 4	42.65	40.58	40.80
Nov-05	Nov-0	05																																	41.17			3.38	3.52	n/a	41.166	7 4	42.65	40.22	40.63
Dec-05	Dec-0																																		40.84			3.35	3.46	n/a	40.8367	7 4	41.98	40.06	40.47
Jan-06	Jan-0	06																																	40.69			3.34	3.43	n/a	40.6867	7 4	41.74	40.06	40.26
Feb-06	Feb-0	06																																	40.48			3.33	3.42	n/a	40.4833	3 4	41.74	39.65	40.06
Mar-06	Mar-0	06																																	40.48			3.33	3.40	n/a	40.4833	3 4	41.74	39.65	40.06
Apr-06	Apr-(06																																	40.38			3.32	3.39	n/a	40.3800	0 4	41.74	39.65	39.75
May-06	May-0	06																																	40.38			3.32	3.37	n/s	40.3800	0 4	41.74	39.65	39.75
Jun-06	Jun-(06																																	39.83			3.27	3.36	n/a	39.8267	7 4	40.85	39.11	39.52
Jul-06	Jul-0	06																																	39.83			3.27	3.34	n/a	39.8267	7 4	40.85	39.11	39.52
Aug-06	Aug-0	06																																	39.83			3.27	3.33	n/a	39.8267	7 4	40.85	39.11	39.52
Sep-06	Sep-0																																		39.83			3.27	3.32	n/a	39.8267	7 4	40.85	39.11	39.52
Oct-06	Oct-0	06																																	39.83			3.27	3.31		39.826	7 4	40.85	39.11	39.52
Nov-06	Nov-0	06																																	39.83			3.27	3.30		39.8267	7 4	40.85	39.11	39.52
Dec-06	Dec-0	06																																	39.27			3.23	3.29	n/a	39.2700	0 4	40.18	38.61	39.02
1																																								1	1				
•																																							•		•				

Notes:

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

Col. B - month in which oil prices were quoted and delivered.

Col. C - Col. GG - daily prices as quoted by Plart's MarketScan.

Col. H - sun of values in Col. C through Col. GG. (Jan 99 - Dec-04)

- Jan 05 Final Crude oil contract price as reported in the Wall Street Journal on 20- Dec-04

- average of Crude oil contract prices as reported in the Wall Street Journal on Dec. 23, 27 & 28, 2004

Col. II - number of non-zero values in Col. C through Col. GG.

Col. IJ - a fixed factor of 6.3 multipart price bl.

Col. KK - Col. HH divided by (Col. It x Col. JI) (Jan 99 - Dec-04)

- Carrent month value Col. HH 3-Jan-05 value in Col. KK / 45.64 (Jan-05 - Dec-06)

- Where 45.64 represents the Jan-05 closing value from the WSJ 20-Dec-04

Col. LL - Average of the most recent velve months of values in Col. KK (neding month prior to SOS delivery month)

Col. MM - Average of the most recent six months of values in Col. KK (neding month prior to SOS delivery month)

The Narragansett Electric Company DETERMINATION OF FUEL ADJUSTMENT VALUE

(Col. A)	(Col. B)	(Col. C)	(Col. D)	(Col. E)	(Col. F)	(Col. G)	(Col. H)	(Col. I)	(Col. J)	(Col. K)	(Col. L)	(Col. M)	(Col. N)
SOS	NGrid's	NGrid's	NGrid's	NGrid's	NGrid's	EUA's	EUA's	EUA's	EUA's	EUA's	Ngrid	EUA	Weighted
Delivery	Market Gas	Market Oil	Fuel	Fuel	Adjustment	Market Gas	Market Oil	Fuel	Fuel	Adjustment	Adjustment	Adjustment	Adjustment
Month	Price	Price	Value	Trigger	Value	Price	Price	Value	Trigger	Value	¢/kWh	¢/kWh	¢/kWh
Jan-04	\$5.5406	\$4.2925	\$9.8331	\$7.74	1.24977	\$4.8381	\$4.1543	\$8.9923	\$7.74	1.14944	1.274	0.762	1.141
Feb-04	\$5.5606	\$4.1759	\$9.7364	\$7.74	1.23824	\$4.9451	\$4.1685	\$9.1136	\$7.74	1.16391	1.215	0.836	1.116
Mar-04	\$5.2135	\$4.0831	\$9.2966	\$7.74	1.18576	\$5.1184	\$4.1281	\$9.2465	\$7.74	1.17977	0.947	0.917	0.939
Apr-04	\$5.2351	\$4.1059	\$9.3410	\$7.74	1.19105	\$5.1354	\$4.1232	\$9.2586	\$7.74	1.18121	0.974	0.924	0.961
May-04	\$5.2767	\$4.1827	\$9.4594	\$7.74	1.20518	\$5.2763	\$4.1163	\$9.3926	\$7.74	1.19721	1.046	1.006	1.036
Jun-04	\$5.3352	\$4.2417	\$9.5769	\$7.74	1.21920	\$5.5049	\$4.2262	\$9.7312	\$7.74	1.23761	1.118	1.212	1.142
Jul-04	\$5.3973	\$4.2473	\$9.6445	\$7.74	1.22727	\$5.8323	\$4.3291	\$10.1614	\$7.74	1.28895	1.159	1.474	1.241
Aug-04	\$5.5054	\$4.2506	\$9.7561	\$7.74	1.24058	\$5.8494	\$4.3261	\$10.1755	\$7.74	1.29063	1.227	1.482	1.293
Sep-04	\$5.5199	\$4.2903	\$9.8103	\$7.74	1.24705	\$5.8925	\$4.3732	\$10.2657	\$7.74	1.30139	1.260	1.537	1.332
Oct-04	\$5.5982	\$4.3864	\$9.9845	\$7.74	1.26784	\$5.9044	\$4.4575	\$10.3620	\$7.74	1.31288	1.366	1.596	1.426
Nov-04	\$5.8888	\$4.4208	\$10.3095	\$7.74	1.30663	\$5.9201	\$4.6564	\$10.5764	\$7.74	1.33848	1.564	1.726	1.606
Dec-04	\$6.0931	\$4.4138	\$10.5068	\$7.74	1.33017	\$6.2726	\$4.6153	\$10.8879	\$7.74	1.37564	1.684	1.916	1.744
Jan-05	\$6.1033	\$4.3570	\$10.4603	\$8.48	1.21714	n/a	n/a	n/a	n/a	n/a	1.194	n/a	0.884
Feb-05	\$6.1614	\$4.3029	\$10.4643	\$8.48	1.21758	n/a	n/a	n/a	n/a	n/a	1.197	n/a	0.886
Mar-05	\$6.2722	\$4.2702	\$10.5424	\$8.48	1.22614	n/a	n/a	n/a	n/a	n/a	1.244	n/a	
Apr-05	\$6.3414	\$4.2241	\$10.5655	\$8.48	1.22868	n/a	n/a	n/a	n/a	n/a	1.258	n/a	0.931
May-05	\$6.3699	\$4.1150	\$10.4848	\$8.48	1.21983	n/a	n/a	n/a	n/a	n/a	1.209	n/a	0.895
Jun-05	\$6.3325	\$4.0131	\$10.3456	\$8.48	1.20456	n/a	n/a	n/a	n/a	n/a		n/a	
Jul-05	\$6.3294	\$3.9318	\$10.2612	\$8.48	1.19530	n/a	n/a	n/a	n/a	n/a		n/a	
Aug-05	\$6.3556	\$3.8487	\$10.2043	\$8.48	1.18906	n/a	n/a	n/a	n/a	n/a	1.040	n/a	0.769
Sep-05	\$6.4475	\$3.7656	\$10.2130	\$8.48	1.19003	n/a	n/a	n/a	n/a	n/a		n/a	
Oct-05	\$6.5193	\$3.6118	\$10.1311	\$8.48	1.18104	n/a	n/a	n/a	n/a	n/a	0.996	n/a	
Nov-05	\$6.4097	\$3.5153	\$9.9249	\$8.48	1.15844	n/a	n/a	n/a	n/a	n/a		n/a	0.645
Dec-05	\$6.3941	\$3.4632	\$9.8574	\$8.48	1.15103	n/a	n/a	n/a	n/a	n/a	0.831	n/a	
Jan-06	\$6.4663	\$3.4293	\$9.8956	\$9.22	1.06852	n/a	n/a	n/a	n/a	n/a	0.404	n/a	
Feb-06	\$6.5300	\$3.4160	\$9.9461	\$9.22	1.07364	n/a	n/a	n/a	n/a	n/a		n/a	0.321
Mar-06	\$6.5752	\$3.4015	\$9.9767	\$9.22	1.07674	n/a	n/a	n/a	n/a	n/a	0.453	n/a	0.335
Apr-06	\$6.5631	\$3.3867	\$9.9497	\$9.22	1.07401	n/a	n/a	n/a	n/a	n/a	0.437	n/a	
May-06	\$6.5432	\$3.3733	\$9.9165	\$9.22	1.07064	n/a	n/a	n/a	n/a	n/a		n/a	
Jun-06	\$6.5211	\$3.3578	\$9.8789	\$9.22	1.06683	n/a	n/a	n/a	n/a	n/a	0.394	n/a	0.292
Jul-06	\$6.4966	\$3.3440	\$9.8406	\$9.22	1.06295	n/a	n/a	n/a	n/a	n/a	0.371	n/a	
Aug-06	\$6.4711	\$3.3317	\$9.8028	\$9.22	1.05911	n/a	n/a	n/a	n/a	n/a	0.349	n/a	0.258
Sep-06	\$6.4458	\$3.3209	\$9.7667	\$9.22	1.05545	n/a	n/a	n/a	n/a	n/a	0.327	n/a	0.242
Oct-06	\$6.4187	\$3.3105	\$9.7292	\$9.22	1.05165	n/a	n/a	n/a	n/a	n/a	0.305	n/a	0.225
Nov-06	\$6.3716	\$3.3013	\$9.6730	\$9.22	1.04594	n/a	n/a	n/a	n/a	n/a	0.271	n/a	
Dec-06	\$6.3130	\$3.2906	\$9.6036	\$9.22	1.03891	n/a	n/a	n/a	n/a	n/a	0.230	n/a	0.170

Notes

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

Certificate of Service

I certify that a copy of the cover letter and/or any materials accompanying this certificate has been faxed, mailed or hand-delivered to the parties listed below.

/s/	
	February 1, 2005
Mary A. Smith	Date

Narragansett Electric Co. – Annual Reconciliation Filing – Dkt. 3648 Service list as of 12/08/04

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