

July 5, 2005

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 3648 - Standard Offer Reconciliation Report

Dear Ms. Massaro:

Enclosed are ten copies of The Narragansett Electric Company's ("Narragansett" or "Company") Standard Offer Reconciliation Report ("Report"). The enclosed Report provides the Company's most current projection of the Standard Offer reconciliation balance through December 31, 2005 based on actual revenues through June 2005 and actual expenses through May 2005. The estimated expenses are calculated using estimated fuel index payments based on projected gas and oil futures prices as reported in the *Wall Street Journal* for June 24, 27, and 28, 2005.

In Docket No. 3508, 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. In Order No. 18151 (February 17, 2005) in this proceeding, the Commission recommended that Narragansett consider applying 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 estimating an under-collection of approximately \$32.6 million as of December 31, 2005 as shown on Attachment 1, page 1. It should be noted that the Company currently has an over-collection of just under \$1 million. The projected under-recovery is being driven by anticipated increases in fuel prices in the latter half of this year. Accordingly, the Company is in the process of considering a filing to adjust rates beginning September 1, 2005.

Attachment 1, page 1, of this Report shows the Company's projected Standard Offer reconciliation balance through December 31, 2005. Pages 3 and 4 of Attachment 1 support the calculation of the Company's estimated Standard Offer revenues and expenses, respectively. Estimated revenues are determined by applying the Standard Offer rate of 6.7¢ 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

Luly E. Massaro, Commission Clerk
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charge shown in Column (d) on Page 4 has been adjusted to include an estimate of the effect of the Standard Offer contract amendment approved by the Commission in Docket No. 3496.

The calculation of the estimated monthly fuel index adjustment prices per kWh based on the June 24, 27, and 28, 2005 forecasted fuel prices is contained in Attachment 2. 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.

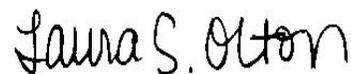
Please note that the Standard Offer reconciliation on page 1 of Attachment 1 reflects additional fuel index payments, as shown in Column (g), that the Company has made and is expecting to make, under protest, to one of its Standard Offer suppliers. The Company is currently in litigation with this supplier, and will keep the Commission and Division informed as to the status of the dispute.

For purposes of comparison, the Company has also included an estimated reconciliation balance under the same fuel price assumptions, but excluding the disputed fuel index payments, which is shown on page 2 of Attachment 1. The estimated under recovery as of December 31, 2005, excluding these disputed fuel index payments, is approximately \$26.3 million as shown in Section 2.

As discussed above, because the current and projected level of fuel prices is relatively high at this time, the Company will likely file a proposal with the Commission prior to August 1, 2005 to adjust the Standard Offer rate effective September 1, 2005.

Thank you for your attention to this filing. If you have any questions regarding this Report, please do not hesitate to contact me at (401) 784-7667.

Very truly yours,



Laura S. Olton

Enclosures

cc: Docket 3648 Service List
Steve Scialabba, RI Division

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: July 5, 2005

The Narragansett Electric Company

Standard Offer Reconciliation

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

Section 1. Balance @ September 30, 2005

Month	Over(Under) Beginning Balance (a)	Standard Offer Revenue (b)	Standard Offer Base Expense (c)	Fuel Index Payments (d)	Total Standard Offer Expenses (e)	Monthly Over(Under) (f)	Adjustments (g)	Over(Under) Ending Monthly Balance (h)	Monthly Balance Including Unbilled (i)
(1) Oct-04	(\$376,761)	\$14,128,523	\$26,492,483	\$7,308,707	\$33,801,190	(\$19,672,668)		(\$20,049,429)	(\$2,899,997)
(1) Nov-04	(\$20,049,429)	\$34,298,864	\$26,752,338	\$8,305,944	\$35,058,282	(\$759,418)		(\$20,808,847)	(\$1,250,706)
(1) Dec-04	(\$20,808,847)	\$39,116,281	\$29,627,256	\$10,089,033	\$39,716,289	(\$600,008)		(\$21,408,855)	(\$1,703,393)
(1) Jan-05	(\$21,408,855)	\$39,410,924	\$33,160,403	\$5,557,938	\$38,718,341	\$692,583	(\$319,578)	(\$21,035,850)	(\$2,286,792)
(1) Feb-05	(\$21,035,850)	\$37,498,116	\$28,633,026	\$5,071,210	\$33,704,236	\$3,793,880	(\$282,636)	(\$17,524,606)	\$1,451,515
(1) Mar-05	(\$17,524,606)	\$37,952,243	\$30,625,393	\$6,015,288	\$36,640,680	\$1,311,562	(\$319,613)	(\$16,532,657)	\$612,294
(1) Apr-05	(\$16,532,657)	\$34,289,901	\$26,892,954	\$5,868,843	\$32,761,797	\$1,528,104	(\$316,801)	(\$15,321,353)	\$619,740
(1) May-05	(\$15,321,353)	\$31,882,186	\$26,926,188	\$6,413,255	\$33,339,443	(\$1,457,257)	(\$371,460)	(\$17,150,070)	\$461,149
(2) Jun-05	(\$17,150,070)	\$35,222,439	\$29,462,079	\$7,228,654	\$36,690,732	(\$1,468,293)	(\$408,932)	(\$19,027,295)	\$964,236
(2) Jul-05	(\$19,027,295)	\$39,983,062	\$33,078,524	\$9,148,363	\$42,226,887	(\$2,243,826)	(\$494,361)	(\$21,765,481)	(\$822,022)
(2) Aug-05	(\$21,765,481)	\$41,886,918	\$34,653,610	\$10,765,563	\$45,419,174	(\$3,532,255)	(\$618,482)	(\$25,916,218)	(\$6,185,467)
(2) Sep-05	(\$25,916,218)	\$39,461,502	\$32,647,031	\$11,467,395	\$44,114,426	(\$4,652,923)	(\$675,470)	(\$31,244,612)	(\$9,822,616)
* (2) Oct-05	(\$31,244,612)	\$21,421,996				\$21,421,996		(\$9,822,616)	
Totals	(\$376,761)	\$446,552,953	\$358,951,285	\$93,240,192	\$452,191,476	(\$5,638,523)	(\$3,807,332)	(\$9,822,616)	
Interest (3)								(\$212,232)	
Ending Balance@ September 30, 2005 with Interest								(\$10,034,848)	

(1) Actual revenues and expenses

(2) Estimated revenues and expenses

(3) Interest expense calculation : $(-376,761 + -9,822,616)/2 * (4.01\% * 5/12 + 4.27\% * 7/12)$

* For September usage billed in October

Section 2. Projected Balance @ December 31, 2005

Month	Over(Under) Beginning Balance (a)	Standard Offer Revenue (b)	Standard Offer Base Expense (c)	Fuel Index Payments (d)	Total Standard Offer Expenses (e)	Monthly Over(Under) (f)	Adjustments (g)	Over(Under) Ending Monthly Balance (h)	Monthly Balance Including Unbilled (i)
(2) Oct-05	(\$10,034,848)	\$13,541,275	\$28,925,583	\$11,141,281	\$40,066,864	(\$26,525,590)	(\$671,453)	(\$37,231,891)	(\$19,167,846)
(2) Nov-05	(\$37,231,891)	\$36,128,089	\$29,889,254	\$12,283,550	\$42,172,804	(\$6,044,715)	(\$743,964)	(\$44,020,569)	(\$24,635,966)
(2) Dec-05	(\$44,020,569)	\$38,769,206	\$32,074,285	\$14,419,830	\$46,494,115	(\$7,724,909)	(\$869,667)	(\$52,615,145)	(\$32,344,727)
* (2) Jan-06	(\$52,615,145)	\$20,270,418				\$20,270,418		(\$32,344,727)	
Totals	(\$10,034,848)	\$108,708,989	\$90,889,122	\$37,844,662	\$128,733,784	(\$20,024,795)	(\$2,285,084)	(\$32,344,727)	
Interest (3)								(\$226,201)	
Ending Balance@ December 31, 2005 with Interest								(\$32,570,928)	

* For December usage billed in January

(2) Estimated revenues and expenses

(3) Interest expense calculation : $(-10,034,848 + -32,344,727)/2 * (4.27\% * 3/12)$ **Column Notes:**

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

Column (b) from Page 3

Column (c) from Page 4

Column (d) from Page 4

Column (e) Column (c) + Column (d)

Column (f) Column (b) - Column (e)

Column (g) January 2005 through December 2005: Actual and projected payments made under protest to one of the Company's Standard Offer suppliers.

Column (h) Column (a) + Column (f) + Column (g)

Column (i) Column (h) + 50% of next month's Column (b)

The Narragansett Electric Company
 Standard Offer Reconciliation
 Actual Balance for the Period October 2004 through May 2005 and Projected Balance through December 2005

Section 1. Balance @ September 30, 2005

Month	Over(Under) Beginning Balance (a)	Standard Offer Revenue (b)	Standard Offer Base Expense (c)	Fuel Index Payments (d)	Total Standard Offer Expenses (e)	Monthly Over(Under) (f)	Adjustments (g)	Over(Under) Ending Monthly Balance (h)	Monthly Balance Including Unbilled (i)
(1) Oct-04	(\$376,761)	\$14,128,523	\$26,492,483	\$7,308,707	\$33,801,190	(\$19,672,668)		(\$20,049,429)	(\$2,899,997)
(1) Nov-04	(\$20,049,429)	\$34,298,864	\$26,752,338	\$8,305,944	\$35,058,282	(\$759,418)		(\$20,808,847)	(\$1,250,706)
(1) Dec-04	(\$20,808,847)	\$39,116,281	\$29,627,256	\$10,089,033	\$39,716,289	(\$600,008)		(\$21,408,855)	(\$1,703,393)
(1) Jan-05	(\$21,408,855)	\$39,410,924	\$33,160,403	\$5,557,938	\$38,718,341	\$692,583		(\$20,716,272)	(\$1,967,214)
(1) Feb-05	(\$20,716,272)	\$37,498,116	\$28,633,026	\$5,071,210	\$33,704,236	\$3,793,880		(\$16,922,392)	\$2,053,730
(1) Mar-05	(\$16,922,392)	\$37,952,243	\$30,625,393	\$6,015,288	\$36,640,680	\$1,311,562		(\$15,610,829)	\$1,534,121
(1) Apr-05	(\$15,610,829)	\$34,289,901	\$26,892,954	\$5,868,843	\$32,761,797	\$1,528,104		(\$14,082,725)	\$1,858,368
(1) May-05	(\$14,082,725)	\$31,882,186	\$26,926,188	\$6,413,255	\$33,339,443	(\$1,457,257)		(\$15,539,982)	\$2,071,237
(2) Jun-05	(\$15,539,982)	\$35,222,439	\$29,462,079	\$7,228,654	\$36,690,732	(\$1,468,293)		(\$17,008,275)	\$2,983,255
(2) Jul-05	(\$17,008,275)	\$39,983,062	\$33,078,524	\$9,148,363	\$42,226,887	(\$2,243,826)		(\$19,252,101)	\$1,691,358
(2) Aug-05	(\$19,252,101)	\$41,886,918	\$34,653,610	\$10,765,563	\$45,419,174	(\$3,532,255)		(\$22,784,356)	(\$3,053,605)
(2) Sep-05	(\$22,784,356)	\$39,461,502	\$32,647,031	\$11,467,395	\$44,114,426	(\$4,652,923)		(\$27,437,279)	(\$6,015,284)
* (2) Oct-05	(\$27,437,279)	\$21,421,996				\$21,421,996		(\$6,015,284)	
Totals	(\$376,761)	\$446,552,953	\$358,951,285	\$93,240,192	\$452,191,476	(\$5,638,523)	\$0	(\$6,015,284)	
Interest (3)								(\$133,008)	
Ending Balance@ September 30, 2005 with Interest								(\$6,148,291)	

- (1) Actual revenues and expenses
- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(-376,761 + -6,015,284)/2 * (4.01\% * 5/12 + 4.27\% * 7/12)$

* For September usage billed in October

Section 2. Projected Balance @ December 31, 2005

Month	Over(Under) Beginning Balance (a)	Standard Offer Revenue (b)	Standard Offer Base Expense (c)	Fuel Index Payments (d)	Total Standard Offer Expenses (e)	Monthly Over(Under) (f)	Adjustments (g)	Over(Under) Ending Monthly Balance (h)	Monthly Balance Including Unbilled (i)
(2) Oct-05	(\$6,148,291)	\$13,541,275	\$28,925,583	\$11,141,281	\$40,066,864	(\$26,525,590)		(\$32,673,881)	(\$14,609,836)
(2) Nov-05	(\$32,673,881)	\$36,128,089	\$29,889,254	\$12,283,550	\$42,172,804	(\$6,044,715)		(\$38,718,596)	(\$19,333,992)
(2) Dec-05	(\$38,718,596)	\$38,769,206	\$32,074,285	\$14,419,830	\$46,494,115	(\$7,724,909)		(\$46,443,505)	(\$26,173,086)
* (2) Jan-06	(\$46,443,505)	\$20,270,418				\$20,270,418		(\$26,173,086)	
Totals	(\$6,148,291)	\$108,708,989	\$90,889,122	\$37,844,662	\$128,733,784	(\$20,024,795)	\$0	(\$26,173,086)	
Interest (3)								(\$172,515)	
Ending Balance@ December 31, 2005 with Interest								(\$26,345,602)	

* For December usage billed in January

- (2) Estimated revenues and expenses
- (3) Interest expense calculation : $(-6,148,291 + -26,173,086)/2 * (4.27\% * 3/12)$

Column Notes:

- Column (a) Column (h) from previous row; beginning balance from Exhibit JAL-7, RIPUC Docket No. 3648.
- Column (b) from Page 3
- Column (c) from Page 4
- Column (d) from Page 4
- Column (e) Column (c) + Column (d)
- Column (f) Column (b) - Column (e)
- Column (g)

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

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

(1) Estimated Standard Offer kWh Deliveries 85.6%

<u>Month</u>	Estimated Total Company kWh <u>Deliveries</u> (a)	Estimated Standard Offer <u>Deliveries</u> (b)	Standard Offer <u>Rate</u> (c)	Total Estimated <u>Revenues</u> (d)
			\$0.06700	
Jul-05	697,152,000	596,762,112	\$0.06700	\$39,983,062
Aug-05	730,348,000	625,177,888	\$0.06700	\$41,886,918
Sep-05	688,058,000	588,977,648	\$0.06700	\$39,461,502
Oct-05	609,626,000	521,839,856	\$0.06700	\$34,963,270
Nov-05	629,936,000	539,225,216	\$0.06700	\$36,128,089
Dec-05	675,987,000	578,644,872	\$0.06700	\$38,769,206
Jan-06	706,877,465	605,087,110	\$0.06700	\$40,540,836

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 4, Line (3)

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

Section 1. Estimation of Standard Offer kWh Deliveries

	<u>Jun-05</u>
(1) Standard Offer kWhs	525,213,042
(2) Total kWh Deliveries	613,326,982
(3) Percentage of Standard Offer kWhs to Total kWhs	85.6%

Notes:

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

Section 2. Calculation of Estimated Expenses

	Estimated Total Company kWh Deliveries (a)	% of Standard Offer kWhs to Total kWhs (b)	Estimated Standard Offer kWh Deliveries (c)	Estimated Base Standard Offer Charge (d)	Estimated Base Standard Offer Expenses (e)	Estimated Fuel Index Value per kWh (f)	Estimated Fuel Index Payments (g)	Total Estimated Standard Offer Expenses (h)
Jun-05	620,933,000	85.6%	531,518,648	\$0.05543	\$29,462,079	\$0.01360	\$7,228,654	\$36,690,732
Jul-05	697,152,000	85.6%	596,762,112	\$0.05543	\$33,078,524	\$0.01533	\$9,148,363	\$42,226,887
Aug-05	730,348,000	85.6%	625,177,888	\$0.05543	\$34,653,610	\$0.01722	\$10,765,563	\$45,419,174
Sep-05	688,058,000	85.6%	588,977,648	\$0.05543	\$32,647,031	\$0.01947	\$11,467,395	\$44,114,426
Oct-05	609,626,000	85.6%	521,839,856	\$0.05543	\$28,925,583	\$0.02135	\$11,141,281	\$40,066,864
Nov-05	629,936,000	85.6%	539,225,216	\$0.05543	\$29,889,254	\$0.02278	\$12,283,550	\$42,172,804
Dec-05	675,987,000	85.6%	578,644,872	\$0.05543	\$32,074,285	\$0.02492	\$14,419,830	\$46,494,115
Total Expected Payments through December 2005							\$76,454,636	\$297,185,002

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 06/24/05, 06/27/05 & 06/28/05
- (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: **24-Jun-05 27-Jun-05 28-Jun-05**

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

(Col. A)	(Col. B)	(Col. C)	(Col. D)	(Col. E)	(Col. F)	(Col. G)	(Col. H)	(Col. I)
Contract Month	Last Month of Trading	Settlement Prices (\$/mmBtu)			Gas Index	NGrid's Market Gas Price	EUA's Market Gas Price	SOS Delivery Month
		3rd Last	2nd Last	Last				
Feb-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	\$6.403	\$6.388	\$6.288	\$6.360	\$6.155	n/a	Feb-05
Mar-05	Feb-05	\$6.103	\$6.311	\$6.304	\$6.239	\$6.248	n/a	Mar-05
Apr-05	Mar-05	\$7.062	\$6.999	\$7.323	\$7.128	\$6.395	n/a	Apr-05
May-05	Apr-05	\$7.153	\$7.120	\$6.748	\$7.007	\$6.491	n/a	May-05
Jun-05	May-05	\$6.349	\$6.315	\$6.123	\$6.262	\$6.456	n/a	Jun-05
Jul-05	Jun-05	\$7.360	\$7.138	\$6.976	\$7.158	\$6.525	n/a	Jul-05
Aug-05	Jul-05	\$7.412	\$7.203	\$7.073	\$7.229	\$6.627	n/a	Aug-05
Sep-05	Aug-05	\$7.450	\$7.241	\$7.113	\$7.268	\$6.801	n/a	Sep-05
Oct-05	Sep-05	\$7.505	\$7.301	\$7.175	\$7.327	\$6.956	n/a	Oct-05
Nov-05	Oct-05	\$8.052	\$7.876	\$7.745	\$7.891	\$6.949	n/a	Nov-05
Dec-05	Nov-05	\$8.567	\$8.411	\$8.275	\$8.418	\$7.053	n/a	Dec-05
Jan-06	Dec-05	\$8.907	\$8.766	\$8.625	\$8.766	\$7.254	n/a	Jan-06
Feb-06	Jan-06	\$8.929	\$8.788	\$8.647	\$8.788	\$7.457	n/a	Feb-06
Mar-06	Feb-06	\$8.814	\$8.673	\$8.523	\$8.670	\$7.659	n/a	Mar-06
Apr-06	Mar-06	\$7.774	\$7.693	\$7.553	\$7.673	\$7.705	n/a	Apr-06
May-06	Apr-06	\$7.629	\$7.550	\$7.415	\$7.531	\$7.749	n/a	May-06
Jun-06	May-06	\$7.669	\$7.590	\$7.457	\$7.572	\$7.858	n/a	Jun-06
Jul-06	Jun-06	\$7.714	\$7.638	\$7.507	\$7.620	\$7.896	n/a	Jul-06
Aug-06	Jul-06	\$7.714	\$7.677	\$7.551	\$7.647	\$7.931	n/a	Aug-06
Sep-06	Aug-06	\$7.740	\$7.668	\$7.542	\$7.650	\$7.963	n/a	Sep-06
Oct-06	Sep-06	\$7.774	\$7.703	\$7.578	\$7.685	\$7.993	n/a	Oct-06
Nov-06	Oct-06	\$8.109	\$8.038	\$7.918	\$8.022	\$8.004	n/a	Nov-06
Dec-06	Nov-06	\$8.419	\$8.353	\$8.238	\$8.337	\$7.997	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 24-June-05. (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-June-05. (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-June-05. (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

(Col. A)	(Col. B)	(Col. HH)	(Col. II)	(Col. JJ)	(Col. KK)	(Col. LL)	(Col. MM)	(Col. NN)	Prices published in WSJ on:				
SOS Delivery Month	Trading Month	Sum of Values	# of Values	Conversion Factor	Oil Index (\$/mmBtu)	NGrid's Market Oil Price	EUA's Market Oil Price		Average	24-Jun-05	27-Jun-05	28-Jun-05	
Jan-04	Jan-04	530.40	19	6.3	4.43	4.29	4.15		33.0200	33.02	33.02	33.02	<=Jan closing from WSJ on 12/19/03
Feb-04	Feb-04	494.90	19	6.3	4.13	4.18	4.17		36.2000	36.20	36.20	36.20	<=Feb closing from WSJ on 01/20/04
Mar-04	Mar-04	564.10	23	6.3	3.89	4.08	4.13		35.6000	35.60	35.60	35.60	<=Mar closing from WSJ on 02/20/04
Apr-04	Apr-04	535.55	21	6.3	4.05	4.11	4.12		37.1100	37.11	37.11	37.11	<=Apr closing from WSJ on 03/22/04
May-04	May-04	603.20	20	6.3	4.79	4.18	4.12		37.6000	37.60	37.60	37.60	<=May closing from WSJ on 04/20/04
Jun-04	Jun-04	619.25	21	6.3	4.68	4.24	4.23		40.9200	40.92	40.92	40.92	<=June closing from WSJ on 05/20/04
Jul-04	Jul-04	583.85	21	6.3	4.41	4.25	4.33		38.1100	38.11	38.11	38.11	<=July closing from WSJ on 06/22/04
Aug-04	Aug-04	612.20	22	6.3	4.42	4.25	4.33		40.8600	40.86	40.86	40.86	<=Aug closing from WSJ on 07/20/04
Sep-04	Sep-04	582.00	21	6.3	4.40	4.29	4.37		47.8600	47.86	47.86	47.86	<=Sept closing from WSJ on 08/20/04
Oct-04	Oct-04	693.40	21	6.3	5.24	4.39	4.46		47.1000	47.10	47.10	47.10	<=October closing from WSJ on 09/21/04
Nov-04	Nov-04	572.15	20	6.3	4.54	4.42	4.66		54.9200	54.92	54.92	54.92	<=November closing from WSJ on 10/20/04
Dec-04	Dec-04	526.50	21	6.3	3.98	4.41	4.62		48.4400	48.44	48.44	48.44	<=December closing from WSJ on 11/19/04
Jan-05	Jan-05	594.00	20	6.3	4.71	4.44	n/a		45.6400	45.64	45.64	45.64	<=January 2005 closing from WSJ on 12/20/04
Feb-05	Feb-05	584.70	19	6.3	4.88	4.50	n/a		46.9100	46.91	46.91	46.91	<=February 2005 closing from WSJ on 01/20/05
Mar-05	Mar-05	779.75	22	6.3	5.63	4.64	n/a		51.1500	51.15	51.15	51.15	<=March 2005 closing from WSJ on 02/22/05
Apr-05	Apr-05	811.40	21	6.3	6.13	4.82	n/a		56.6200	56.62	56.62	56.62	<=April 2005 closing from WSJ on 03/21/05
May-05	May-05	721.00	19	6.3	6.02	4.92	n/a		52.4400	52.44	52.44	52.44	<=May 2005 closing from WSJ on 04/20/05
Jun-05	Jun-05	900.25	22	6.3	6.50	5.07	n/a		46.8000	46.80	46.80	46.80	<=June 2005 closing from WSJ on 05/20/05
Jul-05	Jul-05	59.37			8.24	5.39	n/a		59.3700	59.37	59.37	59.37	<=July 2005 closing from WSJ on 06/22/05
Aug-05	Aug-05	59.53			8.26	5.71	n/a		59.5267	59.84	60.54	58.20	
Sep-05	Sep-05	60.31			8.37	6.04	n/a		60.3100	60.49	61.33	59.11	
Oct-05	Oct-05	60.76			8.43	6.31	n/a		60.7600	60.85	61.76	59.67	
Nov-05	Nov-05	61.02			8.47	6.64	n/a		61.0167	61.06	61.97	60.02	
Dec-05	Dec-05	61.17			8.49	7.01	n/a		61.1733	61.18	62.09	60.25	
Jan-06	Jan-06	61.17			8.49	7.33	n/a		61.1733	61.15	62.07	60.30	
Feb-06	Feb-06	61.09			8.48	7.63	n/a		61.0933	61.05	61.97	60.26	
Mar-06	Mar-06	61.00			8.47	7.86	n/a		60.9967	60.94	61.86	60.19	
Apr-06	Apr-06	60.84			8.44	8.06	n/a		60.8367	60.76	61.68	60.07	
May-06	May-06	60.72			8.43	8.26	n/a		60.7233	60.59	61.51	60.07	
Jun-06	Jun-06	60.54			8.40	8.41	n/a		60.5367	60.42	61.34	59.85	
Jul-06	Jul-06	60.54			8.40	8.43	n/a		60.5367	60.42	61.34	59.85	
Aug-06	Aug-06	60.31			8.37	8.44	n/a		60.3100	60.08	61.00	59.85	
Sep-06	Sep-06	60.14			8.35	8.43	n/a		60.1433	60.08	60.83	59.52	
Oct-06	Oct-06	60.10			8.34	8.43	n/a		60.1033	60.08	60.83	59.40	
Nov-06	Nov-06	59.99			8.33	8.42	n/a		59.9933	60.08	60.50	59.40	
Dec-06	Dec-06	59.65			8.28	8.40	n/a		59.6533	59.43	60.35	59.18	

- 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 Platt's MarketScan. (columns not shown)
 - Col. HH - sum of values in Col. C through Col. GG. (Jan-99 - Jun-05)
 - July-05 Final Crude oil contract price as reported in the Wall Street Journal on 22-June-05
 - average of Crude oil contract prices as reported in the Wall Street Journal on June 24, 27 & 28, 2005
 - Col. II - number of non-zero values in Col. C through Col. GG.
 - Col. JJ - a fixed factor of 6.3 mmBtu per bbl.
 - Col. KK - Col. HH divided by (Col. II x Col. JJ) (Jan-99 - Jan-05)
 - Current month value Col. HH * July-05 value in Col KK/ 59.37 (July-05 - Dec-06)
 - Where 59.37 represents the June-05 closing value from the WSJ 22-June-05
 - Col. LL - Average of the most recent twelve months of values in Col. KK (including current SOS delivery month)
 - Col. MM - Average of the most recent six months of values in Col. KK (ending 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 Delivery Month	NGrid's Market Gas Price	NGrid's Market Oil Price	NGrid's Fuel Value	NGrid's Fuel Trigger	NGrid's Adjustment Value	EUA's Market Gas Price	EUA's Market Oil Price	EUA's Fuel Value	EUA's Fuel Trigger	EUA's Adjustment Value	Ngrid Adjustment e/kWh	EUA Adjustment e/kWh	Weighted Adjustment e/kWh
Jan-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	\$4.4374	\$10.5407	\$8.48	1.22595	n/a	n/a	n/a	n/a	n/a	1.243	n/a	0.920
Feb-05	\$6.1550	\$4.4999	\$10.6549	\$8.48	1.23848	n/a	n/a	n/a	n/a	n/a	1.312	n/a	0.971
Mar-05	\$6.2484	\$4.6443	\$10.8927	\$8.48	1.26456	n/a	n/a	n/a	n/a	n/a	1.455	n/a	1.077
Apr-05	\$6.3953	\$4.8181	\$11.2134	\$8.48	1.29971	n/a	n/a	n/a	n/a	n/a	1.648	n/a	1.220
May-05	\$6.4911	\$4.9211	\$11.4122	\$8.48	1.32151	n/a	n/a	n/a	n/a	n/a	1.768	n/a	1.309
Jun-05	\$6.4555	\$5.0723	\$11.5278	\$8.48	1.33419	n/a	n/a	n/a	n/a	n/a	1.838	n/a	1.360
Jul-05	\$6.5248	\$5.3912	\$11.9160	\$8.48	1.37675	n/a	n/a	n/a	n/a	n/a	2.072	n/a	1.533
Aug-05	\$6.6274	\$5.7116	\$12.3390	\$8.48	1.42313	n/a	n/a	n/a	n/a	n/a	2.327	n/a	1.722
Sep-05	\$6.8006	\$6.0425	\$12.8431	\$8.48	1.47841	n/a	n/a	n/a	n/a	n/a	2.631	n/a	1.947
Oct-05	\$6.9563	\$6.3085	\$13.2648	\$8.48	1.52464	n/a	n/a	n/a	n/a	n/a	2.886	n/a	2.135
Nov-05	\$6.9495	\$6.6358	\$13.5852	\$8.48	1.55979	n/a	n/a	n/a	n/a	n/a	3.079	n/a	2.278
Dec-05	\$7.0529	\$7.0117	\$14.0645	\$8.48	1.61234	n/a	n/a	n/a	n/a	n/a	3.368	n/a	2.492
Jan-06	\$7.2544	\$7.3263	\$14.5808	\$9.22	1.54369	n/a	n/a	n/a	n/a	n/a	3.208	n/a	2.374
Feb-06	\$7.4568	\$7.6258	\$15.0826	\$9.22	1.59459	n/a	n/a	n/a	n/a	n/a	3.508	n/a	2.596
Mar-06	\$7.6594	\$7.8625	\$15.5218	\$9.22	1.63913	n/a	n/a	n/a	n/a	n/a	3.771	n/a	2.790
Apr-06	\$7.7048	\$8.0550	\$15.7598	\$9.22	1.66327	n/a	n/a	n/a	n/a	n/a	3.913	n/a	2.896
May-06	\$7.7485	\$8.2554	\$16.0039	\$9.22	1.68802	n/a	n/a	n/a	n/a	n/a	4.059	n/a	3.004
Jun-06	\$7.8576	\$8.4143	\$16.2719	\$9.22	1.71520	n/a	n/a	n/a	n/a	n/a	4.220	n/a	3.123
Jul-06	\$7.8961	\$8.4277	\$16.3239	\$9.22	1.72047	n/a	n/a	n/a	n/a	n/a	4.251	n/a	3.146
Aug-06	\$7.9309	\$8.4368	\$16.3678	\$9.22	1.72492	n/a	n/a	n/a	n/a	n/a	4.277	n/a	3.165
Sep-06	\$7.9628	\$8.4349	\$16.3977	\$9.22	1.72796	n/a	n/a	n/a	n/a	n/a	4.295	n/a	3.178
Oct-06	\$7.9926	\$8.4273	\$16.4199	\$9.22	1.73021	n/a	n/a	n/a	n/a	n/a	4.308	n/a	3.188
Nov-06	\$8.0035	\$8.4155	\$16.4190	\$9.22	1.73012	n/a	n/a	n/a	n/a	n/a	4.308	n/a	3.188
Dec-06	\$7.9968	\$8.3979	\$16.3946	\$9.22	1.72765	n/a	n/a	n/a	n/a	n/a	4.293	n/a	3.177

Notes:

- Col. A - month in which SOS was delivered at wholesale
- Col. B - Average of the values of Gas Index for the most recent 12 months. (Col. G - Determination of Market Gas Price)
- Col. C - Average of the values of Oil Index for the most recent 12 months. (Col. LL - Determination of Market Oil Price)
- Col. D - Col. B + Col. C
- Col. E - Applicable value from the Standard Offer Supply Contracts.
- Col. F - @if(Col. D > Col. E, (Col. B + \$0.60 + Col. C + \$0.04) / (Col. E + \$0.64), 1.000)
- Col. G - Average of the values of Gas Index for the most recent 6 months. (Col. H - Determination of Market Gas Price)
- Col. H - Average of the values of Oil Index for the most recent 6 months. (Col. I - 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.
- Col. N - (0.74 * Col. K) + (0.26 * Col. L)

Forecast of fuel prices based on NYMEX futures as reported in the Wall Street Journal on June 24, 27, & 28, 2005

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.



Joanne M. Scanlon

July 5, 2005
Date

Narragansett Electric Co. – Annual Reconciliation Filing – Dkt. 3648
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